



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

AUDIT YEAR 2013-14

AUDITOR GENERAL OF PAKISTAN

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ABBREVIATIONS AND ACRONYMS

AA	Administrative Approval
AP	Advance Para
ADP	Annual Development Programme
AOM&R	Annual Ordinary Maintenance and Repair
BOQ	Bill of Quantity
CM	Chief Minister
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
DCO	District Coordination Officer
EDO	Executive District Officer
F&P	Finance and Planning
GFR	General Financial Rules
GI	Galvanized Iron
HP	Hour Power
MB	Measurement Book
M&R	Maintenance and Repair
NIT	Notice Inviting Tender
PAC	Public Accounts Committee
PC-I	Planning Commission Proforma-1
PEC	Pakistan Engineering Council
PHE	Public Health Engineering
PVC	Poly Vinyl Chloride
RDA	Regional Directorate of Audit
SIDB	Small Industrial Development Board
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) and 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, Tank for the financial year 2011-12 and 2012-13. The Director General of Audit, District Governments, Khyber Pakhtunkhwa conducted audit during 2012-13 on test check basis 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 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 causing to be laid before the Provincial Assembly of Khyber Pakhtunkhuwa.

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 mandays. The annual budget amounting to Rs6.303 million was allocated to this office during financial year 2012-13. 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) and Local Government Act 2012. 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 20th 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 with the objectives 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 2012-13, was Rs1,480.220 million covering one PAO and 51 formations. Out of this, Regional Directorate Audit (RDA) D.I. Khan audited expenditure of Rs414.458 million which, in terms of percentage, was 27.99% of total expenditure. three formations were planned and 100% achievement against the planned activities was made.

d. Receipts audited

The receipt of District Tank for the financial year 2012-13, was Rs12.020 million. Out of this, RDA D.I.Khan audited receipt of Rs8.639 million which, in terms of percentage, was 71.87% of auditable receipts.

e. Recoveries at the instance of audit

Recovery of Rs13.517 million was pointed out during the audit. However, no recovery was affected till the finalization of this report. Out of the total

recoveries pointed out, Rs3.528 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. 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 in 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 to.

h. Key audit findings of the report;

- i. Non production of record were noticed in two cases amounting to Rs169.936 million.¹
- ii. Irregularities and Non compliance were noticed in six cases amounting to Rs32.213million.²
- iii. Internal Control Weaknesses were noticed in five cases amounting to Rs75.493 million.³

1 Para 1.2.1.1, 1.2.1.2
2 Para 1.2.2.1, 1.2.2.2, 1.2.2.3, 1.2.2.4, 1.2.2.5, 1.2.2.6
3 Para 1.2.3.1, 1.2.3.2, 1.2.3.3, 1.2.3.4, 1.2.3.5

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

i. Recommendations

- i. Disciplinary action 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 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.

SUMMARY TABLES & CHARTS

Table 1: Audit Work Statistics

(Rs in million)

S. No	Description	No.	Budget
1	Total Entities (PAO) in Audit Jurisdiction	01	1,494.240
2	Total formations in audit jurisdiction	51	1,494.240
3	Total Entities(PAO) Audited	01	423.097
4	Total formations Audited	03	423.097
5	Audit & Inspection Reports	03	423.097
6	Special Audit Reports	-	-
7	Performance Audit Reports	-	-
8	Other Reports	-	-

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	32.213
3	Weak Internal controls relating to financial management	75.493
4	Others	169.936
	Total	277.642

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	-	199.078	8.639	215.380	423.097	236.861
2	Amount Placed under Audit Observations /Irregularities of Audit		155.827	-	121.815	277.642	189.384
3	Recoveries Pointed Out at the instance of Audit	-	13.517	-	-	13.517	41.468
4	Recoveries Accepted /Established at the instance of Audit	-	-	-	-	-	
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	18.696
2	Reported cases of fraud, embezzlement, thefts and misuse of public resources.	0
3	Accounting Errors (accounting policy departure from NAM ¹ , 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.	75.493
5	Recoveries and overpayment, representing cases of establishment overpayment or misappropriations of public monies	13.517
6	Non-production of record	169.936
7	Others, including cases of accidents, negligence etc.	0
	Total	277.642

¹ 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 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 is headed by 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 acts 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 and Khyber Pakhtunkhwa District Government Rules of Business, 2001.

1.1.2 Comments on Budget and Expenditure (Variance Analysis)

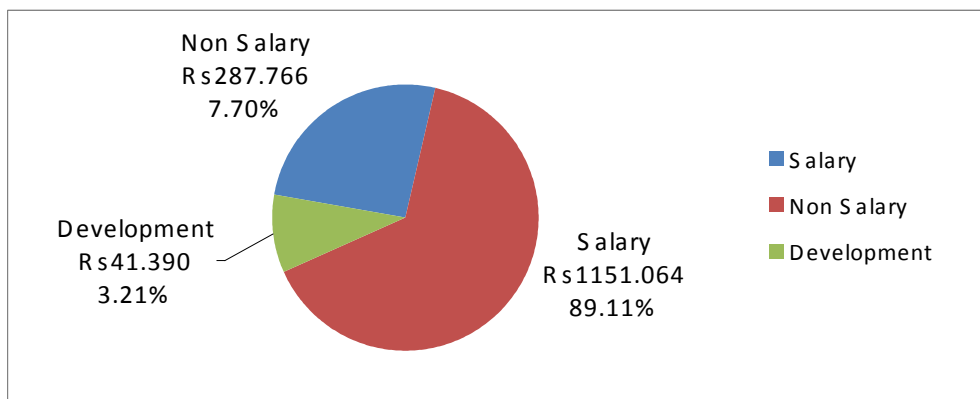
(Rs in million)

2012-13	Budget	Expenditure	Saving/Excess	%age Excess/Saving
Salary	1,151.513	1,151.064	0.449	0.003
Non-salary	286.64	287.766	-1.126	-0.003
Developmental	42.043	41.390	0.653	0.015
Total	1,480.200	1,480.220	-0.020	-0.015

A budget of Rs1,480.200 million was allocated, against which an expenditure of Rs1,480.220 million was incurred by the District Government, Tank with an excess of Rs0.020 million during 2012-13.

EXPENDITURE 2012-13

(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. Detail of PAC/ZAC meetings is given below:

S. No	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
11	2012-13	Not convened

1.2 AUDIT PARAS

1.2.1 Non production of record

1.2.1.1 Non production of record-Rs164.738 million

According to Para 17 of GFR Vol-I read with Section 14 (3) of the Auditor General's Ordinance, 2001, no such information nor any books or other document, to which the Auditor General has the statutory right of access, be withheld from Audit. Moreover under section 115 (7) of the Local Government Ordinance 2001, the Auditor General of Pakistan shall have access to all the books and documents pertaining to the accounts and may also examine any public servant or premises of the local Government concerned.

Executive District Officer (F&P) and XEN C&W Division, Tank did not produce record amounting to Rs11,7632,946 & Rs48,508,409 during financial years 2011-12 & 2012-13 respectively for audit scrutiny as per detail given below:

S. No.	Name of Department	Financial Year	Particulars	Amount (Rs)
1.	EDO (F&P), Tank	2011-12	Record relating to releases to Departments.	116,230,000
2.	EDO (F&P), Tank	2011-12	Record relating to non-salary expenditure.	1,402,946
3.	XEN C&W Division, Tank	2012-13	Record relating to 6 development schemes financed out of CM Package	48,508,409
Total				164,738,409

Audit observed that non production of record occurred due to weak internal control.

When reported in April 2013 & July 2013, Management stated that record was not updated, which would be produced as and when updated.

DAC in its meeting held on 12.06.2013 & 28.11.2013 directed for verification of record within seven days. No progress was reported till finalization of this Report.

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

AP 289, 288 (2011-12) & 300 (2012-13)

1.2.1.2 Non-production of record -Rs5.198 million

According to Para 17 of GFR Vol-I read with Section 14 (3) of the Auditor General's Ordinance, 2001, no such information nor any books or other document, to which the Auditor General has the statutory right of access, be withheld from Audit. Moreover under section 115 (7) of the Local Government Ordinance 2001, the Auditor General of Pakistan shall have access to all the books and documents pertaining to the accounts and may also examine any public servant or premises of the local Government concerned.

Executive District Officer (S&L), Tank spent Rs5,198,343 on purchase of furniture & equipments out of funds received from Provincial Government during the financial year 2011-12 but approved PC-1s and relevant record was not produced to audit for scrutiny.

S . No.	Particulars	Amount (Rs)
1.	Purchase of Furniture from SIDB	1,181,134
2.	Furniture for 05 additional class rooms	663,000
3.	Furniture for GHS Gomal	150,000
4.	Furniture for Primary Schools	300,000
5.	Jute Tats	749,940
6.	Purchase of Machinery for 06 schools	1,164,348
7.	Provision of furniture in schools	250,000
8.	Furniture & Fixture	739,921
Total		5,198,343

Audit observed that non production of record occurred due to weak internal control.

When reported in April 2013, Management stated that detailed reply would be given in due course of time.

Request for the convening of DAC meeting was made on 06.05.2013. DAC meeting was not convened till finalization of this Report.

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

AP 118 (2011-12) A/C- I

1.2.2 Irregularities and Non-compliance

1.2.2.1 Irregular award and execution of contracts - Rs14.679 million

According to terms & conditions of NIT, tender forms for installation of tube wells will be issued to those contractors (a) having registration with PEC in respective category; (b) Pre-qualified for tube well drilling from PHE Department; (c) having own Drilling Machine and registration of same with the PHE Department; and (d) Registration with Pakistan Engineering Council for water supply work etc.

XEN PHE Division, Tank awarded contracts of Rs.14,679,211 of various water supply schemes without observing the codal formalities during 2012-13. Test Reports of each Water Strata were also not submitted by the contractors. Furthermore, BOQ of none of the scheme was placed on record and rates were simply quoted on lump sum cost. Detail of schemes is given at Annex-C.

Audit observed that irregular award of contracts occurred due to weak internal control.

When reported in August 2013, Management stated that detailed reply would be submitted in due course of time. No progress was intimated till finalization of this Report.

Request for convening of DAC meeting was made on 03.10.2013. DAC meeting could not be convened till finalization of this Report.

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

AP 134 (2012-13) AC-I

1.2.2.2 Overpayment on purchase of pumping machinery-Rs1.35 million

According to Para 10 (I) of GFR Vol-1, every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public moneys as a person of ordinary prudence would exercise in respect of expenditure of his own money.

XEN PHE Division, Tank paid @ Rs750,000 to M/S TSK Engineering for supply & installation of pumping machinery of 10 HP to 20 HP whereas the machinery of same specifications was supplied @ Rs 550,000 by the same firm for various water supply schemes during the same year and thus resulted into overpayment of Rs1,350,000. Detail is given below.

S. No.	Name of Schemes	Name of Contractor	Rate Paid (Rs)	Rate paid for similar machinery (Rs)	Overpayment (Rs)
1.	WSS Sheikh Abad Kot Pathan SH: Pumping Machinery	M/S TSK Engineering	750,000	550,000	200,000
2.	WSS Zaloo (Dera-II Programme)	MAK Pumps Co.	800,000	550,000	250,000
3.	WSS Amakhel (Dera-II Programme)SH: Pumping Machinery T/W-1	M/S TSK Engineering	700,000	550,000	150,000
4.	WSS Amakhel (Dera-II Programme)SH: Pumping Machinery T/W-2	M/S TSK Engineering	700,000	550,000	150,000
5.	WSS Akbari (Dera-II Programme)SH: Pumping Machinery	MAK Pumps Co.	700,000	550,000	150,000
6.	WSS Rodi Khel (Dera-II Programme)SH: Pumping Machinery	M/S TSK Engineering	700,000	550,000	150,000
7.	WSS Sheikh Utar (Dera-II Programme)SH: Pumping Machinery T/W-2	M/S TSK Engineering	700,000	550,000	150,000
8.	WSS Sheikh Utar (Dera-II Programme)SH: Pumping Machinery T/W-1	M/S TSK Engineering	700,000	550,000	150,000
Total Overpayment					1,350,000

Audit observed that overpayment occurred due to non compliance of rules, which resulted in loss to Government.

When reported in August 2013, Management stated that detailed reply would be submitted in due course of time. No progress was intimated till finalization of this Report.

Request for convening of DAC meeting was made on 03.10.2013. DAC meeting could not be convened till finalization of this Report.

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

AP 138 (2012-13 AC-I)

1.2.2.3 Non-recovery of sales tax-Rs5.584 million

According to Clause-48.5 of Contract Agreement that the prices tendered by the contractor shall include all duties, business taxes, income and other taxes that may be levied in accordance with the law and regulation in force in Pakistan. Moreover, Sales Tax and Income Tax at prescribed rate from the suppliers shall be deducted as per Sales Tax Act, 1990 and Income Tax Ordinance, 2001.

XEN PHE Division, Tank did not recover sales tax amounting to Rs5,584,068 from contractors on supply of machinery and PVC/ GI pipes during financial year 2012-13 as per detail given at Annex-D.

Audit observed that non recovery of sales tax occurred due to non compliance of rules, which resulted in loss to Government.

When reported in August 2013, Management stated that detailed reply would be submitted in due course of time.

In DAC meeting held on 28.11.2013, department stated that payment to contractors was made inclusive of sales tax amount. DAC directed for verification of record within seven days. No progress was reported till finalization of this Report.

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

AP 322 (2012-13)

1.2.2.4 Un-authorized and Irregular expenditure -Rs4.017 million

According to Government of Khyber Pakhtunkhwa Finance Department letter No. SO (A/Cs) FD12-8/96 dated 5-1-1997, purchases in excess of Rs.1.5 million of machinery & equipments out of ADP shall be made through Inter-Departmental Purchase Committee including representative of Finance, P&D and Administrative Department.

EDO (Education) Tank incurred expenditure of Rs4,017,209 on purchase of furniture & equipments under different ADP Grants received from Provincial Government during 2011-12 but the purchases were made through Local Purchase Committee instead of through Inter-Departmental Purchase Committee as detail given below.

S. No.	Particulars	Amount (Rs)
1.	Furniture for 05 additional class rooms	663,000
2.	Furniture for two Middle Schools	150,000
3.	Furniture for two Primary Schools	300,000
4.	Jute Mats under PFC award	749,940
5.	Refurnishing of 06 schools	1,164,348
6.	Provision of furniture in schools	250,000
7.	Furniture & Fixture under PFC award	739,921
Total		4,017,209

Audit observed that expenditure was incurred without observing the codal formalities, which resulted in unauthorized expenditure.

When reported in April 2013, Management stated that record was not updated, which would be produced as and when updated.

Request for the convening of DAC meeting was made on 06.05.2013. DAC meeting was not convened till finalization of this Report.

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

AP 121 (2011-12) A/C- I

1.2.2.5 Overpayment due to non-deduction of 11% voids–Rs3.528 million

As per clause 20(d) of the contract agreement, 11% voids were required to be deducted from the contractor's bill.

XEN C&W Division, Tank overpaid Rs 3,528,611 to contractors due to non-deduction of voids @ 11% for “Embankment formation in ordinary soil & compaction of 95% to 100% as per Modified AASHTO Dry Density” in different works besides MBs were not verified. Detail is given at Annex-E.

Audit observed that overpayment occurred due to non compliance of contract clause, which resulted in loss to Government.

When reported in August 2013, Management stated that detailed reply would be submitted in due course of time. No progress was intimated till finalization of this Report.

Request for convening of DAC meeting was made on 05.08.2013. DAC meeting could not be convened till finalization of this Report.

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

AP 123 (2012-13) A/C-I

1.2.2.6 Non-recovery of Sales Tax - Rs 3.055million

According to Clause-48.5 of Contract Agreement, the prices tendered by the contractor shall include all duties, business taxes, income and other taxes that may be levied in accordance with the law and regulation in force in Pakistan. Moreover, Sales Tax and Income Tax at prescribed rate from the suppliers shall be deducted as per Sales Tax Act 1990 and Income Tax Ordinance, 2001.

XEN PHE Division, Tank did not recover sales tax @16% amounting to Rs3,055,972 from contractors on supply of machinery and PVC/ GI pipes during 2012-13 as per detail given at Annex-F.

Audit observed that overpayment occurred due to non compliance of rules, which resulted in loss to Government.

When reported in August 2013, Management stated that detailed reply would be submitted in due course of time. No progress was intimated till finalization of this Report.

Request for convening of DAC meeting was made on 03.10.2013. DAC meeting could not be convened till finalization of this Report.

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

AP 137 (2012-13) A/C-I

1.2.3 Internal Control Weaknesses

1.2.3.1 Unauthorized payment without laboratory tests Rs.30.00 million

According to Chief Engineer C&W Department, Peshawar letter No.CES/GST/7-5/3103 dated 2-7-2012, each payment for Amakhel Mulazai Road will be supported by Material Test Results.

XEN C&W Division, Tank paid Rs30,000,846 to contractors for “Construction of Amakhel Mulazai Road (km-1 to km-6)” without material test results during 2012-13. Detail is as under:

S.No	Name of Work	Vr. No. & Date	Payment Made (Rs)
1	Amakhel Mulazia Road (KM-1 to KM-2)	No.8-R dated 19-6-13	12,198,157
2	Amakhel Mulazia Road (KM-2 to KM-4)	No.31-E dated 24-6-13	11,091,982
3	Amakhel Mulazia Road (KM-5 to KM-6)	No.32-E dated 24-6-13	6,710,707
Total Payment			30,000,846

Audit observed that payment without laboratory tests occurred due to weak internal control, which resulted in loss to Government.

It is apprehended that without material test reports, the quality / quantity of the work was compromised.

When reported in August 2013, Management stated that detailed reply would be submitted in due course of time. No progress was intimated till finalization of this Report.

Request for convening of DAC meeting was made on 05.08.2013. DAC meeting could not be convened till finalization of this Report.

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

AP 122 (2012-13) A/C-I

1.2.3.2 Wasteful expenditure on drilling of Tube Wells-Rs.15.444 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 Division, Tank paid Rs14,208,721 for drilling of tube well bores and Rs1,235,448 for interlinking with main supply line of following three water supply schemes during 2012-13. It was astonishing to note that PC-I were prepared without including provisions for purchase of pumping machinery and external electrification. Those schemes remained idle without pumping machinery and external electrification and people of area were deprived of drinking water facility due to defective and poor planning. Moreover, those bores might have been damaged due to non-functioning and passage of time. On physical verification of those schemes, interlinking with main supply line was also not made whereas a sum of Rs1,235,448 was paid without execution of work.

S. No.	Name of Scheme	Cost of Drilling (Rs)	Cost of Interlinking (Rs)	Total Expenditure (Rs)
1.	WSS Gara Mitho SH: Tube Well	5,046,000	569,684	5,615,684
2.	WSS Chasan Kach SH: Tube Well	5,043,339	404,962	5,448,301
3.	WSS Azamabad SH: Tube Well	4,119,382	260,802	4,380,184
Total		14,208,721	1,235,448	15,444,169

Audit observed that wasteful expenditure occurred due to non compliance of rules, which resulted in loss to Government.

When reported in August 2013, Management stated that detailed reply would be submitted in due course of time.

In DAC meeting held on 28.11.2013, department stated that the cost estimates of schemes were prepared on the direction of worthy MPA and the Finance department within the available funds and drilling of tube wells and interlinking was included in the estimates. DAC directed for joint physical verification of scheme and inquiry by Additional Deputy Commissioner Tank

with the representative of Audit department within 30 days. No progress was reported till finalization of this Report.

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

AP 319 (2012-13)

1.2.3.3 Unauthorized expenditure on M&R of roads – Rs17.175 million

According to Govt. of Khyber Pakhtunkhwa Finance Department Notification No. BOI/2-7/2005-06/FD dated 23-6-2006 that (a) PC-Is for M&R works of Rs.500,000 and above require the approval of DDC (b) PC-Is for M&R works of below Rs.500,000 will be approved by the DCO concerned and (c) PC-Is would be in accordance with approved Annual Plan and be properly approved/reviewed by the DDC. Moreover, according to rule at S.No.21.1 Delegation of Powers Rules, 2001, Works relating to repair must be approved by the Zilla Council or Government as the case may be.

XEN C&W Division, Tank spent Rs10,000,000 & Rs7,175,493 on M&R of roads and residential & non-residential government buildings, respectively during 2012-13 without observing the above mentioned codal formalities and approval of the competent authority.

Audit observed that unauthorized expenditure occurred due to non compliance of rules and codal formalities, which resulted in loss to Government.

When reported in August 2013, Management stated that detailed reply would be submitted in due course of time.

In DAC meeting held on 28.11.2013, department stated that work plan, and approval of DCO were available. DAC directed for verification of record within seven days. No progress was reported till finalization of this Report.

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

AP 301 & 302(2012-13)

1.2.3.4 Unauthorized payment on M&R of building-Rs2.623 million

According to S.No.21.3 of Special Powers to Certain Departments, Delegation of Powers 2001, Superintendent Engineer is empowered to accept and approve tenders up to Rs.10.00 million.

XEN C&W Division, Tank paid Rs2,623,651 to contractor on account of M&R of government residential buildings during the financial year 2012-13 without obtaining approval from the competent authority i.e Superintending Engineer.

Audit observed that unauthorized expenditure occurred due to non compliance of rules and codal formalities, which resulted in loss to Government.

When reported in August 2013, Management stated that detailed reply would be submitted in due course of time.

In DAC meeting held on 28.11.2013, department stated that case was being forwarded to SE for approval. DAC directed for verification of record within seven days. No progress was reported till finalization of this Report

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

AP 303 (2012-13)

1.2.3.5 Doubtful issuance of store items -Rs.1.545 million

According to Para 148 and 149 of G.F.R Vol-I, all material received should be examined, counted, measured or weighted and should be taken on stock and recording a certificate to the effect that the materials have actually been received and recorded in the appropriate stock register. When materials are issued, the officer in charge of store should see that an indent in the prescribed form has been made by a properly authorized officer and written acknowledgement should be obtained.

EDO (E&SE) Tank purchased store items for Rs.1,545,863 but the items were shown delivered to schools by the supplier without any requisition/indent and also not acknowledged by the head of concerned schools. Detail is given below:

S. No.	Particulars	Cheque No. & Date	Shown delivered to	Amount (Rs)
1.	Jute Tats	No.0396984 dated 28-06-12	Primary Schools (B&G) in Tank	750,000
2.	Teacher tables	No.650794 dated 28-06-12	GHS Kirri Haider.	55,942
3.	Furniture & Fixture	No.0396994 dated 28-06-12	Primary Schools (B&G) in Tank	739,921
Total				1,545,863

Audit observed that defective issuance of stock items occurred due to non compliance of rules.

When reported in April 2013, Management stated that detailed reply would be given in due course of time.

Request for the convening of DAC meeting was made on 06.05.2013. DAC meeting was not convened till finalization of this Report.

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

AP 119 (2011-12) A/C- I

ANNEXURES

Annex-A

Detail of MFDAC Paras

S. No	AP No.	Name of Department	Title of the Para	Rs in million
1.	262	EDO Agriculture	Unauthorized consumption of POL	0.123
2.	264	DO Agriculture	Non production of record	0.287
3.	269	DO Social Welfare	Unauthorized expenditure	0.124
4.	270	DO Social Welfare	Unauthorized expenditure	0.095
5.	272	EDO Education	Non surrendering of saving	0.535
6.	273	EDO Education	Misappropriation of funds	0.105
7.	274	EDO Education	Unauthorized expenditure	0.160
8.	277	DO (F) Education	Excess expenditure	0.087
9.	279	DDO (M) Education	Non surrendering of savings	1.221
10.	283	DDO (M) Education	Unauthorized expenditure of MRC	0.134
11.	285	EDO (F&P)	Unauthorized expenditure	0.339
12.	286	EDO (F&P)	Unauthorized expenditure	0.162
13.	287	EDO (F&P)	Unauthorized expenditure	0.342
14.	292	EDO (F&P)	Unauthorized expenditure	0.118
15.	293	EDO (F&P)	Misclassification	0.246
16.	294	EDO (F&P)	Non deduction of Income tax	0.148
17.	140	XEN PHE Tank	Non-deposit of demand notice for external electrification	0.840
18.	326	XEN PHE Tank	Overpayment due to applying incorrect rates	1.522
19.	304	XEN (C&W) Tank	Un-authorized expenditure out of M&R fund	0.821
20.	309	EDO Health	Irregular expenditure on POL and repair of vehicles	1.145
21.	135 (A/C-I)	PHE Tank	Wasteful expenditure on Pressure Pumps	8.706

Annex-B

**EDO wise Expenditure Summary
District Tank 2012-13**

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		1151,064,000	287,766,000	1,438,830,000	
Percentage		86.26%	9.57%	95.83%	95.83%
Developmental Expenditure				41,390,000	4.17%
Grand Total				1,480,220,000	100.00

Annex-C

S. No.	Name of Schemes	Cost of Scheme (Rs)
1.	WSS Sheikh Abad Kot Pathan SH: Tube Well	4,121,000
2.	WSS Sheikh Abad Kot Pathan SH: Main Supply	2644000
3.	WSS Sheikh Abad Kot Pathan SH: Pumping Chamber with Chowkidar Hut	956,000
4.	WSS Gara Pather SH: Main Supply	1,586,000
5.	WSS Zaloo (Dera-II Programme) SH: Main Supply	986,914
6.	WSS Amakhel (Dera-II Programme) SH: Main Supply	1,905,874
7.	WSS Tajori (Dera-II Programme) SH: Main Supply	454,522
8.	WSS Akbari (Dera-II Programme) SH: Main Supply	1,784,901
9.	WSS Sheikh Utar (Dera-II Programme) SH: Main Supply	240,000
Total		14,679,211

Annex-D

Detail showing non-deduction of sales tax

S.No.	Name of Water Supply Scheme	Vr. No. & Date	Amount Paid (Rs)	Sales Tax @ 16 % (Rs)	Remarks
1.	WSS Chasan Kach SH: Tube Well	No.14/DAO dated 24-6-13	1,746,271	279,403	303 meters PVC Pipe was used.
2.	WSS Chasan Kach SH: Interlinking & Main Supply	No.16/DAO dated 26-6-13	425,200	68,032	PVC & GI Pipes were used.
3.	WSS Azamabad SH: Tube Well	No.19/DAO dated 28-6-13	1,350,738	216,118	234 meters PVC Pipe was used.
4.	WSS Azamabad SH: Interlinking & Main Supply	No.20/DAO dated 28-6-13	260,802	41,728	PVC & GI Pipes were used
5.	WSS Gara Mitho SH: Interlinking & Main Supply	No.17/DAO dated 26-6-13	569,684	91,149	1335 meters PVC Pipe was used.
6.	WSS Gara Mitho SH: Tubewell	No.3/DAO dated 13-6-13	1,761,832	281,893	305 meters PVC Pipe was used.
7.	WSS Bolton Abad SH: Tubewell	No.4/DAO dated 13-6-13	1,721,494	275,439	216 meters MS Housing Pipe & 27 M Strainer were used.
8.	WSS Bolton Abad SH: Interlinking & Main Supply	No.15/DAO dated 26-6-13	469,687	75,150	918 meters PVC Pipe GI Special was used.1
9.	WSS Kot Kut to Gul Imam SH: Tube Well No.1	No.2/DAO dated 01-02-13	615,658	98,505	123 meters PVC Pipe was used.
11.	WSS Kot Kut to Gul Imam SH: Tube Well No.2	No.19/DAO dated 12-02-13	614,154	98,265	122 meters PVC Pipe was used.
12.	WSS Kot Kut to Gul Imam SH: Pumping Machinery Tube Well No.1	No.11/DAO dated 01-02-13	550,000	88,000	
13.	WSS Kot Kut to Gul Imam SH: Pumping Machinery Tube Well No.2	No.08/DAO dated 1-02-13	550,000	88,000	
14.	WSS Kot Kut to Gul Imam SH: Main Supply SH: WSS Daraki & Indari	No.18/DAO dated 26-08-13	11,332,460	1,813,194	17,517 meters PVC Pipe was used.
15.	Improvement of WSS Tank City. SH: Tube Well Illoidin Karona	No.11/DAO dated 11-3-13	1,288,260	206,122	257 meters PVC Pipe was used.
16.	WSS Machinery Illoidin Karona	No.	550,000	88,000	

17..	WSS Indari SH: Pumping Machinery	No.13/DAO dated 6-2-13	550,000	88,000	
18.	WSS Daraki SH: Pumping Machinery	No.12/DAO dated 6-2-13	550,000	88,000	
19.	Improvement of WSS Tank City. SH: Replacement of old pipes	No.01/DAO dated 6-5-13	9,994,186	1,599,070	5,398 meters G.I Pipe was used.
Total Sales Tax Recoverable				5,584,068	

Annex-E

S. No	Name of Work	Vr. No. & Date	Cost of Earth Filling (Rs)	Amount on account of 11 % Voids (Rs)
1.	Restoration of flood damages in District Tank. SH: Pezu Tank Road KM-1 to KM-23	No.1-W dated 5-3-13	5,715,835	628,742
2.	SH: Pezu Tank Road KM-24 to 30	No.9-R dated 19-6-13	8,868,689	975,556
3.	SH: Pezu Tank Road KM-31 to 37	No.30-R dated 24-6-13	4,263,242	468,957
4.	Tank Umar Adda Road KM-1 to 6	No.10-R dated 24-6-13	4,034,850	443,834
5.	Tank Umar Adda Road KM-7 to 9	No.1-R dated 28-5-13	3,677,785	404,556
6.	Amakhel Mulazia Road (KM-1 to KM-2)	No.8-R dated 19-6-13	1,387,487	152,624
7.	Amakhel Mulazia Road (KM-2 to KM-4)	No.31-E dated 24-6-13	1,240,196	136,422
8.	Amakhel Mulazia Road (KM-5 to KM-6)	No.32-E dated 24-6-13	2,890,185	317,920
Total Overpayment				3,528,611

Annex-F

Statement showing detail of non-recovery of sales tax

S. No	Name of Scheme	Vr. No. & Date	Amount Paid (Rs)	Sales Tax @ 16 % (Rs)
1.	WSS Sheikh Abad Kot Pathan SH: Tube Well	No.14/TK dated 15-5-13	2,339,865	374,378
2.	WSS Sheikh Abad Kot Pathan SH: Pumping Machinery & Stablizer	No.26/TK dated 24-6-13	970,000	155,200
3.	WSS Sheikh Abad Kot Pathan SH: Main Supply	No.24/TK dated 26-6-13	3,071,898	491,504
4.	WSS Gara Pather SH: Main Supply	No.7/TK dated 20-6-13	1,585,850	253,736
5.	WSS Zaloo (Dera-II Programme)SH: Pumping Machinery	No.2/TK dated 14-2-13	800,000	128,000
6.	WSS Zaloo (Dera-II Programme)SH: Main Supply	No.5/TK dated 22-3-13	986,914	157,906
7.	WSS Daraki (Dera-II Programme)SH: Voltage Regulator	No.7/TK dated 6-2-13	100,000	16,000
8.	WSS Indari (Dera-II Programme)SH: Voltage Regulator	No.4/TK dated 6-2-13	100,000	16,000
9.	WSS Amakhel (Dera-II Programme)SH: Pumping Machinery T/W-1	No.26/TK dated 22-2-13	700,000	112,000
11.	WSS Amakhel (Dera-II Programme)SH: Pumping Machinery T/W-2	No.5/TK dated 6-2-13	700,000	112,000
12.	WSS Amakhel (Dera-II Programme)SH: Main Supply	No.4/TK dated 15-4-13	1,905,874	304,940
13.	WSS Tajori (Dera-II Programme)SH: Main Supply	No.10/TK dated 21-3-13	454,522	72,724
14.	WSS Akbari (Dera-II Programme)SH: Main Supply	No.14/TK dated 22-3-13	1,784,901	285,584
15.	WSS Akbari (Dera-II Programme)SH: Pumping Machinery	No.22/TK dated 14-2-13	700,000	112,000
16.	WSS Rodi Khel (Dera-II Programme)SH: Pumping Machinery	No.6/TK dated 6-2-13	700,000	112,000
17..	WSS Rodi Khel (Dera-II Programme)SH: Voltage Regulator	No.27/TK dated 20-2-13	100,000	16,000
18.	WSS Sheikh Utar (Dera-II Programme)SH: Pumping Machinery	No.1/TK dated 11-2-13	700,000	112,000
19.	WSS Sheikh Utar (Dera-II Programme)SH: Pumping Machinery T/W-2	No.8/TK dated 11-2-13	700,000	112,000
20.	WSS Sheikh Utar (Dera-II Programme)SH: Main Supply T/W-1	No.3/TK dated 14-3-13	700,000	112,000
Total Sales Tax Recoverable				3,055,972