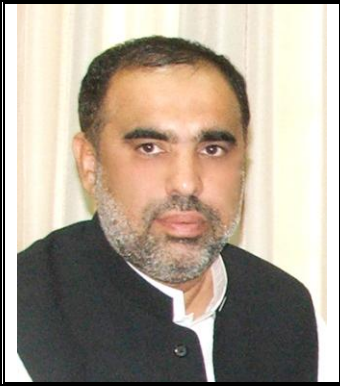


PROVINCIAL ASSEMBLY OF KHYBER  
PAKHTUNKHWA



**REPORT**  
**PUBLIC ACCOUNTS COMMITTEE**  
**ON THE ACCOUNTS OF REVENUE RECEIPTS**  
**GOVERNMENT OF KHYBER PAKHTUNKHWA**  
**FOR THE YEAR 2012-13**  
**VOLUME II**



## **CHAIRS FOREWORD**

*The present Public Accounts Committee (PAC) started its functions three (03) years earlier on 17-01-2014. Since than it completed examination of remaining portion of the Audit Report for the year 2010-11 and complete Audit Reports of 2011-12 and 2012-13.*

*The PAC realized that Audit Reports on Revenue Receipts have not been examined since long therefore, it decided to examine the Audit Report on Revenue Receipts for the year 2012-13 being the latest one.*

*I feel, the recommendations of PAC given on each Draft Para if implemented by the Departments in its true spirit, will bring revolutionary improvement in the Revenue Receipts of the Province.*

*I appreciate the performance of PAC Cell working under the control of Mr. Amjad Ali, Additional Secretary for their commendable services which they extended during examination of this Audit Report and as a result the Committee was able to present its report before the House.*

*I also appreciate the services of Finance and Law Departments whose representatives regularly assisted the Committee and gave their valuable opinions during the meetings.*

**(ASAD QAISAR)**  
Speaker/Chairman  
Public Accounts Committee

# P R E F A C E

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*The Report of the Auditor General of Islamic Republic of Pakistan on the accounts of Government of Khyber Pakhtunkhwa Province for the year 2012-13 was laid on 01/11/2014 in the Provincial Assembly of Khyber Pakhtunkhwa under rule 198 of the Provincial Assembly of Khyber Pakhtunkhwa Procedure and Conduct of Business Rules, 1988 and in pursuance of Article 171 of the Constitution of the Islamic Republic of Pakistan. The Report consisted of the Audit Report, Appropriation Accounts, Financial Statements, Audit Report on Revenue Receipts and Audit Report on Public Sector Enterprises. The Assembly referred the same to the Public Accounts Committee (PAC) for*

*detailed examination.*

*The PAC examined the Audit Report on Revenue Receipts in three (03) sittings held in the Conference room of Assembly Secretariat, Peshawar. In this Report the Audit Paras/observations pertaining to Irrigation, Transport, Excise & Taxation and Revenue & Estates Departments of Government of Khyber Pakhtunkhwa are arranged separately. Tables' showings details of total Paras and recommendations of PAC thereon have also been added for ready reference.*

*The drafting and preparation of this report has been made possible due to the concerted efforts of the officers/staff of the PAC headed by Mr. Amjad Ali, Additional Secretary and under the guidance of Mr. Inamullah Khan, Deputy Secretary. The services they have rendered are commendable.*

*This report of PAC is presented to the Provincial Assembly of Khyber Pakhtunkhwa under Rule 161 of the Provincial Assembly of Khyber Pakhtunkhwa Procedure and Conduct of Business Rules, 1988.*

**(AMANULLAH)**

Secretary,

Provincial Assembly of Khyber Pakhtunkhwa

**MEMBER OF THE PUBLIC ACCOUNTS COMMITTEE**



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# **INTRODUCTION**

## **INTRODUCTION**

In pursuance of Article 171 of the Constitution of Islamic Republic of Pakistan, the annual reports of the Auditor General of Pakistan on the Accounts of Government of Khyber Pakhtunkhwa for the year 2012-13, received in the Assembly Secretariat on 01-11-2014, was laid before the House on 11-11-2014 under rule 198 of the Provincial Assembly of Khyber Pakhtunkhwa Procedure and Conduct of Business Rules, 1988. The House referred it to the Public Accounts Committee (PAC) on the same day for detailed examination.

2. The PAC examined the Audit Report on Revenue Receipts for the year 2012-13 in three (03) sittings which commenced from 22-08-2016 to 24-08-2016 in the Conference Room of Provincial Assembly of Khyber Pakhtunkhwa, Peshawar.

### **AUDIT REPORT ON REVENUE RECEIPTS**

3. Out of the total revenue receipts aggregating to Rs. 3419.38 million collected during the financial year 2011-12, the D.G Audit, Khyber Pakhtunkhwa audited receipts of Rs. 1388.72 million covering 4 PAOs and 27 formations of Excise & Taxation, Transport, Irrigation and Revenue & Estates Departments which in term of percentage is 41% of auditable receipts. Important observations involving Rs. 758.74 million are incorporated in this report.

4. The Audit pointed out recoverable amount of Rs. 221.95 million out of which recovery of Rs. 220.95 was accepted by the executives. Recovery amounting to Rs. 98.21 million was affected during the year 2012-13 at the time of compilation of Audit Report.

5. Internal Audit being a major component of internal control that plays a pivotal role to monitor continuously the organizational activity through persons especially trained for the purpose under the administrative and functional control of the Principal Accounting Officer was not found in place, hence it was not ensured that rules of business are in place and are being enforced effectively to avoid errors or omissions and commissions in the Organization.

6. While examining the Audit Report on Revenue Receipts, the PAC identified internal control failures in the following areas:

- The findings in the Audit Report are the result of test check showing un-recovered amount of Rs. 221.95 million. It is obvious that total volume of un-recovered amount could be much higher and can be detected & recovered by improving internal controls and internal audit.
- In the Excise & Taxation department a huge amount of Property Tax is outstanding against the assesses but no concrete measures have been taken for recovery. Similarly 15% Provincial Government share of Property Tax was not recovered from the Cantonment Boards. Moreover, no improvement has been noticed in Token Tax collection due to non-existence of internal monitoring system. Has there been proper internal control system in the Department, these lapses could have been easily avoided.
- Millions of rupees on account of Abiana remained pending for recovery and Irrigation Department was not taking the issue seriously to recover the Government Revenue. One of the important reasons for this failure was non-implementation of monitoring system in the Department. This reflects upon the inadequacy of internal controls and performance of Internal Audit.
- In Revenue & estates Department, the test audit reveals that Government Revenue have not been realized of realized short and in some cases taxes collected have been embezzled.
- In Transport Department, a huge amount of revenue on account of Route Permit Fee was outstanding against permit holders but no action had been taken to recover the Government money.
- It is concluded that these Departments are functioning without an elaborate and effective Internal Control System and the state of financial discipline needs improvement. There is also a need to establish internal audit in all these Departments and staff is given training to have the knowledge of the relevant rules and regulations.

7. The PAC examined the Audit Report on Revenue Receipts for the year 2012-13 consisting of 22 Draft Paras, the detail of which is as under:

- Nine (09) cases of loss to Government Revenue due to non-realization of Property Tax, Hotel Tax, Professional Tax, Motor Vehicle Tax, Motor



Vehicle registration Fee & penalty and Tobacco Development Cess amounting to Rs. 103.94 million.

- Four (04) cases of loss to Government Revenue due to non-realization of Abiana, Professional Tax and rent of Cabins/Shops amounting to Rs. 83.99 million.
- Four (04) cases of loss to Government Revenue due to under/non-assessment of Mutation Fee, Stamp Duty, Registration Fee and Capital Value Tax amounting to Rs. 27.07 million.
- Three cases of loss to Government Revenue due to non-realization of Route Permit Fee, License Renewal Fee and 3% Provincial Government share from TMAs amounting to Rs. 6.95 million.
- One (01) case of loss to Government Revenue due to non-assessment of Registration Fee and Motor Vehicle Tax on non Custom paid vehicles amounting to Rs. 400 million.
- One (01) case of non-production of record involving revenue receipts worth Rs. 136.79 million.

8. For future guidance, the PAC generally recommended the following to all the Departments concerned:

- The compliance with the directives of PAC by PAOs was poor and in spite of reminding them time & again, no improvement was shown by them in this regard. All the PAOs should give special attention to this issue and develop mechanism to monitor compliance of directives of PAC in their Departments.
- PAOs need to take prompt and timely action for disposal of Audit observations through DACs so as to realize revenue legitimately due to Government.
- A comprehensive monitoring system needs to be established to monitor the recovery of outstanding arrears of Government revenue from the defaulters.
- Internal control mechanism needs to be strengthened specially in the areas of maintenance of record, reconciliation of revenue statements with accounts offices and timely deposit of Government revenues in Treasury.
- An effective remedial measure needs to be taken to stop the recurrence of irregularities similar in nature such as recovery

of arrears of Property Tax from autonomous bodies and Cantonment Boards etc.

- The concerned officials need to be made accountable for non/short recovery of taxes/duties.
- Vigorous campaign needs to be launched to recover the arrears of Property Tax, Professional Tax, Hotel Tax, Motor Vehicle Tax, Abiana and Route Permit Fee.
- Techniques of information technology need to be applied in maintenance of record, assessment and recovery of Taxes.

9. The following table shows the detail of total draft paras pertaining to the Administrative Departments involved and recommendations of PAC thereon:-

<b>Department</b>	<b>Total DPs</b>	<b>Settled</b>	<b>Recovery</b>	<b>Depttl: Action</b>	<b>Detail Audit</b>	<b>Pending</b>
Transport	03	---	03	---	---	---
Irrigation	04	01	02	01	---	---
Excise & Taxation	10	02	07	---	---	01 Sub-Judice
Revenue & Estates	05	---	01	02	01	01 Deferred
<b>Total</b>	<b>22</b>	<b>03</b>	<b>13</b>	<b>03</b>	<b>01</b>	<b>02</b>

# **GENERAL OBSERVATIONS**

## **INTERNAL AUDIT SYSTEM**

The Committee while examining the Draft Paras pertaining to Transport Department noticed that internal audit system was not in place in the Department due to which the outstanding Government dues are being piled up every year and the Department having no mechanism for its early recovery. The Department was therefore, directed to evolve proper mechanism in this regard and to implement the provisions of Para 13 of the General Financial Rules (GFR) in its true spirit.

## **RESPONSIBILITY OF THE CONTROLLING OFFICERS**

During examination of the Draft Paras pertaining to Revenue Receipts, the Committee noticed that test audit is being carried out by the Audit Department wherein it highlight issues of lapses, irregularities and misappropriations within certain formations of the Department and the remaining formations are left un-audited. Now it is the responsibility of the Controlling Officer (s) to look into the affairs of the rest of un-audited formations by themselves.

## **NON IMPLEMENTATION OF PAC DIRECTIVES**

The compliance with the directives of PAC by the Excise and Taxation Department was very poor despite the fact that regular follow-up is made by the PAC Cell of the Provincial Assembly of Khyber Pakhtunkhwa. The Department should give special attention to this issue and develop a mechanism to monitor compliance of PAC directives.

**REPORT ON**  
**REVENUE RECEIPTS**

# **TRANSPORT DEPARTMENT.**

**Total Draft Paras \_\_\_\_\_03**

**Examined \_\_\_\_\_03**

**Pending \_\_\_\_\_Nil**

**Recovery-----03 (4.4.1, 4.4.2 & 4.4.3)**

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## **Introduction.**

Transport Department is responsible for matters concerning issuance & renewal of all kind of route permits, issuance/renewal of licenses for bus stands, goods forwarding agencies, parking places and vehicles body building workshops and issuance of motor vehicles fitness certificates. As per Government of Khyber Pakhtunkhwa Rules of Business, 1985 (amended to date), the Transport Department has been assigned the Business of :-

- Administration of Motor Vehicle Ordinance, 1965.
- Administration of Directorate of Transport Khyber Pakhtunkhwa, Provincial Transport Authority & Regional Transport Authorities.
- Inspection & certification of road worthy vehicles.
- Formulation of Transport Policy & Planning.
- Monitoring & evaluation of Transport related projects.
- Issuance of route permits for stage carriages & contract carriages.
- Route permits, fare/freights, matters relating to traffic speeds, loading, parking & halting places.
- Classification of routes for public service vehicles.
- Settlement of disputes among Regional Transport Authorities.

## **TRANSPORT DEPARTMENT.**

Three (03) Draft Paras reflected in the Audit Report on the accounts of Revenue Receipts, Government of Khyber Pakhtunkhwa for the year 2012-13 against the Department were taken up for examination by the Committee in its meeting held 22<sup>nd</sup> of August 2016. The following were present:-

### **PUBLIC ACCOUNTS COMMITTEE**

- |    |                                   |                 |
|----|-----------------------------------|-----------------|
| 1. | Syed Muhammad Ali Shah Bacha, MPA | Acting Chairman |
| 2. | Mufti Syed Janan, MPA             | Member          |
| 3. | Mr. Idrees Khattak, MPA           | Member          |
| 4. | Mr. Qurban Ali Khan, MPA          | Member          |
| 5. | Mr. Mehmood Jan, MPA              | Member          |
| 6. | Mr. Mehmood Ahmad Khan, MPA       | Member          |
| 7. | Arbab Waseem Hayat, MPA           | Member          |

### **LAW, PARLIAMENTARY AFFAIRS AND HUMAN RIGHTS DEPARTMENT**

Mr. Mohammad Kibaz Khan,  
Deputy Secretary.

### **FINANCE DEPARTMENT**

Mr. Nasrullah Khan,  
Additional Secretary.

### **AUDIT DEPARTMENT**

1. Mr. Javed Iqbal,  
Director General.
2. Mr. Qadir Khan,  
Audit Officer.
3. Mr. Faisal Hamid Qazi,  
Assistant Audit Officer.

### **TRANSPORT DEPARTMENT**

1. Mr. Zubair Qureshi,  
Secretary.
2. Mr. Mahzar Sajjad,  
Additional Secretary.

### **PROVINCIAL ASSEMBLY**

1. Mr. Amjad Ali,  
Additional Secretary.

2. Mr. Inamullah Khan,  
Deputy Secretary
3. Mr. Haris Khan,  
Assistant Secretary.
4. Mr. Shahid Rehman,  
Assistant Secretary.

2. The PAC having considered Audit point of view and explanation advanced by the Department, made recommendation on each Para as under:-

DP No. 4.4.1 **LOSS DUE TO NON-REALIZATION OF GOVT. REVENUE ON ACCOUNTS OF ROUTE PERMITS FEE & PENALTY-Rs. 3.58 MILLION.**

**AUDIT VERSION**

3. During audit of the following Transport Authorities for the years 2010-11 & 2011-12, it was found that no action was taken to recover Route Permit Fee and Penalty from the defaulters, resulting in loss of Rs 3.58 million to the Government as detailed below:-

Sr. No.	Secretary Transport Authority	AP No.	No. of cases	Amount pointed out	Amount recovered & verified	Balance
1	RTA Kohat	127/2010-11	41	307,600	-	307,600
2	-do-	11/2011-12	71	659,425	-	659,425
3	RTA Bannu	192/2010-11	35	267,430	-	267,430
4	RTA D I Khan	227/2010-11	43	280,975	-	280,975
5	PTA, Peshawar	1/2011-12	101	613,920	-	613,920
6	RTA, Peshawar	3/2011-12	159	804,730	195,980	608,750
7	RTA, Mardan	6/2011-12	65	635,985	155,580	480,405
8	RTA Abbottabad	128/2011-12	72	363,305	-	363,305
<b>Total</b>			<b>587</b>	<b>3,933,370</b>	<b>351,560</b>	<b>3,581,810</b>

4. Loss to Government due to non realization of Route Permits Fee & penalty was the result of non-adherence to prescribed rules and procedures.

5. The matter was reported to the Department during Dec 2011 to Nov 2012. DAC in its meeting held on 19<sup>th</sup> Dec 2012, directed the Department to recover Government Revenue after due verification within one month. Further progress was, however, not reported till finalization of this report.

### **DEPARTMENTAL REPLY**

6. The total recoverable amount pointed out by Audit on the accounts of Revenue Receipts for the year 2012-13 was Rs.3.58/- million. The amount recovered and verified by Department was Rs.1.30 million till the compilation of this report. The details are as under:-

S/No.	Authority	AP No.	No. of Cases	Amount Pointed	Amount recovered/verified	Balance
1.	RTA Kohat	127/2010-11	41	307600	115905	191695
2.	-do-	11/2011-12	71	659425	203556	455877
3.	RTA Bannu	192/2010-11	35	267430	63080	204350
4.	D.I.Khan	227/2010-11	43	280975	21615	259360
5.	RTA Peshawar	1/2011-12	101	613920	347610	266310
6.	RTA Peshawar	3/2011-12	159	608750	156125	452625
7.	RTA Mardan	6/2011-12	65	480405	130130	350275
8.	RTA Abbottabad	128/2011-12	72	363305	262160	101145
<b>Total</b>			<b>587</b>	<b>35,81,810</b>	<b>13,00,173</b>	<b>22,81,637</b>

### **REASONS OF NON RECOVERY**

1. Ban imposed by Provincial Government on the grant of fresh route permits during the period.
  2. Renewal of down model vehicles cannot be made under the relevant law/rules resulting revenue lost.
  3. Non-availability of magisterial powers with Secretary PTA/TRAs.
  4. Not-availability of traffic staff with PTA/RTAs in Khyber Pakhtunkhwa such as Motor Mobile Patrolling Inspectors (MMPIs) etc.
  5. Law and Order situation has badly affected the revenue collection.
7. Efforts are under way to recover the balance amount from the defaulters and notices are being issued to them.



### **COMMITTEE OBSERVATION**

8. The Committee observed that no efforts were made by the Department for cancellation of the defaulted route permits, no strategy devised so far for early recovery of Government dues and to recover the long outstanding dues from the defaulters as arrear of land revenue under the Land Revenue Act.

### **COMMITTEE RECOMMENDATION**

9. In view of the above, the Committee directed the Secretary of the Department to take personal interest into the matter and to affect complete recovery of the remaining amount through the concerned Regional Transport Authorities (RTAs) without further delay. Para Stands. Progress be reported to PAC Cell within a month time.

10. For future guidance, the Department was directed to establish a comprehensive mechanism/system to monitor in time recovery of the long outstanding Government dues.

DP No.4.4.2 **LOSS DUE TO NON-REALIZATION OF LICENSE RENEWAL FEE FROM BUS STANDS, GOODS FORWARDING AGENCIES & BUS BODY BUILDING WORKSHOPS-Rs. 2.27 MILLION.**

### **AUDIT VERSION**

11. During audit of the following Regional Transport Authorities for the years 2010-11 & 2011-12, it was revealed that License Renewal Fee amounting to Rs. 2.27 million was not recovered from the owners of goods forwarding agencies, general bus stands and bus body building workshops. This resulted into loss of Government Revenue as detailed below:

<b>S/No.</b>	<b>Secretary Transport Authority</b>	<b>AP No.</b>	<b>No. of cases</b>	<b>Amount pointed out</b>
1	RTA Bannu	193/2010-11	06	15,480
2	RTA, Peshawar	4/2011-12	20	53,040
3	-do-	5/2011-12	02	51,480
4	RTA, Kohat	12/2011-12	13	1,946,880
5	-do-	14/2011-12	01	70,560
6	RTA Abbottabad	129/2011-12	07	117,000
7	-do-	131/2011-12	06	17,820
<b>Total</b>			<b>55</b>	<b>2,272,260</b>

12. Loss of Government Revenue was due to non observance of prescribed rules and procedures.

13. The matter was reported to the Department during March to Nov 2012. DAC in its meeting held on 19<sup>th</sup> Dec 2012, directed the Department to recover the amount or cancel licenses of the defaulters. Further progress was, however, not reported till finalization of this report.

### **DEPARTMENTAL REPLY**

14. The total recoverable amount pointed out by Audit on the accounts of Revenue Receipts for the year 2012-13 was Rs. 2.27/- million. The amount recovered and verified by Department is Rs. 0.171 million till the compilation of this report. The details are as under:-

S/No.	Authority	AP No.	No. of Cases	Amount Pointed	Amount recovered/verified	Balance
1.	RTA Bannu	193/2010-11	6	15480	4680	10800
2.	RTA Peshawar	04/2011-12	20	53040	40560	12480
3.	-do-	05/2011-12	2	51480	31200	20280
4.	RTA Kohat	12/2011-12	13	1946880	-	1946880
5.	-do-	14/2011-12	1	70560	70560	0
6.	RTA Abbottabad	129/2011-12	7	117000	21840	95160
7.	-do-	131/2011-12	6	17820	2610	15210
<b>Total</b>			<b>55</b>	<b>22,72,260</b>	<b>17,14,50</b>	<b>21,00,810</b>

### **REASONS OF NON RECOVERY**

1. Non-availability of magisterial powers with Secretary PTA/TRAs.
2. Not-availability of traffic staff with PTA/RTAs in Khyber Pakhtunkhwa such as MMPIs etc.
3. Law and Order situation has badly affected the revenue collection.

15. Efforts however are under way to recover the balance amount from the defaulters and notices are being issued to defaulters.

### **COMMITTEE OBSERVATION**

16. The Committee observed that most of the amount pertains to RTA Kohat where certain illegal bus stands were reported, neither efforts were made for its removal nor recovery could be made from them.

### **COMMITTEE RECOMMENDATION**

17. After detailed discussion, the Committee endorsed the decision of Pre-PAC and directed the Department to affect complete recovery from the defaulter(s) duly verified by the Audit within a month time. Para stands. Progress be reported to PAC Cell.

18. To avoid complications in future, the Department was directed to ban and seal all illegal bus stands through the district administration.

DP No.4.4.3 **LOSS DUE TO NON-REALIZATION OF 3% PROVINCIAL GOVERNMENT SHARE FROM TMAS Rs. 1.10 MILLION.**

### **AUDIT VERSION**

19. During audit of the Regional Transport Authorities Kohat and Abbottabad for the year 2011-12, it was found that 3% share of the Provincial Government on account of auction of "C" class bus stands was not recovered from the concerned TMAs, resulting in loss of Rs. 1.10 million to the Government as detailed below:-

<b>S/No.</b>	<b>Secretary Transport Authority</b>	<b>AP No.</b>	<b>No. of cases</b>	<b>Amount pointed out</b>
1.	RTA, Kohat	13/2011-12	07	528,468
2.	RTA Abbottabad	130/2011-12	03	569,280
<b>Total</b>			<b>10</b>	<b>1,097,748</b>

20. The matter was reported to the Department in August and Nov 2012. DAC in its meeting held on 19<sup>th</sup> Dec 2012, directed the Department to recover the amount. Further progress was, however, not reported till finalization of this report.

### **DEPARTMENTAL REPLY**

21. The total recoverable amount pointed out by Audit on the accounts of Revenue Receipts for the year 2012-13 was Rs.2.27/- million. The amount recovered and verified by Department is Rs. 0.16677/- million till the compilation of this report. The details are as under:-

S.No.	Authority	AP No.	No. of Cases	Amount Pointed	Amount recovered/verified	Balance
1.	RTA Kohat	13/2011-12	07	528468	337663	190805
2.	RTA Abbottabad	130/2011-12	03	569280	-	569280
<b>Total</b>			<b>10</b>	<b>10,97,748</b>	<b>33,76,63</b>	<b>76,00,85</b>

### **REASONS OF NON RECOVERY**

1. Powers of recovery rest with Local Government Department and it is their responsibility.
  2. Law and Order situation has badly affected the revenue collection.
22. Efforts however are under way to recover the balance amount from the defaulters and notices are being issued to defaulters.

### **COMMITTEE RECOMMENDATION**

23. After detailed discussion, the Committee endorsed the decision of Pre-PAC and directed the Department to affect complete recovery from the concerned TMAs duly verified by the Audit within a month time. Para stands. Progress be reported to PAC Cell.

# **IRRIGATION DEPARTMENT**

**Total Draft Paras \_\_\_\_\_ 04**

**Examined \_\_\_\_\_ 04**

**Pending \_\_\_\_\_ Nil**

**Settled..... 01 (2.4.3)**

**Recovery.....02 (2.4.1 & 2.4.4)**

**Departmental Action..... 01 (2.4.2,)**

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## **Introduction.**

Irrigation Department is responsible for matters concerning irrigation in the Province. The main goal of the Department is to provide sufficient water for irrigation both through conservation & development to meet the food & fiber requirements of the growing population. Irrigation department consists of 12 auditable formations. As per Government of Khyber Pakhtunkhwa Rules of Business, 1985 (amended to date), the Department has been assigned the Business of:-

- Construction and maintenance of canal system for irrigation.
- Supply of water to water courses for irrigation purpose.
- Approval of maps of water courses.
- Levy and collection of water rates & surcharge for late payments of such water rates.
- Plan, design, construct, operate & maintain the irrigation drainage, storage, reservoir & flood control infrastructure.
- Undertake any works, incur expenditure, promote machinery, plant & stores required by the Department.

## **IRRIGATION DEPARTMENT**

Four (04) Draft Paras reflected in the Audit Report on the accounts of Revenue Receipts, Government of Khyber Pakhtunkhwa for the year 2012-13 against the Department were taken up for examination by the Committee in its meeting held 22<sup>nd</sup> of August 2016. The following were present:-

### **PUBLIC ACCOUNTS COMMITTEE**

- |    |                                   |                 |
|----|-----------------------------------|-----------------|
| 1. | Syed Muhammad Ali Shah Bacha, MPA | Acting Chairman |
| 2. | Mufti Syed Janan, MPA             | Member          |
| 3. | Mr. Idrees Khattak, MPA           | Member          |
| 4. | Mr. Qurban Ali Khan, MPA          | Member          |
| 5. | Mr. Mehmood Jan, MPA              | Member          |
| 6. | Mr. Mehmood Ahmad Khan, MPA       | Member          |
| 7. | Arbab Waseem Hayat, MPA           | Member          |

### **LAW, PARLIAMENTARY AFFAIRS AND HUMAN RIGHTS DEPARTMENT**

Mr. Mohammad Kibaz Khan,  
Deputy Secretary.

### **FINANCE DEPARTMENT**

Mr. Nasrullah Khan,  
Additional Secretary.

### **AUDIT DEPARTMENT**

1. Mr. Javed Iqbal,  
Director General.
2. Mr. Qadir Khan,  
Audit Officer.
3. Mr. Faisal Hamid Qazi,  
Assistant Audit Officer.

### **IRRIGATION DEPARTMENT**

1. Tariq Rashid,  
Secretary.
2. Zahid Abbas,  
Chief Engineer, (South).
3. Syed Mujahid Saeed,  
Chief Engineer, (North).

## **PROVINCIAL ASSEMBLY**

1. Mr. Amjad Ali,  
Additional Secretary.
  2. Mr. Inamullah Khan,  
Deputy Secretary
  3. Mr. Haris Khan,  
Assistant Secretary.
  4. Mr. Shahid Rehman,  
Assistant Secretary.
2. The PAC having considered Audit point of view and explanation advanced by the Department, made recommendation on each Para as under:-

DP No.2.4.1 **LOSS OF GOVERNMENT REVENUE DUE TO NON-  
REALIZATION OF ABIANA-Rs. 68.52 MILLION.**

### **AUDIT VERSION**

3. During audit of the following Divisional Canal Offices for the year 2010-11 & 2011-12, it was revealed that Department failed to initiate proceedings against the defaulters for recovery of outstanding Abiana, resulting in loss of Rs. 68.52 million to the Government as detailed given below:-

<b>S/N o</b>	<b>Divisional Canal Office</b>	<b>AP. No.</b>	<b>Amount Pointed Out</b>	<b>Amount recovered verified</b>	<b>&amp; Balance</b>
1	Marwat Canal Bannu	194/2010-11	2,580,236	-	2,580,236
2	CRBC, D.I.Khan	201/2010-11	17,016,288	-	17,016,288
3	Malakand	243/2010-11	23,823,294	1,191,882	22,631,412
4	Peshawar Canal, Peshawar	253/2010-11	10,785,591	-	10,785,591
5	Warsak Canal, Peshawar	276/2010-11	9,468,604	-	9,468,604
6	Abbottabad	146/2011-12	6,035,243	-	6,035,243
<b>Total</b>			<b>69,709,256</b>	<b>1,191,882</b>	<b>68,517,374</b>

4. Loss of Government Revenue was due to non observance of prescribed rules and procedures. The matter was reported to the Department during March to December 2012. The Department neither convened DAC meeting despite repeated requests nor reported any progress till finalization of this report.

### **DEPARTMENTAL VERSION**

5. An amount of Rs.6,85,17,374/-, held under objection by the Audit in shape of Draft Para No.2.4.1 on a/c of the following divisions:-

S/No	Divisional Canal Office	AP No.	Amount pointed out.	Amount recovered.	Balance.
1.	Marwat Canal Bannu	194/ 2010-11	2,580,236	5,14,088	20,66,148
2.	CRBC D.I.Khan.	201/ 2010-11	17,016,288	57,95,205	1,12,21,083
3.	Malakand	243/ 2010-11	23,823,294	4002331	19820963
4.	Peshawar Canal	253/ 2010-11	10,785,591,	3052197	7733394
5.	Warsak Canal	276/ 2010-11	9,468,604	5118704	4349900
6.	Hazara A/Abad.	146/ 2011-12	6,035,243	1418034	4617209
<b>Total</b>			<b>69,709,256</b>	<b>1,99,,00,559</b>	<b>4,98,08,697</b>

6. The recovery of Abiana requires sustained and coordinated efforts throughout the year which had been done by the field divisions of the Department. It was important to mention here that the standing crops and houses were badly damaged by the historic floods of July, 2010, thereby affecting the overall recoveries of the Abiana dues in the province. Subsequently the Government of Khyber Pakhtunkhwa granted remission of Abiana dues for the year 2010-11 vide notification No.1742-71/AD/Relief/calamity/Khyber Pakhtunkhwa/2010-11, dated 09-04-2011. However an amount of the outstanding Abiana amounting to Rs.69709256/- as pointed out by the Audit, a sum of Rs. 1,99,00,559/- had been recovered till 30, June, 2016. Strenuous efforts were underway to recover the balance amount of Rs. 4, 98, 08,697/-.

### **COMMITTEE OBSERVATION**

7. The Committee observed that similar nature of Draft Paras are reflected in almost all the Audit Reports and no concrete efforts has been made for early recovery of Government dues. It clearly indicates lack of interest of the Departmental Officers towards their official duties and no internal checks and proper monitoring system was found in place in the Department.

8. Mr. Mehmood Jan, MPA produced two (02) types of abiana receipts issued to him personally. One showing complete details i.e book No. and serial



No. while the other lacking the said details which seemed fictitious hence, departmental inquiry into the matter was required.

### **PAC RECOMMENDATIONS**

9. After detailed discussion on the issue involved in the Para, the Committee recommended to affect complete recovery of outstanding abiana within three (3) months duly verified by Audit.

10. The Committee directed the Department to conduct inquiry into the matter of abiana receipts produced by Mr. Mehmood Jan, MPA within a week time. Para stands. Progress be reported to PAC Cell.

DP No. 2.4.2

### **LOSS OF GOVERNMENT REVENUE DUE TO NON-REALIZATION OF ABIANA FROM USERS OF BARA WATER-Rs. 11.02 MILLION.**

### **AUDIT VERSION**

11. During audit of the Divisional Canal Offices Warsak Canal Division, Peshawar for the year 2010-11, it was found that Abiana was not recovered from the users of Bara Water, resulting into loss of Government revenue amounting to Rs.11.02 million.

12. Audit was of the view that loss due to non-realization of Abiana was the result of non-adherence to prescribed rules and procedures. The matter was reported to the Department in June 2012. The Department neither convened DAC meeting despite repeated requests nor reported any progress till finalization of this report.

### **DEPARTMENTAL VERSION**

13. The beneficiaries of Bara Water Area, comprising (58) fifty eight villages of District Peshawar (Tappa Khalil & Tapas Mohammad) claiming water rights after the commissioning of Warsak Canal system in the year 1960; they were not paying Abiana dues since 1960.

14. The Provincial Government had formed Judicial Commission and Tribunal in the year 1990" for resolving the issue. In Year 1997, it was directed to drop the proceeding about the inquiry vide SO(JudI)HQ/6/23/90, Dated 06-08-1997 by Section Officer Judicial Home & Tribal Areas Department.

15. It was pertinent to mention here that the assessment of crops was being done regularly through revenue formation. Details of the last three financial years were tabulated as under:-

S/No	Financial year	Assessed Area (In acres)	Assessed Abiana	Recovery
1.	2012-13	46480	14251106	Nil
2.	2013-14	46999	16943421	Nil
3.	2014-15	46019	17283219	Nil
<b>G/Total:-</b>		<b>139498</b>	<b>48477746</b>	<b>Nil</b>

### **PAC RECOMMENDATIONS**

16. The Committee recommended that, the Department to take up the case with appropriate forum for conducting inquiry into the matter in order to ascertain either it is a case of recovery or otherwise. Para stands. Progress be reported to PAC Cell.

DP No. 2.4.3 **LOSS OF GOVERNMENT REVENUE DUE TO LESS RECOVERY OF RENT CABINS-Rs. 3.30 MILLION.**

### **AUDIT VERSION**

17. During audit of the Divisional Canal Office Warsak Canal Division, Peshawar for the year 2010-11, it was revealed that 276 cabins/shops situated at Warsak Gravity Canal (Board Bazar) were auctioned in June, 2003 for a period of 5 years i.e. 2004-05 to 2008-09, on monthly rent of Rs. 500 per cabin/shop. As per Notice Inviting Tender 10% annual increase in monthly rent was required, however, while executing agreement, the subject clause was not mentioned in the agreement. It was further noticed that the agreement was extended for a period of 5 years i.e. 2009-10 to 2013-14 without Notice Inviting Tender. Again the 10% increase in the monthly rent was not applied. Resultantly Government sustained a loss of Rs. 3.30 million.

18. Loss of Government revenue was due to non-adherence to prescribed rules and procedures. The irregularity was reported to the Department in June 2012. The Department neither convened DAC meeting despite repeated requests nor reported any progress till finalization of this report.

### **DEPARTMENTAL VERSION**

19. In the contract agreement, there was no mentioning of 10% annual increase, however, the condition of 10% increase was reflected in NIT .It was

pertinent to mention here that when a final agreement based on agreed terms and conditions was executed between two parties all previous conditions become superseded.

20. It was further added that in the contract agreement as well as in the approved summary by the Chief Minister there was no condition of increasing of rent by 10% every year. In light of the above explained position there was no recovery of increased rent/income tax involved from the concerned agency.

### **PAC RECOMMENDATIONS**

21. In view of the summary approved by the then Hon'ble Chief Minister in this regard, the Committee recommended the Draft Para to be Settled.

DP No. 2.4.4 **LOSS OF GOVERNMENT REVENUE DUE TO NON-REALIZATION OF PROFESSIONAL TAX FROM CONTRACTORS Rs. 1.15 MILLION.**

### **AUDIT VERSION**

22. During audit of the following Divisional Canal Offices for the years 2010-11 & 2011-12, it was found that Professional Tax amounting to Rs. 1.15 million was not realized from contractors as detailed given below:-

S/No.	Divisional Canal Office	AP. No.	No. of Cases	Amount Pointed Out
1.	Marwat Canal, Bannu	195/2010-11	26	100,000
2.	Peshawar Canal, Peshawar	254/2010-11	29	265,000
3.	Warsak Canal, Peshawar	279/2010-11	28	202,000
4.	Abbottabad	148/2011-12	85	587,800
<b>Total</b>			<b>168</b>	<b>1,154,800</b>

23. Loss due to non-realization of Professional Tax was the result of non-adherence to prescribed rules and procedures. The matter was reported to the Department during May to December 2012. The Department neither convened DAC meeting nor reported any recovery till finalization of this report.

### **DEPARTMENTAL VERSION**

24. An amount of Rs.1.15 million held under objection by the Audit in shape of DP No.2.4.4, on a/c of the following divisions:-

S/No	DCO	AP No.	No. of cases	Amount pointed out	Amount recovered	Balance
1.	Marwat Canal Bannu.	195/2010-11	26	100000/-	46,000/-	54,000/-
2.	Peshawar Canal Peshawar	254/2010-11	29	2,65,000/-	2,19,000/-	46,000/-
3.	Warsak Canal Peshawar	279/2010-11	28	202,000/-	1,43,000/-	59,000/-
4.	Hazara Abbottabad	148/2011-12	85	587,800/-	5,87,800/-	0
<b>Total</b>			<b>168</b>	<b>1,154,800/-</b>	<b>9,95,800/-</b>	<b>1,59,000/-</b>

25. Against the outstanding amount of Rs.11,54,800/- pointed out by the Audit an amount of Rs.9,95,800/- had already been recovered from the contractors. Strenuous efforts were underway to recover the remaining Professional Tax worth Rs.1,59,000/- from the contractors concerned.

#### **PAC RECOMMENDATIONS**

26. The Committee directed the Department to affect complete recovery of the outstanding amount. Para stands. Progress be reported to PAC Cell within a month time.

# **EXCISE & TAXATION DEPARTMENT**

**Total Draft Paras \_\_\_\_\_ 10**

**Examined \_\_\_\_\_ 10**

**Pending \_\_\_\_\_ Nil**

**Settled.....02 (1.4.2 & 1.4.10)**

**Sub-Judice.....01 (1.4.9)**

**Recovery.....07 (1.4.1, 1.4.3, 1.4.4, 1.4.5, 1.4.6, 1.4.7 & 1.4.8)**

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## **Introduction.**

Excise & Taxation Department provides services for collection of various taxes & duties and suggests ways and means for additional resources mobilization in the Province. The Excise & Taxation Department consists of 29 auditable formations. As per Government of Khyber Pakhtunkhwa Rules of Business, 1985 (amended to-date), the Department has been assigned the Business of :-

- Collection of Property Tax according to assessment of property Units.
- Assessment and collection of Motor Vehicle Tax from the owners of vehicles.
- Issuance of Registration Marks and certificates to motor vehicles.
- Issuance of duplicate registration certificates of the vehicles, change of ownership, change of engine number etc.
- Assessment and collection of tax on professions, trades, calling and employments.
- Assessment and collection of Hotel Tax.
- Assessment and collection of Tobacco Development Cess.
- Collection of license fee from Real Estate Agents & Motor Vehicle Dealers.
- Assessment and collection of Provincial Excise Duty.
- To seize intoxicant liquors, Narcotics and Vehicles.
- Collection of advance Income Tax on behalf of Federal Government at the time of registration of a vehicle & collection of Motor vehicle Tax respectively.

## **EXCISE & TAXATION DEPARTMENT**

Ten (10) Draft Paras reflected in the Audit Report on the accounts of Revenue Receipts, Government of Khyber Pakhtunkhwa for the year 2012-13 against the Department were taken up for examination by the Committee in its meeting held 23<sup>rd</sup> of August 2016. The following were present:-

### **PUBLIC ACCOUNTS COMMITTEE**

- |    |                             |          |
|----|-----------------------------|----------|
| 1. | Mr. Asad Qaisar, Speaker    | Chairman |
| 2. | Syed Muhammad Ali Shah, MPA | Member   |
| 3. | Mufti Syed Janan, MPA       | Member   |
| 4. | Mr. Mehmood Ahmad Khan, MPA | Member   |
| 5. | Mr. Qurban Ali Khan, MPA    | Member   |
| 6. | Mr. Mehmood Jan, MPA        | Member   |
| 7. | Mr. Idrees Khattak, MPA     | Member   |

### **LAW, PARLIAMENTARY AFFAIRS AND HUMAN RIGHTS DEPARTMENT**

Mr. Muhammad Kibaz Khan,  
Deputy Secretary.

### **FINANCE DEPARTMENT**

Mr. Nasrullah Khan,  
Additional Secretary.

### **AUDIT DEPARTMENT**

1. Mr. Javed Iqbal,  
Director General.
2. Mr. Qadir Khan,  
Audit Officer.
3. Mr. Faisal Hamid Qazi,  
Assistant Audit Officer.

### **EXCISE & TAXATION DEPARTMENT**

1. Mr. Muhammad Israr Khan,  
Secretary.
2. Mr. Nasar Khan,  
Director General.
3. Mr. Muhammad Nouman,  
Assistant Director.

### **PROVINCIAL ASSEMBLY**

1. Mr. Amjad Ali,  
Additional Secretary.

2. Mr. Inamullah Khan,  
Deputy Secretary
  3. Mr. Shahid Rehman,  
Assistant Secretary.
2. The PAC having considered Audit point of view and explanation advanced by the Department, made recommendation on each Para as under:-

DP 1.4.1 **LOSS DUE TO NON-REALIZATION OF PROPERTY TAX**  
**Rs. 49.21 MILLION.**

**AUDIT VERSION**

3. During audit of the following Excise & Taxation Offices for the years 2010-11 & 2011-12, it was revealed that Government Revenue amounting to Rs. 49.81 million was not realized resulting into Government loss as detailed below:-

S/No	Excise and Taxation Office	AP No.	No. of cases	Amount pointed out	Amount recovered & verified	Balance in PKR
	Kohat	133/2010-11	54	5,245,391	597,123	4,648,268
	Charsadda	184/2010-11	50	2,980,325	-	2,980,325
	Dera Ismail Khan	213/2010-11	72	966,886	-	966,886
	Bannu	215/2010-11	43	1,392,315	-	1,392,315
	Mansehra	152/2010-11	40	2,005,838	-	2,005,838
	Bannu	15/2011-12	50	1,919,837	-	1,919,837
	Karak	26/2011-12	18	377,096	-	377,096
	Lakki Marwat	34/2011-12	20	324,041	-	324,041
	Abbottabad	42/2011-12	25	555,820	-	555,820
	Mansehra	52/2011-12	34	9,549,922	-	9,549,922
	Dera Ismail Khan	66/2011-12	39	2,324,796	-	2,324,796
	Haripur	80/2011-12	47	514,760	-	514,760
	Peshawar-II	111/2011-12	148	10,083,542	-	10,083,542
	Peshawar-III	114/2011-12	71	6,272,784	-	6,272,784
	Mardan	134/2011-12	57	3,376,842	-	3,376,842
	Swabi	151/2011-12	25	1,921,426	-	1,921,426
<b>Total</b>			<b>793</b>	<b>49,811,621</b>	<b>597,123</b>	<b>49,214,498</b>

4. Loss due to non-realization of Government Revenue was the result of non-adherence to prescribed rules and procedures. The matter was reported to the Department during March to Dec 2012. DAC in its meeting held on 18<sup>th</sup> Dec, 2012 directed the Department to recover the outstanding amount after due verification within one month. Further progress was not reported till finalization of this report.

5. During the meeting, the D.G, Audit told that actual amount involved in the Para was Rs. 41.21 million which was erroneously written as Rs. 49.21 million.

#### **DEPARTMENTAL VERSION**

6. Total amount involved in Advance Paras consolidated under the Draft Para was Rs. 41.22 million out of which Rs. 26.07 million have since been recovered. Verification of the recovered amount from Audit Department is in process.

7. The amount of DP No 52/2011-12 pertaining to Mansehra has been misprinted as Rs. 9.54 million instead of Rs. 0.954 million. The amount needs rectification in the Audit Report.

S/No.	Excise & Taxation Office	Amount Pointed out	Amount Recovered	Amount Verified	Balance in PKR
1.	Kohat	5,245,391	3,044,775	1,523,529	2,200,616
2.	Charsadda	2,980,325	1,223,053	-	1,757,272
3.	Dera Ismail Khan	966,886	550,277	-	416,609
4.	Bannu	1,392,315	446,581	-	945,734
5.	Mansehra	2,005,838	1,471,862	-	533,976
6.	Bannu	1,919,837	694,093	684,074	1,225,744
7.	Karak	377,096	283,625	100,960	93,471
8.	Lakki Marwat	324,041	324,041	-	-
9.	Abbottabad	555,820	473,173	428,059	82,647
10.	Mansehra	954,922	954,922	936,526	-



11.	Dera Ismail Khan	2,324,796	1,474,302	314,604	850,494
12.	Haripur	514,760	504,976	504,976	9,784
13.	Peshawar-II	10,083,542	7,731,680	7,731,680	2,351,862
14.	Peshawar-III	6,272,784	5,597,453	5,431,747	675,331
15.	Mardan	3,376,842	928,948	-	2,447,894
16.	Swabi	1,921,426	373,129		1,548,297
<b>Total</b>		<b>41,216,621</b>	<b>26,076,890</b>	<b>17,656,155</b>	<b>15,139,731</b>

8. The remaining amount of Rs. 15.14 million pertains to general public. Most of the owners in such cases are abroad, properties are in the name of females or properties are disputed and their cases are pending in the Courts.

9. However, efforts are under way for the recovery and progress will be intimated to the quarters concerned as soon as possible.

#### **COMMITTEE OBSERVATION**

10. The Committee observed that the outstanding amounts were pointed out in 2011-12 and after the lapse of 4 years neither efforts were made by the Department to recover the said amount nor was any responsible put to task for not doing justice to the duties assigned to him.

#### **COMMITTEE RECOMMENDATION**

11. On the assurance of Secretary and Director General, Excise & Taxation that the said amount would be recovered soon, the Committee while taking lenient view recommended to recover total amount involved in the Para and its verification by Audit within two (02) months. Para Stands. Progress be reported to PAC Cell.

DP No.1.4.2 **LOSS DUE TO NON-REALIZATION OF PROPERTY TAX FROM AUTONOMOUS BODIES Rs. 22.11 MILLION.**

#### **AUDIT VERSION**

12. During audit of Excise & Taxation Offices located in different districts for the years 2010-11 & 2011-12, it was found that property tax amounting to Rs.22.11 million was not recovered from the autonomous bodies as detailed below: -

S/No.	Excise and Taxation Office	AP No.	No. of cases	Amount pointed out
1	Dera Ismail Khan	211/2010-11	2	731,316
2	Bannu	214/2010-11	1	1,431,936
3	Abbottabad	41/2011-12	2	732,979
4	Dera Ismail Khan	67/2011-12	1	636,505
5	Haripur	78/2011-12	1	2,264,944
6	-do-	85/2011-12	1	81,577
7	Peshawar-II	112/2011-12	2	8,944,217
8	-do-	113/2011-12	7	3,771,334
9	Peshawar-III	115/2011-12	1	2,216,819
10	-do-	116/2011-12	1	1,296,000
<b>Total</b>			<b>19</b>	<b>22,107,627</b>

13. Loss of Government Revenue was due to non-adherence to prescribed rules and procedures. The irregularity was pointed out during March to Dec 2012. DAC in its meeting held on 18<sup>th</sup> Dec 2012, directed the Department to recover the amount after due verification within one month. Further progress was, however, not reported till finalization of this report.

#### **DEPARTMENTAL REPLY**

14. Major portion of the involved amount have been recovered, verification of which is in process from Audit. Litigations were involved in the balance amount Rs. 6.84 million, details of which are as follows.

- A). A sum of Rs. 2.27 million is outstanding against Telephone Industry of Pakistan, in respect of which the case is under trial at Supreme Court of Pakistan (Peshawar Bench).
  - B). A sum of Rs. 3.77 million is outstanding against Auqaf Department, for which they had filed an appeal to the Department which is under process.
15. Progress in these cases is dependent upon the decisions from the concerned forums. As and when decided concerned quarters will be intimated accordingly.

S/ No	Excise & Taxation Office	AP No.	No. of cases	Amount Pointed out	Amount recovered	Amount verified	Balance in PKR
1	Dera Ismail Khan	211/2010-11	2	731,316		-	731,316
2	Bannu	214/2010-11	1	1,431,936	1,431,936	-	0
3	Abbottabad	41/2011-12	2	732,979	732,979	732,979	0
4	Dera Ismail Khan	67/2011-12	1	636,505	636,505	-	0
5	Haripur	78/2011-12	1	2,264,944		-	2,264,944
6	-do-	85/2011-12	1	81,577		-	81,577
7	Peshawar-II	112/2011-12	2	8,944,217	8,944,217	8,944,217	0
8	-do-	113/2011-12	7	3,771,334		-	3,771,334
9	Peshawar-III	115/2011-12	1	2,216,819	2,216,819	2,216,819	0
10	-do-	116/2011-12	1	1,296,000	1,296,000	1,296,000	0
<b>Total</b>			<b>19</b>	<b>22,107,627</b>	<b>15,258,456</b>	<b>13,190,015</b>	<b>6,849,171</b>

### **COMMITTEE RECOMMENDATION**

16. The explanation advanced by the Department being plausible was accepted by the Committee, the Para was therefore recommended to be settled with the direction to the Department to pursue the case vigorously in the Court of Law.

DP.No.1.4.3

### **LOSS DUE TO NON-REALIZATION OF 15% PROVINCIAL GOVERNMENT SHARES OF PROPERTY TAX FROM CANTONMENT BOARDS Rs. 19.07 MILLION.**

### **AUDIT VERSION**

17. During audit of the following Excise and Taxation Offices, for the years 2010-11 & 2011-12, it was revealed that Department failed to realize 15% share of Provincial Government from Cantonment Boards, resulting into loss of Rs.19.07 million.

S/No.	Excise and Taxation Office	AP No.	Amount pointed out
1	Kohat	134/2010-11	789,689
2	D.I.Khan	210/2010-11	345,080
3	Bannu	216/2010-11	151,977
4	Abbottabad	40/2011-12	2,525,614
5	Dera Ismail Khan	68/2011-12	314,448
6	Peshawar-II	110/2011-12	14,623,000

7	Mardan	138/2011-12	321,201
<b>Total</b>			<b>19,071,009</b>

18. Loss due to non-realization of 15% Government share was the result of non-adherence to prescribed rules and procedures. The matter was pointed out during March to Dec 2012. DAC in its meeting held on 18<sup>th</sup> Dec 2012, directed the Department to recover the Government Revenue after due verification. Further progress was, however, not reported till finalization of this report.

### **DEPARTMENTAL REPLY**

19. The Cantonment authorities are reluctant to transfer 15% share of the net proceeds of Property Tax collected by them within their respective Cantonment Boards limits. The Department after strenuous effort could affect 79% recovery of the involved amount. The balance of Rs. 4.00 million pertains to Cantonment Peshawar, Kohat, and Bannu. The respective authorities were time and again requested for clearance of the balance amount but they are not willing to do so.

S/No.	Excise & Taxation Office	Amount Pointed out	Amount Recovered	Amount Verified	Balance in PKR
1	Kohat	789,689		-	789,689
2	D.I.Khan	345,080	345,080	-	0
3	Bannu	151,977		-	151,977
4	Abbottabad	2,525,614	2,525,614	1,000,000	0
5	Dera Ismail Khan	314,448	314,448	314,448	0
6	Peshawar-II	14,623,000	11,514,053	-	3,108,947
7	Mardan	321,201	321,201	-	0
<b>Total</b>		<b>19,071,009</b>	<b>15,020,396</b>	<b>1,314,448</b>	<b>4,050,613</b>

### **COMMITTEE OBSERVATION**

20. The Committee observed that no effective remedial measures were taken by the Department to recover arrears from the Cantonment Boards and similar nature issues are frequently brought before the PAC every year.

### **COMMITTEE RECOMMENDATION**

21. In view of the above, the Department was directed to take up the issue with Finance Department for making at source deduction from the concerned Cantonment Board out of the amount being paid to them in lieu of former Octori Tax. Para stands till complete recovery/adjustment and its verification by Audit.

DP No.1.4.4 **LOSS DUE TO NON-REALIZATION OF PROFESSIONAL TAX-Rs. 3.41 MILLION.**

### **AUDIT VERSION**

22. During audit of the following Excise and Taxation Offices for the years 2010-11 & 2011-12, it was found that Professional Tax amounting to Rs. 3.41 million was not recovered, resulting into loss of Government Revenue as detailed below:-

S/No.	Excise & Taxation Office	AP No.	No. of cases	Amount pointed out	Amount recovered & verified	Balance in PKR
1	Kohat	140/2010-11	12	42,000	3,000	39,000
2	Charsadda	187/2010-11	09	43,000	-	43,000
3	D.I.Khan	208/2010-11	47	434,500	-	434,500
4	Bannu	218/2010-11	59	21,500	-	21,500
5	Mansehra	153/2010-11	66	336,500	-	336,500
6	Battagram	159/2010-11	21	150,000	-	150,000
7	Bannu	16/2011-12	72	258,700	-	258,700
8	Karak	27/2011-12	22	159,400	-	159,400
9	-do-	31/2011-12	01	155,000	-	155,000
10	Lakki Marwat	35/2011-12	13	59,100	-	59,100
11	Abbottabad	45/2011-12	17	48,700	-	48,700
12	Mansehra	54/2011-12	21	134,400	-	134,400
13	D.I.Khan	69/2011-12	42	510,900	-	510,900
14	Haripur	81/2011-12	68	383,900	-	383,900
15	Mardan	137/2011-12	27	294,800	-	294,800

16	Swabi	153/2011-12	37	379,700	-	379,700
<b>Total</b>			<b>534</b>	<b>3,412,100</b>	<b>3,000</b>	<b>3,409,100</b>

23. Loss of Government was due to weak financial discipline. The matter was reported to the Department during March to Dec 2012. DAC in its meeting held on 18<sup>th</sup> Dec 2012, directed the Department to recover the amount within one month. Further progress was, however, not reported till finalization of this report.

#### **DEPARTMENTAL REPLY**

24. Total amount involved in Advance Paras consolidated under the Draft Para was Rs. 3.41 million out of which Rs. 1.85 million have since been recovered. Verification of the recovered amount from Audit Department is in process.

25. Efforts are under way for the recovery of outstanding balance of Rs. 1.56 million, as and when recovery is affected, progress will be intimated to the quarter concerned accordingly.

S#	Excise & Taxation Office	Amount Pointed out	Amount Recovered	Amount Verified	Balance in PKR
1	Kohat	42,000	19,000	3,000	23,000
2	Charsadda	43,000	20,000	0	23,000
3	D.I.Khan	434,500	117,500	0	317,000
4	Bannu	21,500	21,500	0	0
5	Mansehra	336,500	232,000	0	104,500
6	Battagram	150,000	110,500	0	39,500
7	Bannu	258,700	37,200	37,200	221,500
8	Karak	159,400	113,600	88,800	45,800
9	-do-	155,000	155,000	155,000	0
10	Lakki Marwat	59,100	30,200		28,900
11	Abbottabad	48,700	48,700	48,700	0
12	Mansehra	134,400	134,400	134,400	0
13	D.I.Khan	510,900	218,000	162,000	292,900
14	Haripur	383,900	260,100	200,100	123,800

15	Mardan	294,800	42,000		252,800
16	Swabi	379,700	286,000		93,700
<b>Total</b>		<b>3,412,100</b>	<b>1,845,700</b>	<b>829,200</b>	<b>1,566,400</b>

### **COMMITTEE OBSERVATION**

26. The same issue of non-recovery of professional tax was being reflected in every Audit Report but neither the said tax was collected nor any concrete efforts were made by the Department for its recovery to date.

### **COMMITTEE RECOMMENDATION**

27. The Department was directed to affect complete recovery and get it verified from Audit. Para stands. Progress be reported to PAC Cell with in two (02) months.

DP No.1.4.5

### **LOSS OF GOVERNMENT REVENUE DUE TO NON-IMPOSITION OF PENALTY ON LATE PAYMENT OF PROFESSIONAL TAX- Rs. 1.33 MILLION.**

### **AUDIT VERSION**

28. During audit of the following Excise and Taxation Offices for the years 2010-11 & 2011-12, it was found that penalty was not imposed on late payment of Professional Tax, resulting into loss of Government Revenue worth Rs 1.33 million as detailed below:-

S/No.	Excise and Taxation Office	AP No.	No. of cases	Amount pointed out
1.	Kohat	137/2010-11	32	116,000
2.	Mansehra	63/2011-12	10	53,400
3.	Haripur	89/2011-12	28	602,200
4.	Mardan	139/2011-12	14	111,500
5.	Swabi	152/2011-12	38	444,600
<b>Total</b>			<b>122</b>	<b>1,327,700</b>

29. Non-imposition of penalty was due to non observance of prescribed rules and procedures. The irregularity was reported to the Department during Dec 2011 to Dec 2012. DAC in its meeting held on 18<sup>th</sup> Dec 2012, directed the Department to recover the outstanding amount after due verification within one month. Further progress was, however, not reported till finalization of this report.

**DEPARTMENTAL REPLY**

30. Total amount involved in Advance Paras consolidated under the Draft Para was Rs.1.327 million out of which Rs. 0.564 million have since been recovered. Verification of the recovered amount from Audit Department is in process.

31. Efforts are under way for the recovery of outstanding balance of Rs. 0.763 million, as and when recovery is effected, progress will be intimated to the quarter concerned accordingly.

S/No.	Excise & Taxation Office	Amount Pointed out	Amount Recovered	Amount Verified	Balance in PKR
1	Kohat	116,000	101,000	101,000	15,000
2	Mansehra	53,400	53,400	0	0
3	Haripur	602,200	34,000	34,000	568,200
4	Mardan	111,500		0	111,500
5	Swabi	444,600	376,000	0	68,600
<b>Total</b>		<b>1,327,700</b>	<b>564,400</b>	<b>135,000</b>	<b>763,300</b>

**COMMITTEE RECOMMENDATION**

32. On the assurance of Director General, Excise & Taxation that the said amount would be recovered soon, the Committee while taking lenient view recommended to recover total amount involved in the Para and its verification by Audit with in a month time. Para Stands. Progress be reported to PAC Cell.

DP No.1.4.6 **LOSS DUE TO NON-REALIZATION OF HOTEL TAX Rs.1.34 MILLION.**

**AUDIT VERSION**

33. During audit of Excise & Taxation Offices located in different districts, for the years 2010-11 & 2011-12, it was revealed that Hotel Tax amounting to Rs. 1.34 million was not recovered, resulting in loss to Government as detailed below:-

S/No.	Excise & Taxation Office	AP No.	No. of cases	Amount pointed out
1.	Mansehra	154/2010-11	09	325,912
2.	Battagram	160/2010-11	02	41,520
3.	D.I.Khan	206/2010-11	02	21,534
4.	Bannu	217/2010-11	09	256,053



5.	-do-	17/2011-12	07	128,557
6.	Abbottabad	43/2011-12	08	226,912
7.	Mansehra	53/2011-12	14	236,245
8.	D.I.Khan	73/2011-12	04	32,583
9.	Haripur	90/2011-12	01	21,900
10.	Mardan	141/2011-12	07	44,583
<b>Total</b>			<b>63</b>	<b>Rs. 1,335,799</b>

34. Loss of Government Revenue was due to non-adherence to prescribed rules and procedures. The matter was reported to the Department during Jan to Nov 2012. DAC in its meeting held on 18<sup>th</sup> Dec 2012, directed the Department to recover the outstanding amount after due verification within one month. Further progress was, however, not reported till finalization of this report.

### **DEPARTMENTAL REPLY**

35. Total amount involved in Advance Paras consolidated under the Draft Para was Rs. 1.34 out of which Rs. 0.83 million have since been recovered. Verification of the recovered amount from Audit Department is in process.

36. Efforts are under way for the recovery of outstanding balance of Rs. 0.50 million, as and when recovery is affected, progress will be intimated to the quarter concerned accordingly.

S/No.	Excise & Taxation Office	Amount Pointed out	Amount Recovered	Amount Verified	Balance in PKR
1.	Mansehra	325,912	262,197		63,715
2.	Battagram	41,520	41,520		0
3.	D.I.Khan	21,534	21,534		0
4.	Bannu	256,053	49,653		206,400
5.	-do-	128,557	23,000	23,000	105,557
6.	Abbottabad	226,912	226,912	226,912	0
7.	Mansehra	236,245	154,549	136,032	81,696
8.	D.I.Khan	32,583	32,583	21,515	0
9.	Haripur	21,900	21,900	21,900	0
10.	Mardan	44,583			44,583
<b>Total</b>		<b>1,335,799</b>	<b>833,848</b>	<b>429,359</b>	<b>501,951</b>

### **COMMITTEE RECOMMENDATION**

37. After detailed discussion, the Committee directed the Department to affect complete recovery duly verified by Audit within a month time. Para stands. Progress be reported to PAC Cell.

DP No.1.4.7

**LOSS DUE TO NON-REALIZATION OF TOKEN TAX**  
**Rs.3.33 MILLION.**

**AUDIT VERSION**

38. During audit of the following Excise and Taxation Offices for the years 2010-11 & 2011-12, it was found that Department failed to initiate any action for recovery of Token Tax from defaulters, resulting into loss of Rs. 3.33 million to the Government as detailed below:-

S/No	Excise & Taxation Office	AP No.	No. of cases	Amount pointed out	Amount recovered & verified	Balance in PKR
1.	Kohat	138/2010-11	83	95,625	78,250	17,375
2.	Charsadda	189/2010-11	24	35,475	-	35,475
3.	D.I.Khan	212/2010-11	94	289,355	-	289,355
4.	Bannu	219/2010-11	04	109,200	-	109,200
5.	Bannu	220/2010-11	14	85,170	-	85,170
6.	Swat	259/2010-11	22	113,250	60,950	52,300
7.	Dir Lower	263/2010-11	23	258,630	-	258,630
8.	Buner	249/2010-11	26	76,771	-	76,771
9.	Mansehra	156/2010-11	23	41,995	-	41,995
10.	Bannu	20/2011-12	21	77,540	-	77,540
11.	Karak	28/2011-12	11	363,900	-	363,900
12.	Lakki Marwat	37/2011-12	15	62,500	-	62,500
13.	Abbottabad	44/2011-12	18	71,320	-	71,320
14.	Mansehra	55/2011-12	25	77,040	-	77,040
15.	D.I.Khan	70/2011-12	19	119,540	-	119,540
16.	D.I.Khan	74/2011-12	20	24,900	-	24,900
17.	Haripur	84/2011-12	23	127,800	-	127,800
18.	Peshawar-I	107/2011-12	216	1,106,075	-	1,106,075
19.	Mardan	136/2011-12	22	305,750	-	305,750
20.	Swabi	156/2011-12	24	28,960	-	28,960
<b>Total</b>			<b>727</b>	<b>3,470,796</b>	<b>139,200</b>	<b>3,331,596</b>

39. Loss due to non-realization of Token Tax was the result of non-adherence to prescribed rules and procedures. The matter was reported to the Department during Dec 2011 to Dec 2012. DAC in its meeting held on 18<sup>th</sup> Dec 2012, directed the Department to recover the outstanding amount after due

verification within one month. Further progress was, however, not reported till finalization of this report.

### **DEPARTMENTAL REPLY**

40. Total amount involved in Advance Paras consolidated under the Draft Para was Rs. 3.470 million out of which Rs. 1.04 million have since been recovered. Verification of the recovered amount from Audit Department is in process.

41. The balance amount pertains to those vehicles which are plying outside the Province and paying token tax in other Provinces, without intimating their original Registering Authorities.

42. Moreover, these vehicles have been enumerated in wanted list. Recovery when effected, Audit Department would be intimated accordingly.

S/No.	Excise & Taxation Office	Amount Pointed out	Amount Recovered	Amount Verified	Balance in PKR
1	Kohat	95,625	78,250	87,500	17,375
2	Charsadda	35,475	18,720		16,755
3	D.I.Khan	289,355	77,555		211,800
4	Bannu	109,200			109,200
5	Bannu	85,170	60,390		24,780
6	Swat	113,250	77,900	77,900	35,350
7	Dir Lower	258,630	258,630	258,630	0
8	Buner	76,771			76,771
9	Mansehra	41,995	38,245		3,750
10	Bannu	77,450			77,450
11	Karak	363,900			363,900
12	Lakki Marwat	62,500	60,500		2,000
13	Abbottabad	71,320	71,320	68,820	0
14	Mansehra	77,040	73,615		3,425
15	D.I.Khan	119,540	34,440		85,100
16	D.I.Khan	24,900			24,900
17	Haripur	127,800	40,300	34,300	87,500
18	Peshawar-I	1,106,075	140,275		965,800
19	Mardan	305,750	13,500		292,250
20	Swabi	28,960			28,960
<b>Total</b>		<b>3,470,706</b>	<b>1,043,640</b>	<b>527,150</b>	<b>2,427,066</b>

### **COMMITTEE RECOMMENDATION**

43. After detailed discussion, the Committee directed the Department to affect complete recovery duly verified by Audit within a month time. Para stands. Progress be reported to PAC Cell.

DP No.1.4.8 **LOSS DUE TO SHORT-REALIZATION OF MOTOR VEHICLE REGISTRATION FEE & PENALTY Rs. 1.89 MILLION.**

### **AUDIT VERSION**

44. During audit of the following Excise and Taxation Offices for the years 2010-11 & 2011-12, it was revealed that motor vehicle Registration Fee and Penalty on late registration was short realized, resulting in loss of Rs. 1.89 million to the Government.

S/No.	Excise and Taxation Office	AP No.	No. of cases	Amount in PKR
1.	D.I.Khan	203/2010-11	06	27,000
2.	Bannu	222/2010-11	01	18,889
3.	Bannu	18/2011-12	03	153,600
4.	Bannu	19/2011-12	12	35,000
5.	Lakki Marwat	36/2011-12	15	39,000
6.	D.I.Khan	72/2011-12	25	42,000
7.	Haripur	79/2011-12	05	1,557,848
8.	Peshawar-I	109/2011-12	04	11,918
<b>Total</b>			<b>71</b>	<b>1,885,255</b>

45. Loss of Government Revenue was due to non observance of prescribed rules and procedures. The matter was reported to the Department during March to Sep 2012. DAC in its meeting held on 18<sup>th</sup> Dec 2012, directed the Department to recover the amount after due verification within one month. Further progress was, however, not reported till finalization of this report.

### **DEPARTMENTAL REPLY**

46. Almost 83% of the amount involved has since been recovered. Total amount involved in Advance Paras consolidated under the Draft Para was Rs. 1.89 million out of which Rs. 1.80 million have since been recovered. Verification of the recovered amount from Audit Department is in process.

47. The balance Rs. 0.090 million pertains to those vehicles which often are plying outside the Province. The registrations of those vehicles have been suspended and placed on wanted vehicles list. As and when the amount is recovered, the quarter concerned will be informed accordingly.

S/No.	Excise & Taxation Office	Amount Pointed out	Amount Recovered	Amount Verified	Balance in PKR
1.	D.I.Khan	27,000	27,000		0
2.	Bannu	18,889			18,889
3.	Bannu	153,600	153,600	153,600	0
4.	Bannu	35,000			35,000
5.	Lakki Marwat	39,000	4,000		35,000
6.	D.I.Khan	42,000	42,000		0
7.	Haripur	1,557,848	1,557,848	1,557,848	0
8.	Peshawar-I	11,918	10,605		1,313
<b>Total</b>		<b>1,885,255</b>	<b>1,795,053</b>	<b>1,711,448</b>	<b>90,202</b>

### **COMMITTEE RECOMMENDATION**

48. After detailed discussion, the Committee directed the Department to affect complete recovery duly verified by Audit or otherwise registration of the defaulters be suspended till complete recovery. Para stands. Progress be reported to PAC Cell within a month time.

DP No.1.4.9 **LOSS DUE TO NON-REALIZATION OF TOBACCO DEVELOPMENT CESS AND PENALTY Rs. 2.25 MILLION.**

### **AUDIT VERSION**

49. During audit of the Excise & Taxation Offices Mardan and Swabi for the year 2011-12, it was found that Tobacco Development Cess and penalty amounting to Rs.2.25 million was not recovered from the tobacco companies as detailed below:-

S/No.	Excise and Taxation Office	AP No.	No. of cases	Amount in PKR
1.	Mardan	135/2011-12	01	2,187,500
2.	Swabi	154/2011-12	03	62,500
<b>Total</b>			<b>04</b>	<b>2,250,000</b>

50. Loss of Government Revenue was due to non-adherence to prescribed rules and procedures. The matter was reported to the Department in Nov and Dec 2012. The Department neither convened DAC meeting despite repeated requests nor reported any recovery till finalization of this report.

**DEPARTMENTAL REPLY**

51. The Department explained the recovery position before the Committee as follows:-

S/No.	Excise & Taxation Office	Amount Pointed out	Amount Recovered	Amount Verified	Balance in PKR
1.	Mardan	2,187,500		0	2,187,500
2.	Swabi	62,500			62,500
<b>Total</b>		<b>2,250,000</b>	<b>0</b>	<b>0</b>	<b>2,250,000</b>

52. During the meeting, the ETO concerned told that out of total amount of Rs. 2.250 million an amount of Rs. 0.5 million had been recovered whereas the case pertaining to the major portion of amount is pending before the High Court.

**COMMITTEE RECOMMENDATION**

53. As the issue was pending before the Court of Law therefore, the Committee kept the Para pending till the decision of High Court with the direction to the Department to pursue the case vigorously in the Court of Law.

DP No.1.4.10 **LOSS OF GOVERNMENT REVENUE DUE TO NON ASSESSMENT OF REGISTRATION FEE AND MOTOR VEHICLE TAX ON NON CUSTOMS PAID VEHICLES Rs. 400 MILLION.**

**AUDIT VERSION**

54. During audit of the Excise and Taxation Offices Buner and Lower Dir for the year 2010-11, it was revealed that unregistered vehicles present in the Malakand Division were not registered resulting into loss of Rs. 400 million to the Government.

55. The irregularity was reported to the Department in May 2012. DAC in its meeting held on 18<sup>th</sup> Dec 2012, directed the Department to implement relevant laws and rules. Further progress was, however, not reported till finalization of this report.

**DEPARTMENTAL REPLY**

56. Registration of Non-Custom Paid (NCP) vehicles depends on custom clearance as per section 25(a) of the Motor Vehicles Ordinance 1965. At

the time of Audit, the Custom Act was not enforceable at Malakand division, therefore, the recovery of registration fee and motor vehicles tax on NCP vehicles was unlawful.

**COMMITTEE RECOMMENDATION**

57. The explanation advanced by the Department being convincing was accepted and the Para was recommended to be settled.

# **REVENUE & ESTATES DEPARTMENT**

**Total Draft Paras \_\_\_\_\_ 05**

**Examined \_\_\_\_\_ 04**

**Pending \_\_\_\_\_ 01**

**Recovery.....01(3.4.5)**

**Departmental Action..... 02 (3.4.2 & 3.4.4)**

**Detailed Audit.....01 (3.4.1)**

**Deferred-----01 (3.4.3)**

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## **Introduction.**

The Board of Revenue is the successor of the office of the Financial Commissioner. It was originally constituted under the provisions of West Pakistan Board of Revenue Act, 1957 which on dissolution of One Unit in 1970 became the Board of Revenue, Khyber Pakhtunkhwa. The Board is the controlling authority in all matters connected with the administration of land, collection of Government dues including land taxes, land revenue, preparation of land records and other matters relating thereto. Senior Member Board of Revenue is incharge of the Board.

The Board is the custodian of the rights of land holders and is the highest revenue court in the Province with appellate/provisional jurisdiction against orders of subordinate revenue officers/courts including collectors. All revenue officers and revenue courts are subject to the general superintendence and control of the Board of Revenue. The Board itself is subject to the administrative control of the Provincial Government. As per Khyber Pakhtunkhwa Government Rules of Business (amended to date), the Department has been assigned the business of :-

- Assessment & collection of land Revenue, Development Cesses and surcharges thereon and Agriculture Income Tax.
- Land surveys and record of rights, including restrictions over transfer of title.
- Laws regarding land tenure, relations between landlord & Tenants, special remission of land revenue and remission under sliding scales.
- Compulsory acquisition of land, Land Acquisition Act and rules made thereunder.
- Matters connected with the recruitment, training, pay, allowances, promotions, leave, posting & transfers of revenue field staff and District & Divisional Establishment.
- Registration of document including registration fees.



- Stamps and Court Fees, judicial & non-judicial.
- Famine relief Fund and relief for other natural calamities.
- Revenue Settlement and re-assessment.
- Preparation of Gazetteers and land Laws.
- Territorial adjustment and changes, Boundary Dispute & Land Commission.
- Land Settlement.
- Collection of Capital Value Tax on transfer of immovable property.

## **REVENUE & ESTATES DEPARTMENT**

Five (05) Draft Paras reflected in the Audit Report on the accounts of Revenue Receipts, Government of Khyber Pakhtunkhwa for the year 2012-13 against the Department were taken up for examination by the Committee in its meeting held 24<sup>th</sup> of August 2016. The following were present:-

### **PUBLIC ACCOUNTS COMMITTEE**

- |    |                                   |                 |
|----|-----------------------------------|-----------------|
| 1. | Syed Muhammad Ali Shah Bacha, MPA | Acting Chairman |
| 2. | Mufti Syed Janan, MPA             | Member          |
| 3. | Mr. Qurban Ali Khan, MPA          | Member          |
| 4. | Mr. Mehmood Jan, MPA              | Member          |
| 5. | Arbab Waseem Hayat, MPA           | Member          |

### **LAW, PARLIAMENTARY AFFAIRS AND HUMAN RIGHTS DEPARTMENT**

Mr. Shah Jehan  
Deputy Secretary.

### **FINANCE DEPARTMENT**

Mr. Nasrullah,  
Additional Secretary.

### **AUDIT DEPARTMENT**

1. Mr. Javed Iqbal,  
Director General.
2. Mr. Qadir Khan,  
Audit Officer.
3. Mr. Faisal Hamid Qazi,  
Assistant Audit Officer.

### **REVENUE & ESTATES DEPARTMENT**

Fakhruz Zaman,  
Secretary-I

### **PROVINCIAL ASSEMBLY**

1. Mr. Amjad Ali,  
Additional Secretary.
2. Mr. Inamullah Khan,  
Deputy Secretary
3. Mr. Haris Khan,  
Assistant Secretary.
4. Mr. Shahid Rehman,  
Assistant Secretary.

2. The PAC having considered Audit point of view and explanation advanced by the Department, made recommendation on each Para as under:-

DP No.3.4.1 **NON PRODUCTION OF RECORD INVOLVING REVENUE RECEIPTS WORTH – Rs. 136.79 MILLION.**

**AUDIT VERSION**

3. During audit of the Tehsildar Peshawar for the year 2010-11, the Management failed to provide the under mentioned record involving Revenue Receipts worth Rs. 136.79 million.

Sr. No.	Circle	Nature of Record	Period
1.	Khalisa	Mutation Fee Book and Treasury Challans	01-07-2010 to 19-05-2011
2.	Qasba	Mutations attested in Mouza Tehkal Bala.	2010-11
3.	Daudzai	Mutation Fee Register along with mutations attested and Treasury Challans.	01-07-2010 to 22-04-2011
4.	-do-	CVT Register and Treasury Challans.	01-07-2010 to 18-05-2011

4. The non-production of record was not only a violation of the constitutional provision but also reflection of weak internal controls. The matter was reported to the Department in April 2012. DAC in its meeting held on 4<sup>th</sup> September 2012, directed the Department to provide record to Audit within one month. Further progress was, however, not reported till finalization of this report.

**DEPARTMENTAL VERSION**

5. In compliance with the Departmental Accounts Committee (DAC) directives, the requisite record as pointed out in the Draft Para had since been produced to Audit through letter bearing No. 2364/TP, dated 02.06.2014. Further progress was however not reported from Audit Department. The department further explained that complete record was in the custody of National Accountability Bureau at the time of Audit.

**PAC RECOMMENDATIONS**

6. The Department was directed to produce complete record involved in the Draft Para for conducting detailed Audit of the same, jointly by the Audit Department and PAC Cell. The Audit Department was directed to nominate its representative (s) for conducting detailed audit of the record pertaining to the said Draft Para, in the meeting to be convened by PAC Cell in the Provincial

Assembly Secretariat, Peshawar. Para Stands. Report be submitted to PAC within one month.

D.P. 3.4.2

**LOSS DUE TO UNDER-ASSESSMENT OF MUTATION FEE, STAMP DUTY AND REGISTRATION FEE DUE TO UNDERVALUATION OF LAND Rs. 1.13 MILLION.**

**AUDIT VERSION**

7. During audit of the following Tehsildars/Sub-Registrars for the years 2010-11 & 2011-12, it was found that value of the land transferred was calculated at rates lower than those notified by the District Collectors, resulting in loss of Rs. 1.13/- million to the Government as detailed given below:-

S/No	Formation	AP No.	No. of cases	Amount pointed out	Amount recovered & verified	Balance
1.	Tehsildar, Kohat	130/2010-11	28	540,428	274,025	266,403
2.	Tehsildar, Kabal Swat	273/2010-11	05	19,322	-	19,322
3.	Tehsildar, Havalian Abbottabad	65/2011-12	11	28,588	-	28,588
4.	Tehsildar, Abbottabad	94/2011-12	33	134,928	-	134,928
5.	Sub Registrar, Abbottabad	100/2011-12	24	252,918	-	252,918
6.	Tehsildar, Haripur	106/2011-12	25	76,751	-	76,751
7.	Tehsildar, Ghazi Haripur	117/2011-12	31	97,658	-	97,658
8.	Tehsildar Settlement, Mansehra	121/2011-12	48	322,406	88,657	233,749
9.	Sub Registrar, Mansehra	127/2011-12	11	32,554	16,506	16,048
<b>Total</b>			<b>216</b>	<b>1,505,553</b>	<b>379,188</b>	<b>1,126,365</b>

8. Loss to Government due to under-assessment of land was the result of non-adherence to prescribed rules and procedures. The irregularity was reported to the Department during December 2011 to November 2012. DAC in its meeting held on 29<sup>th</sup> May, 2012 directed the Department to recover the amount. Further progress, however was not reported till finalization of this report.

**DEPARTMENTAL VERSION**

9. The Department explained that total amount involved in the Draft Para had been recovered except an amount of Rupees (02) two lacs the case for which was under trial in the Court of Law.

### **PAC OBSERVATION**

10. The Committee observed that no action was taken against the officers who made less assessment which would have resulted into loss to government if not pointed out by the Audit.

### **PAC RECOMMENDATIONS**

11. In view of the above the Committee recommended to conduct inquiry into the matter and initiate appropriate disciplinary action against the person (s) at fault. The department was further directed to pursue the case vigorously in the court of law through a responsible officer. Para Stands, progress be reported to PAC Cell.

D.P. 3.4.3

### **LOSS DUE TO UNDER-ASSESSMENT OF MUTATION FEE Rs. 22.71/- MILLION.**

### **AUDIT VERSION**

12. During audit of the Tehsildar Peshawar for the year 2010-11, it was revealed that land measuring 2954 Kanals was transferred in mouza Tehkal Bala Peshawar vide mutation No. 21393 dated 16.05.2011. Tehsildar assessed mutation fee on the basis of value of land notified for the year 1990-91 instead of 2010-11, resulting in loss of Rs. 22.71/- million to the Government.

13. Loss of Government revenue was due to non observance of prescribed rules and procedures. The irregularity was reported to the Department in April, 2012. DAC in its meeting held on 4<sup>th</sup> September 2012, decided that as the case was Subjudice in the Court of Law, therefore, no action has to be taken till final decision of the Court. Further progress was, however, not reported till finalization of this report.

### **DEPARTMENTAL VERSION**

14. The Audit had totally misjudged the nature of the mutation No. 21393, dated 16.05.2011. The mutation was attested by the revenue authority in light of the Court orders. The revenue authority had not assessed the value of the land either of the year, 1985 or 1991 nor the land transferred through said mutation was 2954 Kanals, but actual land transferred was 2889.44 which was purchased by the present owner in 1977 at the rate of Rs.16,000/- per Kanal which was maintained by the Court, therefore, the revenue authority has no

power to change the value which had already been maintained by the Court. The responsibility of the revenue authority was that to take the taxes which were prevalent in the transferring year, 2011 i.e total 08% of which 04% CVT 02% Stamp Duty and 02% District Council fee. The receipts had already been produced to Audit.

### **PAC OBSERVATION**

15. The Committee observed that no supporting documents were provided along with the working paper despite the frequent directions of the PAC and reminders by the PAC Cell. Even the court decision on which the department relies upon was also not found attached.

### **PAC RECOMMENDATIONS**

16. In view of the above, the Committee could not reached to just and fair conclusion the Draft Para was therefore deferred till 5<sup>th</sup> of September, 2016 with the direction to the department to provide working paper complete in all respect to the PAC Cell two days before the meeting. Para Stands.

### **D.P. 3.4.4 LOSS DUE TO NON-ASSESSMENT OF CAPITAL VALUE TAX Rs. 1.55 M.**

### **AUDIT VERSION**

17. During audit of the following Tehsildars/Sub-Registrars for the years 2011-12, it was found that Capital Value Tax amounting to Rs.1.55/- million was not assessed on transfer of immovable property, resulting into loss of Government revenue as detailed given below:-

S/No.	Name of Office	AP No.	No. of cases	Amount pointed out	Amount recovered & verified	Balance
1.	Tehsildar, Havalian Abbottabad	64/2011-12	06	246,612	-	246,612
2.	Tehsildar, Abbottabad	92/2011-12	08	294,384	-	294,384
3.	-do-	93/2011-12	01	212,500	-	212,500
4.	Sub Registrar, Abbottabad	99/2011-12	11	307,809	-	307,809
5.	-do-	101/2011-12	02	58,022	-	58,022
6.	-do-	102/2011-12	02	32,000	-	32,000
7.	Tehsildar, Haripur	104/2011-12	07	63,300	-	63,300
8.	Tehsildar, Settlement	120/2011-	30	578,332	419,155	159,177

	Mansehra	12				
9.	-do-	122/2011-12	02	175,760	-	175,760
<b>Total</b>			<b>69</b>	<b>1,968,719</b>	<b>419,155</b>	<b>1,549,564</b>

18. Loss to Government due to non-adherence to prescribed rules and procedures. The matter was reported to the Department during September to November 2012. The Department neither convened DAC meeting despite repeated request nor reported any progress till finalization of this report.

### **DEPARTMENTAL VERSION**

19. The Department explained that total amount involved in the Draft Para had been recovered.

### **PAC OBSERVATION**

20. The Committee observed that no action was taken against the officers who made less assessment which would have resulted into loss to government if not pointed out by the Audit.

### **PAC RECOMMENDATIONS**

21. As whole of the amount involved in the Draft Para had been recovered therefore, the Committee recommended the Draft Para to be settled with the direction to conduct inquiry in to the matter, for fixing responsibility against the person (s) at fault and to initiate appropriate disciplinary action against them.

D.P.No. 3.4.5 **LOSS DUE TO UNDER-ASSESSMENT OF CAPITAL VALUE TAX AND MUTATION FEE, Rs. 1.68 MILLION.**

### **AUDIT VERSION**

22. During audit of the Tehsildar Peshawar for the year 2010-11, it was found that 80 Marlas commercial land was transferred on 25.02.2011 vide Mutation No. 10329 in mouza Sufaid Dheri, Peshawar. Audit inspected the spot wherein commercial plaza was under-construction and was situated at main University Road/Arbab Road Peshawar. In the subject mutation, value of the land was under-assessed, resulting in loss of Rs.1.680/- million to the Government on account Capital Value Tax and Mutation Fee.

23. Loss to Government due to under-assessment of land was the result of non-adherence to prescribed rules and procedures. The irregularity was

reported to the Department in April 2012. DAC in its meeting held on 4<sup>th</sup> September 2012, directed the Department to effect recovery from the concerned within one month. Further progress was, however, not reported till finalization of this report.

### **DEPARTMENTAL VERSION**

24. The mutation No.10329, dated 25.02.2011 at mouza Sufaid Deheri was attested by Mr. Kifayat Ullah Khan Ex-NT Qasba circle, Peshawar (now removed from Government service) vide Notification dated 26.05.2014, who less assessed the mutation fee/CVT Rs.1.68/- million. However notice had been served upon the concerned through Patwari Halqa Tehkal Bala No.1 for recovery. The progress will be reported to Audit.

### **PAC OBSERVATION**

25. The Committee observed that no action was taken against the officers who made less assessment which would have resulted into loss to government if not pointed out by the Audit.

### **PAC RECOMMENDATIONS**

26. The Committee recommended the Para to be settled subject to complete recovery and its verification by Audit and directed the Department to conduct inquiry in to the matter, for fixing responsibility and initiating appropriate disciplinary action against the person (s) at fault.

## **CONCLUDING REMARKS**

**While presenting this report before the Assembly under rule 161 of the Provincial Assembly of Khyber Pakhtunkhwa Procedure and Conduct of Business Rules, 1988 the Public Accounts Committee recommends that suggestions, recommendations and directives made by it in this report be adopted/approved.**

**-SD-**

**(ASAD QAISAR)**  
Speaker/Chairman  
Public Accounts Committee



