AUDIT REPORT
ON
THE ACCOUNTS OF
FEDERAL GOVERNMENT - (CIVIL)

AUDIT YEAR 2019-20

AUDITOR GENERAL OF PAKISTAN

TABLE OF CONTENTS

ABBREVIATIONS AND ACRONYMS

A/C	Account
ADP	Annual Development Program
AFS	Additional Finance Secretary
AG	Accountant General
AGP	Auditor General of Pakistan
AGPR	Accountant General of Pakistan
AIR	Audit and Inspection Report
AJK	Azad Jammu and Kashmir
APPM	Accounting Policies and Procedures Manual
BMR	Balancing, Modernization and Rehabilitation
BoG	Board of Governors
BPS	Basic Pay Scale
CDNS	Central Directorate of National Savings
CDWP	Central Development Working Party
CE-CPEC	Center for Excellence for China Pakistan Economic Corridor
CPEC	China Pakistan Economic Corridor
DAC	Departmental Accounts Committee
DDO	Drawing and Disbursing Officer
DEPO	Defence Export Promotion Organization
DG	Director General
DGA	Director General Audit
ECC	Economic Coordination Committee
EDF	Export Development Fund
ETPB	Evacuee Trust Property Board
FAP	Foreign Aided Project
FATA	Federally Administered Tribal Areas
FBR	Federal Board of Revenue
FG	Federal Government
FGCC	Faisalabad Garment City Company
FIA	Federal Investigation Authority
FTR	Federal Treasury Rules
FY	Financial Year
GFR	General Financial Rules
GOP	Government of Pakistan
HBL	Habib Bank Limited
HEC	Higher Education Commission

HR	Human Resource
IC	Investment Committee
ICT	Islamabad Capital Territory
IDEAS	International Defence Exhibition and Seminar
INL	International Narcotics Law Affairs Section
JS	Jahangir Siddiqui Investment
KICT	Karachi International Container Terminal
KLC	Karachi Lab Complex
LC	Letter of Credit
LGCC	Lahore Garment City Company
MORA	Ministry of Religious Affairs
NADRA	National Database and Registration Authority
NAVTTC	National Vocational and Technical Training Commission
NBP	National Bank of Pakistan
NCA	National Command Authority
NCA	National College of Arts
NESPAK	National Engineering Service Pakistan (Pvt.) Limited
NIDA	National Income Daily Account
NIE	National Institute of Electronics
NIO	National Institute of Oceanography
NOC	No Objection Certificate
NSPP	National School of Public Policy
OEM	Original Equipment Manufacturer
OGDCL	Oil and Gas Development Company Limited
OM	Office Memorandum
OPD	Out Patient Department
PA	per annum
PAC	Public Accounts Committee
PAEC	Pakistan Atomic Energy Commission
PWD	Pakistan Public Works Department
PAO	Principal Accounting Officer
PC	Privatization Commission
PCSIR	Pakistan Council of Scientific and Industrial Research
PDWC	Pakistan Deep Water Container Port
PEMRA	Pakistan Electronic Media Regulatory Authority
PICT	Pakistan International Container Terminal
PID	Press Information Department
PIDE	Pakistan Institute of Development Economics
PKR	Pakistan Rupees

PLS	Profit and Loss Sharing
PM	Prime Minister
PMA	Pakistan Marine Academy
PNRA	Pakistan Nuclear Regulatory Authority
POL	Petroleum, Oil and Lubricant
PPRA	Public Procurement Regulatory Authority
PS	PEMRA Scale
PSDP	Public Sector Development Programme
PSQCA	Pakistan Standards and Quality Control Authority
QCC	Quality Control Centers
SAFRON	States and Frontier Regions
SAPT	South Asia Pakistan Terminals Limited
SBP	State Bank of Pakistan
SECP	Security Exchange Commission of Pakistan
SPS	Special Pay scales
SRO	Statutory Regulatory Order
TDAP	Trade Development Authority of Pakistan
TDR	Terms Deposit Receipt
UAE	United Arab Emirates
UBL	United Bank Limited
UPS	Un-interrupted Power Supply
US	United States
WAPDA	Water & Power Development Authority
w.e.f.	with effect from
ZTBL	Zarai Taraqiati Bank Limited

PREFACE

Articles 169 and 170(2) of the Constitution of 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 require the Auditor General of Pakistan to conduct audit of receipts and expenditure from the Federal Consolidated Fund and Public Account.

The report is based on audit of receipts and expenditure of the Federal Government for the financial year 2018-19. The sectoral analysis of Federal Government is included in the beginning to review financial management, fiscal indiscipline and debt management. Directorate General Audit (Federal Government), Islamabad conducted audit on test check basis with a view to report significant findings to the stakeholders. The main body of the Audit Report includes only the systemic issues and audit findings of serious nature. Less significant issues are listed in Annexure-I of the Report as MFDAC, which shall be pursued with the Principal Accounting Officers at the Departmental Accounts Committee level. In cases where the PAO does not initiate appropriate action, the Audit observation will be brought to the notice of the Public Accounts Committee through the next year's Audit Report.

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

Most of the observations included in this report have been finalized after incorporating the management replies or in the light of discussions in the DAC meetings.

The Audit Report is submitted to the President in pursuance of Article 171 of the Constitution of Islamic Republic of Pakistan, 1973 for causing it to be laid before Majlis-e-Shoora [Parliament].

Dated:

(Javaid Jehangir)
Auditor General of Pakistan

EXECUTIVE SUMMARY

Directorate General Audit, Federal Government is a field audit office of the Auditor General of Pakistan (OAGP). It facilitates the Auditor General of Pakistan to fulfill his constitutional responsibility of conducting the audit of the Federal Government. The main products of this office are Certification Audit Reports of the Federal Government, Foreign Aided Project Audit Reports, Performance Audit Reports, Special Audit Reports and Compliance with Authority Audit Report. The office is located in Islamabad with four sub-offices, one each at Lahore, Karachi, Peshawar and Quetta. The office is headed by a Director General.

The Federal Government conducts its operations under the Rules of Business, 1973 and comprises 60 Principal Accounting Officers (PAOs) for different Ministries, Divisions and entities. The DGA (FG) conducts audit of the Federal Consolidated Fund and Public Account of the Federal Government. The sectoral analysis of financial issues and fiscal discipline is also carried out in chapter one to analyze the financial management of the Federal Government by reviewing budget estimates, Appropriation Accounts and Financial Statements for the financial year 2018-19. The DGA (FG) has human resource of 144 officers and staff with 36,000 person days. The annual budget allocated to the Directorate General for the Audit Year 2019-20 amounted to Rs.247.00 million.

The report is finalized after reviews of Internal and External Quality Control Committee meetings.

Audit Objectives

The audit was conducted with the objective of ensuring Parliamentary oversight over the expenditure incurred by Federal Ministries and Divisions including review of:

i. The financial systems, transactions and evaluation of compliance with applicable statutes and regulations.
ii. The probity and propriety of administrative decisions taken and to highlight cases of irregular expenditure or waste of public money.
iii. The assessment, collection and allocation of revenues in accordance with the law.

Scope of Audit

DG Audit (FG) conducts compliance audit of 2,723 formations of 60 different PAOs of the Federal Government. In Audit Year 2019-20 an expenditure of Rs.1,792.64 billion was in the audit scope of DG Audit (FG).

Audit coverage relating to expenditure for the current Audit Year comprises 325 formations of 40 PAOs/Ministries having a total expenditure of Rs.346.754 billion for the financial year 2018-19. In terms of percentage, the audit coverage (Compliance Audit) was 19.34% of the auditable expenditure. Receipt of Rs.4.44 billion of ICT falling under the Audit jurisdiction of Federal Audit has been audited.

This audit report also includes audit observations resulting from the audit of expenditure of Rs.155.17 billion and receipt of Rs.4.23 billion for the financial year 2017-18 pertaining to 112 formations of 23 PAOs.

In addition to this compliance audit report, DGA-FG conducted 03 Certification audits, 35 Foreign Aided Project (FAP) audits, 01 Performance audit and 02 Special audits. Reports of these audits are published separately.

Recoveries at the Instance of Audit

As a result of audit, a recovery of Rs.4,477.19 million was pointed out. However, recovery effected and duly verified by Audit was Rs.3,167.143 million.

Audit Methodology

Audit was conducted in accordance with INTOSAI Auditing Standards as incorporated in Financial Audit Manual (FAM), Guidelines for the Audit of Federal Government Operations and the International Standards of Supreme Audit Institutions (ISSAI).

The evidence was primarily gathered by applying procedures like inquiries from the management, review of monitoring and progress reports and examination of payment vouchers. Audit evidence was also collected through SAP/R3 data of the Accountant General Pakistan Revenues (AGPR).

Desk audit was carried out before initiating field activities which included performing of audit tests and analytical procedures to evaluate internal controls and to assure that payments were validated by proper supporting documents, approval of competent authority and expenditure was incurred in accordance with the approved budget.

Comments on Internal Controls and Internal Audit Department

For most of the entities audited during 2019-20 it was noticed that the internal audit units were non-existent. Instances of internal control failures were also noted which resulted in irregularities and loss of Government money. Similarly, the permanent feature of internal audit reports was found missing in majority of the auditee organizations. The same were pointed out to the management for remedial measures.

Impact of Audit:

i. As an impact of audit, the system of issuance of Supplementary Grants got streamlined. Finance Division is now issuing Supplementary Grants only in exceptional cases and that too after the approval of the Federal Government.

ii. As a result of audit, HEC is standardizing House Requisition & Medical Attendance Rules of all Federally Chartered Universities which are at present varying from university to university.

iii. Privatization Commission agreed and stopped payments of honorarium and other non-admissible payments from Privatization Fund Account.

iv. Board of Investment for the first time on pointing of audit printed their annual report and got their annual accounts audited.

v. Federal Board of Intermediate and Secondary Education (FBISE), Islamabad segregated their GP Fund and Pension Fund from the Board Fund.

vi. As a result of audit FBISE was made to invest its surplus funds, which were kept in the current account, leading to an additional income of Rs.200.00 million per annum.

Key audit findings

i. There were 56 cases of misappropriation and embezzlement of public money and fictitious payments amounting to Rs.12,561.115 million[1].

ii. There were 98 cases of recovery amounting to Rs.79,591.500 million[2].

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[1] Para No. 6.5.9, 9.5.23, 9.5.3, 10.5.24, 10.5.25, 10.5.29, 10.5.3, 10.5.30, 10.5.34, 10.5.41, 10.5.50, 11.5.1, 11.5.11, 11.5.28, 13.5.21, 17.5.4, 17.5.6, 19.5.10, 19.5.23, 19.5.5, 20.5.11, 21.5.35, 21.5.38, 21.5.39, 21.5.48, 22.5.11, 22.5.6, 22.5.9, 25.5.10, 25.5.4, 25.5.43, 25.5.44, 25.5.5, 25.5.54, 25.5.68, 26.5.5, 27.5.4, 27.5.17, 28.5.11, 28.5.17, 28.5.33, 28.5.6, 28.5.7, 29.5.12, 29.5.14, 29.5.6, 30.5.2, 30.5.4, 35.5.6, 37.5.9, 38.5.13, 38.5.18, 38.5.7, 40.5.9, 41.5.7, 41.5.8,

[2] Para No. 4.5.10, 4.5.11, 4.5.13, 9.5.14, 9.5.18, 10.5.15, 13.5.7, 13.5.8, 13.5.25, 13.5.26, 14.5.21, 15.5.1, 17.5.5, 19.5.1, 19.5.13, 19.5.16, 19.5.24, 20.5.9, 21.5.10, 21.5.20, 21.5.36, 21.5.37, 21.5.43, 21.5.45, 21.5.53, 21.5.56, 21.5.57, 21.5.62, 21.5.63, 21.5.64, 21.5.9, 22.5.10, 22.5.12, 22.5.4, 25.5.11, 25.5.12, 25.5.13, 25.5.14, 25.5.16, 25.5.17, 25.5.18, 25.5.19, 25.5.20, 25.5.26, 25.5.27, 25.5.28, 25.5.29, 25.5.31, 25.5.32, 25.5.33, 25.5.34, 25.5.35, 25.5.47, 25.5.51, 25.5.52, 25.5.53, 25.5.6, 25.5.7, 25.5.70, 25.5.71, 25.5.8, 27.5.2, 27.5.3, 27.5.13, 27.5.14, 27.5.15, 27.5.16, 28.5.13, 28.5.15, 28.5.16, 28.5.22, 28.5.23, 28.5.26, 28.5.29, 28.5.36,

iii. There were 37 instances of non-production of record amounting to Rs.17,969.940 million[3].

iv. There were 22 cases of weak internal controls amounting to Rs.8,894.215 million[4].

v. There were 35 cases pertaining to weak financial management amounting to Rs.152,208.923 million[5].

vi. Audit paras for the Audit Year 2019-20 involving procedural violations, internal control weaknesses and irregularities which are not considered significant for reporting to PAC are included in Memorandum for Departmental Accounts Committee (MFDAC) at Annexure-I.

Recommendations

i. No expenditure should be incurred without budgetary cover and authorization by the Parliament.

ii. Supplementary Grants should not be issued without need assessment and approval from the Parliament before close of financial year.

iii. Cases of serious embezzlement of public money be sent to the investigation agencies.

iv. Retained Government receipts and unspent balances need to be deposited into the Government Treasury wherever applicable.

v. Internal control system be strengthened to mitigate the risk.

vi. Internal audit and printing of its report should be ensured along with the sharing of Financial Attest audit reports with AGP's audit teams where required.

vii. All assets should be recorded in the stock register and physical verification be carried out annually.

viii. All auditable record be produced to audit when demanded. PAOs need to take seriously the issues of non-production of record as it hampers auditorial functions of the Auditor General of Pakistan.

28.5.39, 28.5.42, 30.5.1, 32.5.2, 37.5.10, 37.5.11, 37.5.12, 37.5.3, 37.5.4, 37.5.7, 37.5.8, 38.5.11, 38.5.14, 38.5.15, 38.5.16, 38.5.8, 38.5.9, 39.5.1, 40.5.4, 40.5.7, 41.5.2, 41.5.4, 41.5.6

[3] Para No. 2.5.1, 2.5.2, 4.5.8, 7.5.2, 8.5.1, 9.5.1, 10.5.7, 10.5.9, 10.5.16, 10.5.18, 10.5.21, 10.5.22, 10.5.27, 10.5.28, 10.5.31, 10.5.32, 10.5.33, 10.5.44, 10.5.47, 11.5.12, 11.5.26, 13.5.1, 13.5.14, 16.5.1, 21.5.22, 21.5.40, 21.5.51, 21.5.59, 21.5.8, 25.5.1, 26.5.1, 27.5.5, 28.5.1, 28.5.20, 28.5.38, 31.5.1, 37.5.2

[4] Para No. 9.5.20, 11.5.22, 13.5.2, 18.5.9, 21.5.31, 21.5.4, 22.5.2, 22.5.3, 25.5.15, 25.5.2, 25.5.57, 25.5.58, 25.5.9, 28.5.5, 29.5.15, 29.5.2, 29.5.3, 29.5.5, 33.5.2, 33.5.3, 36.5.4, 40.5.10

[5] Para No. 3.5.1, 4.5.1, 5.5.2, 6.5.7, 7.5.1, 11.5.18, 11.5.6, 12.5.1, 13.5.9, 14.5.22, 17.5.3, 20.5.12, 20.5.13, 21.5.1, 21.5.13, 21.5.18, 21.5.28, 21.5.44, 25.5.23, 25.5.3, 25.5.56, 25.5.63, 25.5.64, 25.5.65, 25.5.67, 26.5.6, 27.5.11, 27.5.12, 28.5.35, 29.5.13, 34.5.1, 36.5.2, 37.5.6, 38.5.19, 40.5.8

CHAPTER 1

1. PUBLIC FINANCIAL MANAGEMENT ISSUES

1.1 Sectoral Analysis

The Directorate General Audit Federal Government analyzed the financial management of the Federal Government by reviewing budget estimates, Appropriation Accounts and Financial Statements for the financial year 2018-19. Grants of all Ministries/Division included in Audit Plan, overall financial health and fiscal discipline were reviewed in the light of Accounting Policy and Procedure Manual, Financial Audit Manual, General Financial Rules, field audit of internal controls of selected formations and relevant legislations like Fiscal Responsibility and Debt Limitation Act 2005.

The analysis revealed certain deficiencies and shortcomings which were shared with the management and all the stakeholders which include AGPR, CGA, Ministry of Finance, State Bank of Pakistan and all the PAOs of the relevant Ministries/Divisions and other entities for corrective measures. It was observed that during the financial year 2018-19 the Federal Government had serious financial management issues which include;

i. Exorbitant hike in the expenditure on debt servicing, as compared to the preceding five financial years.

ii. Expenditure incurred without budgetary provisions that indicates poor budget estimation and ignoring parliamentary oversight over the finances of the federal government.

iii. Unnecessary allocation of supplementary grants leading to blockade of public funds.

iv. Annual Budget estimates prepared in disregard to Medium Term Budgetary Framework (MTBF).

As per Appropriation Accounts for the financial year 2018-19 there was a total provision of Rs.26,150.148 billion for the Federal Grants but actual expenditure was Rs.48,038 billion resulting in an excess expenditure of Rs.21,887.851 billion (84% in-excess of the allocated budget)[6]. Detail of charged and voted expenditure is as under:

[6] Financial Statements of Federal Government 2018-19

(Rupees in billion)

Expenditure Type	No. of Grants	Original Grant	Supplementary Grant	Surrender (-)	Final Grant	Actual Expenditure	% age of Excess / Savings
Charged	**12**	**23,537.551**	**21.184**	**-30.662**	**23,528.073**	**45,457.887**	**93%**
Voted:	**141**	**2,640.402**	**328.393**	**-346.720**	**2,622.075**	**2,580.113**	**-2%**
Current	*96*	*1,492.688*	*215.428*	*-82.459*	*1,625.657*	*1,566.013*	
Development	*45*	*1,147.714*	*112.965*	*-264.261*	*996.418*	*1,014.100*	
Grand Total	**153**	**26,177.953**	**349.577**	**-377.382**	**26,150.148**	**48,038.000**	**84%**

The excess expenditure of 84%, when compared with previous year's 11.77% above allocation indicates serious lapses in the preparation of budget estimates and expenditure thereof. It entails that the fiscal management has further deteriorated.

In violation of Para-71 of General Financial Rules (Volume I), which calls for preparation of Budget Estimates with utmost foresight to ensure good governance through clearly defined expectations and assumptions for the given calendar of activity, the government had prepared budget estimates on vague presumptions due to which the actual expenditure against the debt servicing exceeded 93.34% of the allocated amount. It is pertinent to mention that the trend of expenditure in excess of budget estimates is on a constant rise for the last five years, with a major jump in 2018-19, as evident from table below:

(Rupees in billion)

Year	Total Appropriation	Actual Expenditure	Excess / (Savings)	% (saving) / Excess
2014-15	12,470.92	12,420.21	-50.71	-0.41%
2015-16	12,939.22	13,071.72	132.51	1.02%
2016-17	16,367.03	17,844.05	1,477.02	9.02%
2017-18	27,480.98	30,714.14	3,233.16	11.77%
2018-19	26,150.15	48,038.00	21,887.85	83.70%

Overall appropriation figures revealed that Federal Government granted Supplementary Grants of Rs.349.577 billion, whereas at the same time surrendered Rs.377.382 billion. It is reflective of gross mismanagement on the part of Federal Government whereby excess allocations were approved for purposes which either remained unfulfilled or the amounts were allocated in excess of requirement. In 50 grants there was no expenditure against Supplementary Grants of Rs.52.858 billion **(Annexure 1-A)** and in 49 Grants, against the supplementary grant of Rs.181.178 billion, the amount of Rs.53.145 billion (29.33%) could not be utilized **(Annexure 1-B)**. Similarly, in 19 Supplementary grants amounting to Rs.108.747 billion the amount of Rs.33.840 billion (31.11%) was spent in excess of the Supplementary Grants **(Annexure 1-C)**[7]. The detail is summed up in the Figure-I.

[7] Appropriation Account of the Federal Government 2018-19

Un-neccessary Supplementary Grants **(50 Grants)**	• Original Budget Rs.1,403.332 Billion, SG Rs.52.858 billion • Actual Expenditure Rs.1,038.876 Billion • Savings w.r.t Original Grant Rs.364.455 Billion resulting in Rs. 52.858 Billion of Un-necessary SG
Excessive Supplementary Grants **(49 Grants)**	• Original Budget Rs.290.587 Billion, SG Rs.181.178 billion • Actual Expenditure Rs.418.620 Billion • Excess w.r.t Original Grant Rs.128.033 Billion, instead of 181.178 billion only Rs.128.033 should have been demanded but SG of Rs.181.178 was demanded resulting in excess demand of Rs.53.145 billion
Insufficient Supplementary Grants **(19 Grants)**	• Original Budget Rs.487.384 Billion, SG Rs.108.747 Billion • Actual Expenditure Rs.629.970 Billion • Excess w.r.t Original Grant Rs.142.586 billion resulting in Rs.33.840 billion of insufficient SG

Figure-I: Variation of SGs from Actual Requirements.

Development and current expenditure, as a percentage of total expenditure, is on continuous decline showing reduced resource allocation on development and current expenditure negatively affecting the growth of the economy. However, expenditure on repayment of debt is on continuous rise as evident from the Figure-II:

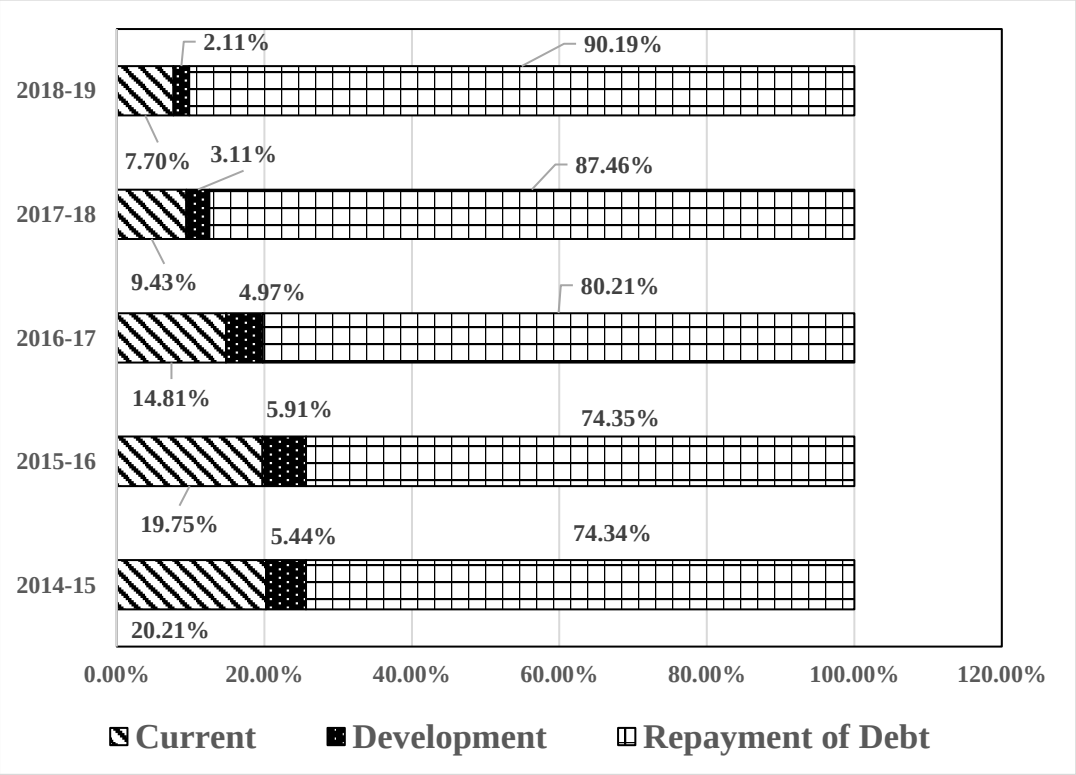


Figure-II – Current, Development and Repayment of Debt expenditrue as % of Total Expenditure

<u>Flow of expenditure:</u> As per financial statements of the Federal Governemnt, for the financial year 2018-19, the total expenditure is Rs.49,272.874 billion.

(Rs. in billion)

Economic Functions	Expenditure 2018-19	% of Total Expenditure
General Public Service:		
a. Repayment of Debt	*43,326.673*	*87.932%*
b. Interest Payment	*2,099.758*	*4.261%*
Total Debt Servicing (a + b)	***45,426.431***	***92.194%***
c. *Other than Debt*	*2,048.777*	*4.158%*
01 - Total General Public Service (a + b + c)	**47,475.208**	**96.352%**
02 - Defense Affairs & Services	**1,186.614**	**2.408%**
03 - Public Order and Safety Affairs	**174.822**	**0.355%**
04 - Economic Affairs	**265.981**	**0.540%**
05 - Environment Protection	**1.745**	**0.004%**
06 - Housing and Community Amenities	**2.600**	**0.005%**
07 – Health	**23.347**	**0.047%**
08 - Recreation, Culture and Religion	**12.814**	**0.026%**
09 - Education Affairs and Services	**125.392**	**0.254%**
10 - Social Protection	**4.351**	**0.009%**
Total	**49,272.874**	**100%**

As evident from the table above a high percentage of this expenditure i.e. 96.352% is expended on General Public Service which includes 92.194% (Rs.45,426.431 billion) on repayment of principal debt and interest payments. Federal Government is spending meager percentage of 7.81% (Rs.3,846.443 billion) on running of its affairs.

5 year trend in Public debt: Over the past five years there has been a gradual increase in domestic floating debt from Rs.8.78 trillion to Rs.37.68 trillions. The Foreign debt also gradualy increased from Rs.0.47 trillion to Rs.1.48 trillion during last 05 years. However domestic permanent debt jumped from 0.26 trillion to 8.58 trillion in 2018-19 in one year, as reflected in Figure-III.

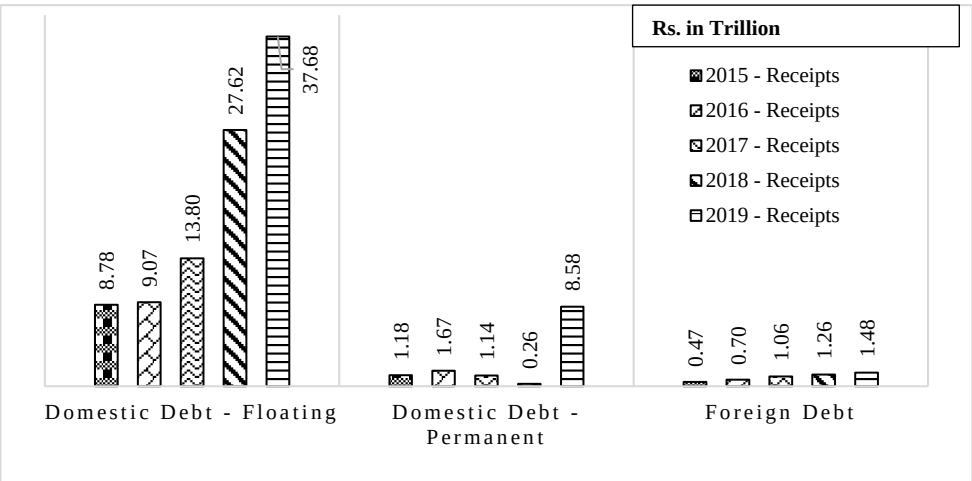


Figure-III- Debt Receipts 2014-15 to 2018-19

Federal Government switched from domestic floating debt to domestic permanent debt in 2018-19 by acquiring Rs.8.58 trillion mainly in shape of Pakistan Investment Bonds worth Rs.8.24 trillion which is a positive trend as it reduced the share of floating debt in the total debt mix as evident from the Figure-III.

The debt servicing trend as indicted in the Figure-IV below shows that Rs.41.07 trillion of domestic floating debt, Rs.1.28 trillion of Domestic Permanent Debt and Rs.0.97 trillion of foreign debt was repaid in financial year 2018-19.

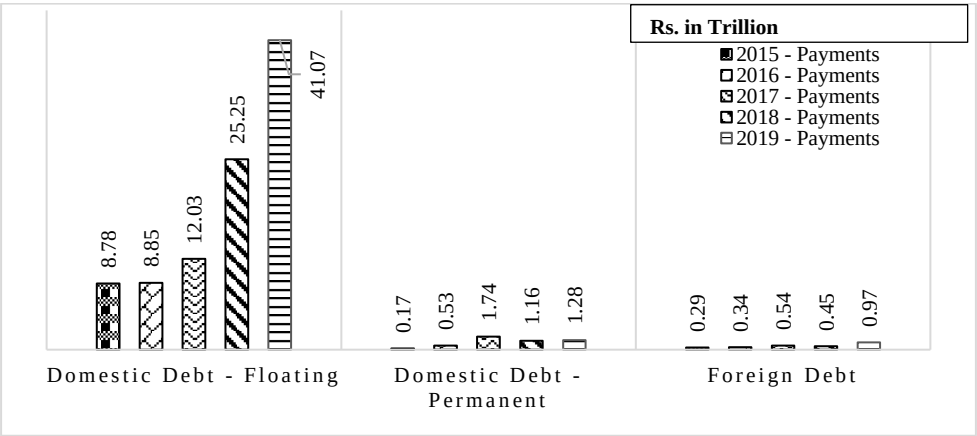


Figure-IV- Debt Payments 2014-15 to 2018-19

<u>Composition of total Receipts:</u> To meet its expenditures, Federal Government mainly relied on borrowings in the shape of public debt which contributed 95.67% (Rs.47,637.23 billion) of total receipts. Receipts of the public debt are further divided into Domestic-floating debt, Domestic-permanent debt and Foreign debt. The Government raised Domestic-floating debt to finance its operations which is 75.68% of the total receipts as evident from the Figure-V:

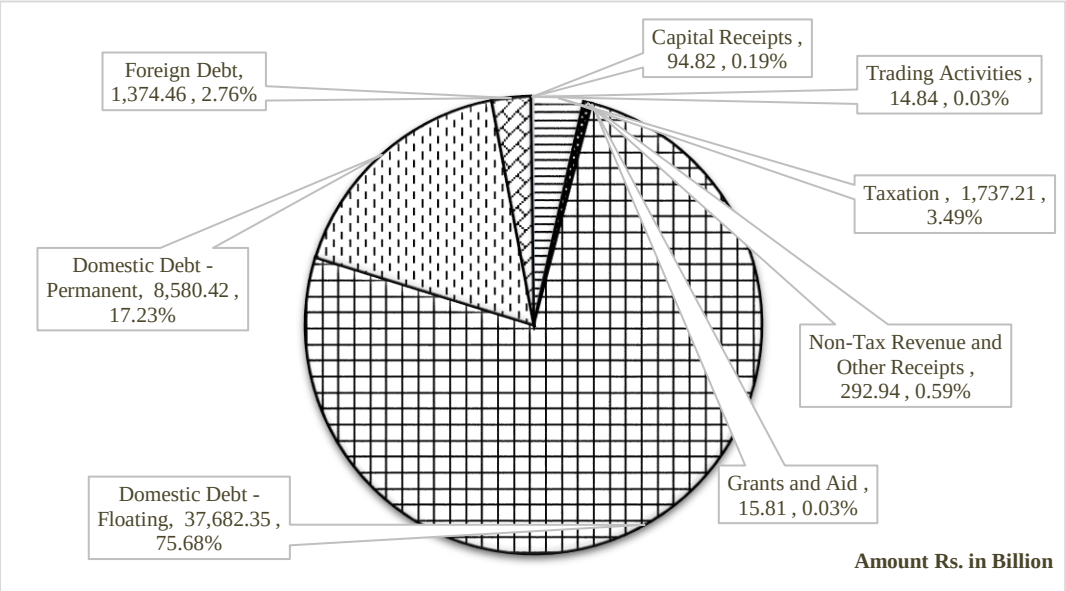


Figure-V - Receipts of the Federal Government in FY 2018-19

The total Tax receipts of Rs.4,056.279 billion are reduced to Rs.1,737.21 billion after transfer of provincial share of Rs.2,319.068 billion under NFC award. Hence the tax receipts are only 3.49% of the total receipts of the Federal Government as evident from the above pie chart.

Composition of tax receipts: In 2018-19 there was a nominal growth in Custom Duty and Federal Excise Duty, however, income tax fell to Rs.536.32 billion from 675.18 billion and sales tax fell to Rs.571.21 from Rs.639.39 billion when compared with previous financial year 2017-18[8].

Major increase is observed in other-taxes. This sudden increase was due to inclusion of Petroleum Development Levy, Gas Infrastructure Development Cess and Development Surcharge on Gas as Tax receipts which were part of non-tax receipt prior to financial years 2017-18. The same is reflected in the Figure-VI:

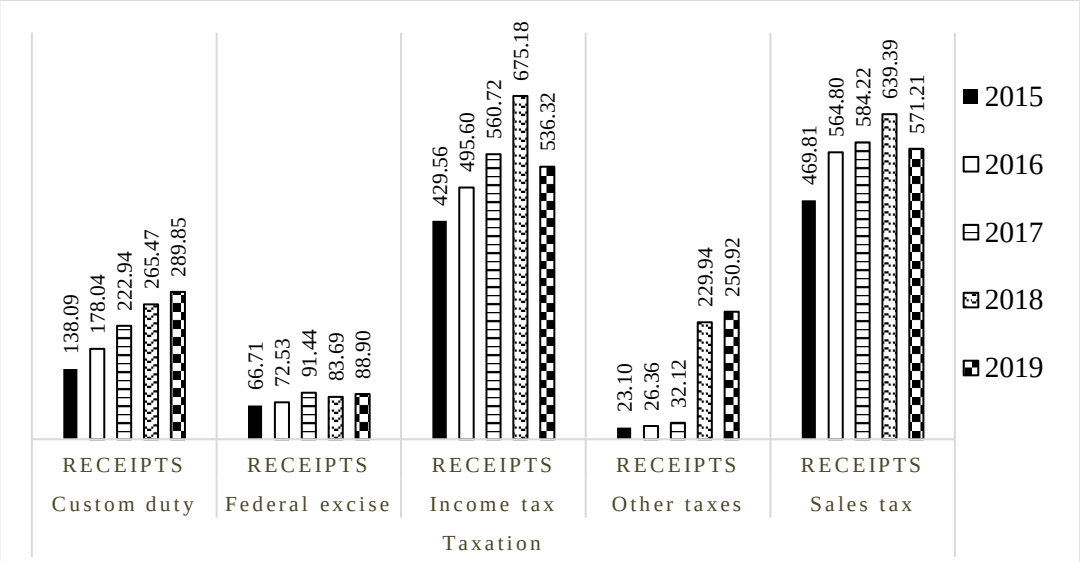


Figure-VI - 5 year trend in Tax Receipts of the Federal Government

According to Economic survey of Pakistan an amount of Rs.972.400 billion, almost 25% of the tax receipts, was incurred as tax expenditure which was a lost opportunity.[9]

Non-tax receipts: Federal Government is experiencing a decline in the receipts on account of Defence Services, Development surcharge & royalities and Dividend & Profit Share over the last five years as evident from Figure VII.

[8] Financial Statements of Federal Government 2018-19
[9] Economic Survey of Pakistan 2018-19, Page-307

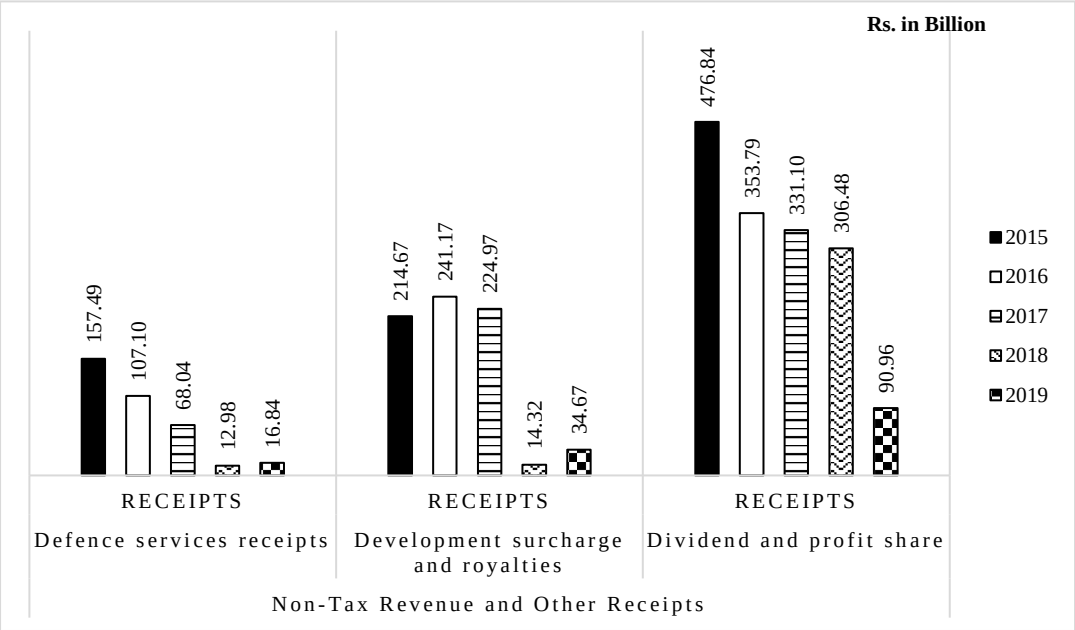


Figure-VII - Non-Tax Receipts of the Federal Government in FY 2018-19

Strenous efforts are required to increase the non-tax receipts of the Government as well as the tax-receipts in order to reduce dependency on debt.

1.2 Key issues highlighted in Financial Attest Audit

1.2.1 Excess expenditure than allocation - Rs.22.162 trillion

Risk Categorization: High

Article 84(b) of Constitution of the Islamic Republic of Pakistan,1973 states that if in respect of any financial year it is found, that any money has been spent on any service during a financial year in excess of the amount granted for that service for that year; the Federal Government shall have power to authorize expenditure from the Federal Consolidated Fund, whether the expenditure is charged by the Constitution upon that Fund or not, and shall cause to be laid before the National Assembly a Supplementary Budget Statement or, as the case may be, an Excess Budget Statement, setting out the amount of that expenditure, and the provisions of Articles 80 to 83 shall apply to those statements as they apply to the Annual Budget Statement.

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

During Certification Audit of Manuscripts of Appropriation Accounts and Financial Statements of Federal Government for the year 2018-19, it was noticed that the Ministries/Division incurred expenditure as per following details:

(Rupees in million)

Head of Accounts	Excess Expenditure			
	Charged	Voted		
		Current	Development	Grand Total
A01-Employees Related Expenses	0.128	14,549.738	312.674	14,862.540
A03-Operating Expenses		188.517	85,163.781	85,352.298
A04-Employees Retirement Benefits		6,681.587		6,681.587
A05-Grants, Subsidies and Write off Loans		9.928	513.876	523.804
A06-Transfers		6.346		6.346
A07-Interest Payment	479,518.279			479,518.279
A08-Loans and Advances			106,660.645	106,660.645
A09-Physical Assets		7.400	17,105.066	17,112.466
A10-Principal Repayments of Loans	21,451,504.588			21,451,504.588
A12-Civil Works			8.450	8.450
A13-Repairs and Maintenance		12.615		12.615
Total	**1,931,022.995**	**21,456.132**	**209,764.492**	**22,162,243.619**

Audit observed that:

i. The expenditure of Rs.22.162 trillion was incurred in excess of Final Grants without any Supplementary Grants.

ii. AGPR and State Bank of Pakistan were not authorized to allow expenditure over and above the Final Grants in the absence of Supplementary Grants.

iii. Expenditure in Heads A-010-Principal Repayments of Loans and A-07-Interest Payment is increasing.

Implication:

Incurring of expenditure in excess of Final Grants reflects irregularity which is against the provision of CGA Ordinance and Provision of the Constitution.

Management Response:

Finance Division replied that the supplementary grants in respect of Principal Repayment of Loans and Interest Payment have been recommended by ECC and

ratified by Cabinet for laying before National Assembly for approval to regularize the amounts.

Audit Comments:

There is clear violation of GFR. Matter has been placed before the Parliament, five months after the close of financial year. Therefore, audit recommends to ascertain reasons for such delay and suggest remedial action to avoid such violation in future.

1.2.2 Lapse of funds - Rs.195.578 billion

Risk Categorization: High

Para 95 of GFR Vol-I states that all anticipated savings should be surrendered to Government immediately they are foreseen but not later than 15th May of each year in any case, unless they are required to meet excesses under some other unit or units which are definitely foreseen at the time. However, savings accruing from funds provided after 15th May shall be surrendered to Government immediately they are foreseen but not later than 30th June of each year.

During Certification Audit of Manuscripts of Appropriation Accounts and Financial Statements of Federal Government for the year 2018-19, it was noticed that there were savings of Rs.195,578.486 million under Current, Development and Charged Budget of different Ministries/Divisions.

Audit observed that the PAOs were required to surrender the savings by 15th May to avoid lapse of funds but it was not done. A summary is given below:

(Rupees)

S. No.	Type of budget	Total Grants	No. of Grants	Final Budget	Actual Expenditure	Amount (lapsed)
1.	Current	107	13	658,139,224,455	581,206,887,054	76,932,337,401
2.	Development	45	33	301,712,307,960	184,231,711,165	117,480,596,795
3.	Charged	12	3	24,647,302,443	23,481,749,653	1,165,552,790
Total				**984,498,834,858**	**788,920,347,872**	**195,578,486,986**

Audit is of the view that:

i. Non-surrendering of savings resulted in lapse of funds. Neither these funds were utilized by the Ministries/Divisions themselves nor could

they be utilized by other Ministries/Division who required more funds for their use.

ii. In 161 IDs, no expenditure was incurred resulting in 100% lapse of Final Grant as per Annexure 1-D.

iii. This indicated that there existed no internal controls to watch the flow of expenditure in most of the Ministries/Divisions.

Implication:

Funds were neither utilized by the spending units themselves nor could be allocated to other Ministries/Divisions requiring more funds.

Management Response:

Management Report was issued on 30.12.2019 but no reply was received.

Audit Comments:

Audit recommends timely surrender of funds by 15th May, allocation on the basis of need assessment and proper internal controls to avoid lapse of funds.

1.2.3 Supplementary Grants not printed - Rs.164.288 Billion

Risk Categorization: High

Article 84 of Constitution of Islamic Republic of Pakistan,1973 states that the Federal Government shall have power to authorize expenditure from the Federal Consolidated Fund, whether the expenditure is charged by the Constitution upon that Fund or not, and shall cause to be laid before the National Assembly a Supplementary Budget Statement or, as the case may be, an Excess Budget Statement, setting out the amount of that expenditure, and the provisions of Articles 80 to 83 shall apply to those statements as they apply to the Annual Budget Statement.

Para-31 of Supreme Court of Pakistan's Judgment dated 5.12.2013 states that the phrase, Supplementary Budget Statement, makes it abundantly clear that the Supplementary Budget Statement, in the normal course, is to be placed before the National Assembly during the same Financial Year.

The Supplementary Grants released by the Finance Division and the Supplementary Grants printed in the Supplementary Schedule of Authorized expenditure during financial year 2018-19 were as under:

(Rupees)

S. No.	Particulars	Amount
1.	Total Supplementary Grants as per Manuscript of Appropriation Accounts for 2018-19	349,576,372,000
2.	Supplementary Grants printed in Supplementary Schedule of Authorized Expenditure	185,288,329,000
3.	Supplementary Grants ***not printed*** in Supplementary Schedule of Authorized Expenditure	164,288,372,000

Audit observed that Supplementary Grants of Rs.164.288 billion were not printed which was 47% of the total Supplementary Grants.

Implication:

Supplementary Grants of Rs.164.288 billion were unauthorized resulting in irregular payments.

Management Response:

Finance Division replied that the supplementary grants in respect of Principal Repayment of Loans and Interest Payment have been recommended by ECC and ratified by Cabinet for laying before National Assembly for approval to regularize the amounts.

Audit Comments:

Audit recommends that such practice be discontinued and not printed grants be got approved by National Assembly.

1.2.4 Expenditure not charged to Capital Account - Rs.20,679.758 million

Risk Categorization: High

Para-184 of General Financial Rules Volume-I states that provision for expenditure on all buildings, communications and other works required by civil departments, which Government has not specifically allotted to such departments, should be included in the Grant for "Civil Works", to be administered and accounted for by the Public Works Department. No such work may be financed partly from funds provided in a departmental budget and partly from the budget for civil works.

During Certification Audit of Manuscripts of Appropriation Accounts and Financial Statements of Federal Government for the year 2018-19, it was noticed that

the expenditure of Rs.20,679,758,516 was charged to object-head A-12-Civil Works under Current Grants and Development Grants.

Audit observed that:

i. The Ministry of Finance got approved funds from the Parliament under object-head A-12-Civil Works in different Current and Development Grants but the expenditure was charged to Revenue Account instead of Capital Account.

ii. Placing of funds under object head A-12-Civil Work in different grants was violation of Capital Account and Revenue Account.

In Budget Book Vol-III (Development Expenditure Page 2709) for the year 2018-19, Grant No.148-Capital Outlay on Civil Works under Ministry of Housing and Works is included. This Grant is meant for charging Civil Works expenditure charged on Capital Account.

Implication:

The expenditure was booked under irrelevant head of account resulting overstatement of one and understatement of other account.

Management Response:

Management Report was issued on 30.12.2019 but no reply was received.

Audit Comments:

Audit recommends that expenditure on Civil Works be charged to Capital Expenditure as required under the rules.

1.2.5 Irregular drawal by DDOs in cash - Rs.7,149.809 million

Risk Categorization: High

Rule-157 of FTR states that cheques drawn in favour of Government Officers and departments in settlement of government dues shall always be crossed "A/c payee only not negotiable".

Para 4.3.1.1 of Accounting Policies and Procedures Manual (APPM) provides that all payments apart the following and those met from imprest account will be paid through cheque:

- Internal-government transfers
- Certain salaries payments
- Certain pension payments
- GP Fund payments

During Certification Audit of Manuscripts of Appropriation Accounts and Financial Statements of Federal Government for the year 2018-19, it was noticed that management of different Ministries/Divisions and Departments drew Rs.7,149.809 million in the name of DDO for payment of cash. Details are as under:

(Rupees in million)

S. No.	Offices of AGPR	DDO payment above Rs.50,000 before 25.06.2019
1.	Islamabad	536.745
2.	Karachi	65.306
3.	Lahore	279.957
4.	Peshawar	5,984.982
5.	Gilgit	26.165
6.	Quetta	256.651
	Total	**7,149.806**

Audit observed that amounts were drawn through DDOs by the Ministries/Division/Department for making payments in cash in violation of rules.

Implication:

Withdrawal of cash through DDOs compromised the transparency of expenditure.

Management Response:

Management Report was issued on 30.12.2019 but no reply was received.

Audit Comments:

Audit recommends to make payments through crossed cheques instead of cash.

1.2.6 Delayed surrendering resulting in non-utilization of funds - Rs.8,855.354 million

Risk Categorization: High

Para-95 of GFR Vol-I states that all anticipated savings should be surrendered to Government immediately they are foreseen but not later than 15th May of each year in any case, unless they are required to meet excesses under some other unit or units which are definitely foreseen at the time. However, savings accruing from funds provided after 15th May shall be surrendered to Government immediately they are foreseen but not later than 30th June of each year.

During Certification Audit of Manuscripts of Appropriation Accounts and Financial Statements of Federal Government for the year 2018-19, it was noticed that the Parliament approved/allocated budget for Ministries/Division/Departments under Current and Development Grants.

Audit observed that there were surrender of Rs.8,855.354 million. The PAOs were required to surrender these savings in time but it was done after the cut-off date of 15th May. Instances noted by audit are as under:

(Rupees in million)

S. No	Demand No.	Ministry/Division	Date	Amount
1	65	Ministry of Interior	28.06.2019	49.720
2	121	Finance Division	21.05.2019	300.000
3	34	Controller General of Pakistan	28.06.2019	93.631
4	150	Ministry of Maritime	11.06.2019	7,562.003
5	108	Cabinet Division	17.06.2019	100.000
6	108	Cabinet Division	31.05.2019	750.000
			Total	**8,855.354**

Implication:

Funds were neither utilized by the spending units themselves nor could be allocated to other Ministries/Divisions requiring more funds.

Management Response:

Management Report was issued on 30.12.2019 but no reply was received.

Audit Comments:

Audit recommends timely surrender of funds by 15th May, allocation on the basis of need assessment and proper internal controls to avoid lapse of funds.

1.2.7 Un-reconciled expenditure after closing of accounts - Rs.8,829.669 million

Risk Categorization: High

Para 89 (viii) of GFR Vol-I states that the head of the department and the Accountant General, will be jointly responsible for the reconciliation of the figures given in the Accounts maintained by the head of the department with those that appear in the Accountant General's books. Unless in any case there are special rules or orders to the contrary, the reconciliation should be made monthly, the initial responsibility resting with the Accountant General.

Audit observed that out of total expenditure of Federal Government an expenditure of Rs.8,829.669 million remained un-reconciled during June (Final). The details are as under:

(Rupees in million)

S. No.	Offices of AGPR	Un-reconciled
1.	Islamabad	388.464
2.	Karachi	1,806.304
3.	Lahore	1,553.248
4.	Peshawar	4,909.307
5.	Quetta	172.346
	Total	**8,829.669**

Implication:

In the absence of reconciliation of accounts audit was unable to ascertain that the expenditure had been accepted by the management and had booked under the relevant Object-cum-Functional Classification.

Management Response:

Management Report was issued on 30.12.2019 but no reply was received.

Audit Comments:

Audit recommends that financial management be improved through monthly reconciliation besides probing the issue.

1.2.8 Unidentified difference of cash balance - Rs.775.537 million

Risk Categorization: High

Para 4.5.1.3 of APPM provides that a regular bank reconciliation must be performed.

Para 6.1.1.6 of APPM states that the Accountant General shall prepare a consolidated monthly reconciliation statement for each government bank account.

During Certification Audit of Manuscripts of Appropriation Accounts and Financial Statements of Federal Government for the year 2018-19, the management provided following reconciliation statement for the financial year 2018-19:

(Rupees in million)

Description	Amount
Balance as per Book for the year end 2018-19	932,413.186
Balance as per Bank for the year end 2018-19	929,158.479
Difference for the year end 2018-19	**3,254.707**
Identified/Adjusted	2,479.169
Unidentified Cash	**775.537**

Audit observed that there was an unidentified cash amounting to Rs.775.537 million.

Implication:

Audit is of the view that the amount of Rs.775.537 million remains unauthentic due to unidentified/unadjusted cash balances.

Management Response:

Management Report was issued on 30.12.2019 but no reply was received.

Audit Comments:

Audit recommends that unidentified cash balance be identified.

1.2.9 Expenditure without any budget/final grant - Rs.533.133 million

Risk Categorization: High

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

Para 3.3.12.7 of APPM states that excesses (i.e. expenditure for which no provision has been made in the current year's original budget) should not normally be incurred.

During Certification Audit of Manuscripts of Appropriation Accounts and Financial Statements of Federal Government for the year 2018-19, it was noticed that an expenditure of Rs.533.133million was incurred by 57 IDs under 16 PAOs without budgetary provision. **(Annex 1-E)**

Audit observed that the expenditure of Rs.533.133 million was incurred without any Original Allocation, Supplementary Grants or Re-appropriations.

Implication:

The Public Exchequer sustained extra burden by expenditure without allocation of funds.

Management Response:

Management Report was issued on 30.12.2019 but no reply was received.

Audit Comments:

Audit recommends improvement of financial management by exercising due care in budgeting process.

1.2.10 Unjustified demand of Supplementary Grants creating undue pressure on the National Exchequer - Rs.171.859 million

Risk Categorization: High

Para 71 of GFR Vol-I states that in framing the budget estimates, the estimating authorities should exercise the utmost foresight. All items of receipt and expenditure that can be foreseen should be provided for and care should be taken in consultation with the Accountant General, where necessary, to see that the provision is included under proper heads.

During Certification Audit of Manuscripts of Appropriation Accounts and Financial Statements of Federal Government for the year 2018-19, an analysis was carried out to check the cases of acquisition of Supplementary Grants despite availability of savings within the Grants and non-utilization/lapse of Supplementary Grants under different object-heads during the financial year. A summary of

comparison of Supplementary Grants with un-utilized budget is given in the table below:

(Rupees in million)

Type of Grant	Nos.	Supplementary Grant	Budget not utilized (Surrender + savings)	%
Charged	7	21,183,877,000	1,373.983	6.49
Current	71	109,069,063,000	137,168.119	125.76
Development	22	60,819,681,000	33,317.091	54.78
Total	**100**	**191,072,621,000**	**171,859.193**	**89.94**

Audit observed that the Ministries/Divisions did not analyze the availability of savings and surrenders within their Grants prior to demanding Supplementary Grants.

Implication:

Audit is of the view that proper controls/checks in the Ministries/Division to assess savings under different object-heads prior to demanding Supplementary Grants were not in-place.

Management Response:

Management Report was issued on 30.12.2019 but no reply was received.

Audit Comments:

Audit recommends that Supplementary Grants be released after complete need assessment.

1.2.11 Adjustment of Foreign Loans without any original allocation in Development Grant No142 under ID-0021 of Pakistan Atomic Energy Commission - Rs.82,782.24 million

Risk Categorization: High

Article 84 of Constitution of Islamic Republic of Pakistan,1973 states that if in respect of any financial year it is found, (a) that the amount authorized to be expended for a particular service for the current financial year is insufficient, or that a need has arisen for expenditure upon some new service not included in the Annual Budget Statement for that year the Federal Government shall have power to authorize expenditure from the Federal Consolidated Fund, whether the expenditure is charged by the Constitution upon that Fund or not, and shall cause to be laid before the

National Assembly a Supplementary Budget Statement and the provisions of Articles 80 to 83 shall apply to those statements as they apply to the Annual Budget Statement.

Para 3.3.12.7 of APPM states that excesses (i.e. expenditure for which no provision has been made in the current year's original budget) should not normally be incurred.

During Certification Audit of Manuscripts of Appropriation Accounts and Financial Statements of Federal Government for the year 2018-19, it was noticed that an expenditure of Rs.82,782.24 million was booked/adjusted as Foreign Loan under the Development Grant No.142 of under ID-0021 of Pakistan Atomic Energy Commission without authorization by the Federal Government in terms of Article 84 of Constitution of Pakistan.

Audit observed that the expenditure of Rs.82,782.24 million was incurred without any Original Allocation, Supplementary Grants or Re-appropriations.

Implication:

Audit is of the view that the expenditure was unauthorized without the approval of Federal Government.

Management Response:

Management Report was issued on 30.12.2019 but no reply was received.

Audit Comments:

Audit recommends that matter be probed for proper accounting by coordinating with Pakistan Atomic Energy Commission.

CHAPTER 2

2. AVIATION DIVISION

2.1 *Introduction*

As per Schedule II [Rule 3 (3)] Distribution of Business among the Divisions read with Schedule III [rule-4(4)] Rules of Business 1973 (As amended up to 23rd April, 2019) following main business have been assigned to the Division amongst the other functions.

i. Aircraft and air navigation; administration of the Civil Aviation Ordinance, 1960

ii. Regulation, organization and safety of air traffic and of aerodromes and administration of Airports Security Force

iii. Pakistan International Airlines Corporation

iv. Air Service agreements with different countries and other international agencies concerned with aviation

v. Federal Meteorological Organizations and Meteorological observations and World Meteorological Organizations

ATTACHED DEPARTMENTS / AUTONOMOUS BODIES

i. Pakistan Meteorological Department

ii. Airports Security Force

Sr. No.	Description	Total No.	Audited	Expenditure Audited (FY-2018-19) Rs. in million	Revenue / Receipt Audited (FY 2018-19) Rs. in million
1	Formations	20	7	5,703.481	-
2	Assignment Accounts (Excluding FAP)	-	-	-	-
3	Authorities / Autonomous Bodies etc. under the PAO	-	-	-	-
4	Foreign Aided Project (FAP)	-	-	-	-

2.2 *Comments on Budget & Accounts (Variance Analysis)*

Final budget allocated to the Aviation Division for the financial year 2018-19 was Rs.11,042.886 million, out of which the Division expended an amount of

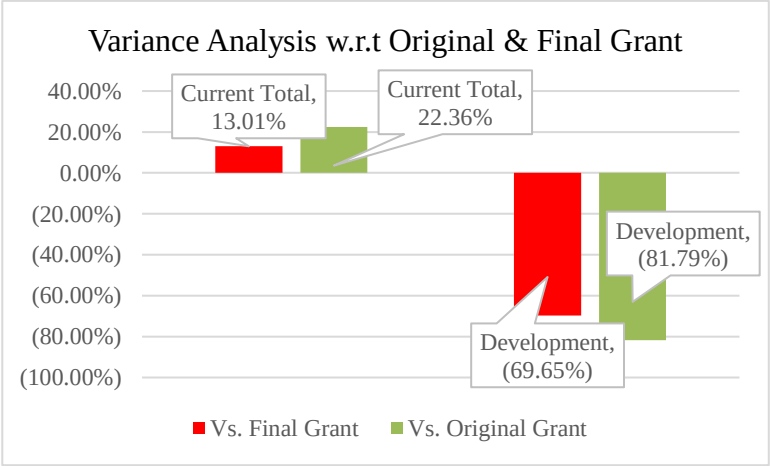
Rs.10,159.5501 million. Grant-wise detail of current and development expenditure is as under:

(Rupees in million)

Type of Grant	Grant No.	Original Grant	Supplementary Grant	Surrender (-)	Final Grant	Actual Expenditure	Excess / (Savings)	Excess / (Savings) % age
Current	5	97.000	56.321	-3.592	149.729	149.408	-0.321	(0.21%)
Current	6	6,275.000	518.616	-127.436	6,666.180	7,766.786	1,100.606	16.51%
Current	7	1,235.000	215.597	-29.996	1,420.601	1,391.730	-28.871	(2.03%)
Current Total		**7,607.000**	**790.534**	**-161.024**	**8,236.510**	**9,307.924**	**1,071.413**	**13.01%**
Development	**109**	**4,677.487**	**0.007**	**-1,871.118**	**2,806.376**	**851.627**	**-1,954.749**	**(69.65%)**
Grand Total		**12,284.487**	**790.541**	**-2,032.142**	**11,042.886**	**10,159.550**	**-883.336**	**(8.00%)**

Audit noted that there was an overall saving of Rs.883.336 million, which was due to savings in the Development Grant.

According to Para 71 of General Financial Rules (Volume I), while framing budget estimates, the authorities should exercise utmost foresight. Rules of good governance demand that budget processes are carried out in accordance with clearly defined expectations, assumptions and a coordinated calendar of activity. As shown in the chart below, bifurcating total allocation into current and development expenditure it is observed that, in case of development expenditure, there was 81.79% of savings w.r.t Original grant which was reduced to 69.65% savings w.r.t Final Grant and in case of current expenditure 22.36% of excess expenditure reduced to13.01% of savings in expenditure, as depicted in the graph below:



2.3 Classified Summary of Audit Observations

Audit observations, amounting to Rs.153.122 million, were raised in this report during the current audit of Aviation Division. Summary of the audit observations classified by nature is as under:

(Rupees in million)

S. No	Classification	Amount
1	Non-production of record	30.767
2	Reported cases of fraud, embezzlement and m misappropriation	-
3	Irregularities	
A	*HR/Employees related Irregularities*	-
B	*Procurement related irregularities*	89.993
C	*Management of account with commercial banks*	-
D	*Recovery*	-
E	*Internal Control*	-
4	Value for money and service delivery	-
5	Others	32.362

2.4 Status of compliance with PAC Directives

Name	Audit Year	Total No. of Audit Paras	No. of Actionable Points Issued	Compliance	Non/Partial Compliance	% of Compliance
Aviation Division	2000-01	18	18	12	6	67%
	2015-16	1	1	0	1	0%
	2017-18	1	1	0	1	0%
	Total	**20**	**20**	**12**	**8**	**60%**

The Draft Audit Report including following Paras was issued to the PAO on 15.11.2019 followed by reminders 12.12.2019, 07.01.2020 and 11.02.2020 with the request to reply and also arrange the DAC meeting to discuss the Paras.

2.5 AUDIT PARAS

2.5.1 Record of non-operational Airports & other expenditure not produced - Rs.30.767 million

Section 14 (2) of Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 states that the officer in-charge of any office or department shall afford all facilities and provide record for audit inspection and comply with requests for information in as complete a form as possible and with all reasonable expedition.

Airport Security Force (ASF) did not provide the following record to audit:

i. The ASF, Airguards Company, Karachi incurred expenditure of Rs.3,086,952 on purchase of uniform, repair of residential building, honorarium and night duty allowance during financial year 2017-18, but the bills /vouchers and other relevant record was not provided.

ii. The CSO South ASF, Karachi incurred expenditure of Rs.27,680,496 on POL, Repair of Machinery, Gas, water and electricity charges of different airports (i.e. Gwadar, Turbat, Panjgur Sukkur, Nawabshah, Moen-jo-Daro, Sui, Hyderabad) during financial years 2012-13 to 2017-18, but did not provide Log books, Movement Registers of vehicles of Southern Airports, stock registers and Repair and Maintenance registers and other auditable record.

Furthermore, the record pertaining to seven non-operational Airports was also not provided. This included:

i. Name & Designation along with pay and allowances of staff deployed on non-operational airports.

ii. Reasons/circumstances under which staff was deployed without work arrangement may be explained to audit.

iii. Copies of notification under which the airports have been declared non-functional and other auditable record.

Audit is of the view that non-production of record is a serious lapse on the part of management.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry to fix responsibility.

2.5.2 Irregular procurement of Tensa Barriers - Rs.10.744 million

In terms of PPRA Rule-10 specification shall allow the widest possible competition and shall not favour any single contractor or supplier nor put others at a disadvantage.

Headquarters Airport Security Force, Karachi invited tenders on 30.10.2018 for purchase of 925 Tensa Barriers. An amount of Rs.10.744 million was paid to M/s Micro Electronics International Pvt. Ltd during the financial year 2018-19. As per Technical Scrutiny Proforma, all the four firms participated and fulfilled the requisite

specifications. Three firms were rejected on technical grounds by stating "Low in specification" without giving any details.

The management procured 925 Tensa Barriers @ Rs.11,466 costing Rs.10.606 million along with 92 spare belts @ Rs.1,500 costing Rs.138,000 from M/s Micro Electronics International Pvt. Ltd.

Audit observed that:

i. Despite providing 100% specifications, rejection of three firms was unjustified.

ii. Since inception of the ASF in 1976, Tensa Barriers were never purchased by ASF rather these were provided by CAA.

iii. The whole lot of 925 Tensa Barrier is lying in the stock which indicated that these barriers were purchased without requirement.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry to fix responsibility.

2.5.3 Excess expenditure on procurement of miscellaneous items - Rs.38.878 million

Rule-8 of PPRA Rules 2004 states that within one year of commencement of these rules, all procuring agencies shall devise a mechanism, for planning in detail for all proposed procurements with the object of realistically determining the requirements of the procuring agency, within its available resources, delivery time or completion date and benefits that are likely to accrue to the procuring agency in future.

Airport Security Force (HQs) incurred expenditure of Rs.73.266 million on purchase of following items:

(Rupees in million)

Item	Qty.	Amount
T-Shirt (F/S Winter)	13,218	6.900
Socks Cotton	16,192	1.186
Oxford Shoes	3,450	8.960
Boot DMS	5,559	14.778
Camouflage Uniform	88,362	41.442
	Total	**73.266**

According to the New Item Statement (NIS) for the year 2018-19 and information provided by the management, sanctioned strength of Uniform Personnel of the ASF was 11,945 whereas the working strength was 10,061 personnel.

As per scale of Uniform items provided by the management, following is the criteria of distribution.

S. No	Name of items	Scale	Life
1.	T-Shirt (F/S Winter)	1	1 year
2.	Socks Cotton	2	1 year
3.	Oxford Shoes	1	2 years
4.	Boot DMS	1	2 years
5.	Camouflage Uniform	2	1 year

Note: 01 x Uniform prepares in 3 meters cloth as informed by the management.

Audit observed that all the above-mentioned items were purchased in excess. Brief detail of excess purchase is given as under:

i. 7304 Oxford Shoes were purchased during last year 2017-18 which were in excess of actual requirement but 3450 shoes costing Rs.8.959 million have been purchased again in the year 2018-19.

ii. Boot DMS were issued in 2017-18, therefore, these were not required in the year 2018-19 but the management purchased 5559 Boot costing Rs.14.777 million and again issued in 2018-19 in violation of their own scale.

iii. 3,157 T-Shirts were purchased in excess of actual requirement resulting in excess expenditure of Rs.1.697 million

iv. 60,366 meters Camouflage Cloth was required at 6 meters per person (for 2 Uniform per year), but the management purchased 88,362 meter cloth i.e. 27,996 meter costing Rs.13.130 million in excess of actual requirement.

v. For 10,061 personnel 20,122 socks were required but 16,192 pairs were procured despite an inventory of 8,205 socks which resulted in excess expenditure of Rs.313,144.

Audit is of the opinion that excess procurement was made just to utilize the available funds which was against the provision of financial propriety and in violation of their own scale of Uniform items.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry to fix the responsibility.

2.5.4 Un-justified procurement of Computers Core i7 7th Generation - Rs.8.137 million

In terms of Rule 145 of GFR Volume-1 purchases must be made in the most economical manner in accordance with the definite requirements of the public service. Stores should not be purchased in small quantities. Periodical indents should be prepared and as many articles as possible obtained by means of such indents. At the same time, care should be taken not to purchase stores much in advance of actual requirements, if such purchase is likely to prove unprofitable to Government.

Headquarters Airport Security Force, Karachi incurred expenditure of Rs.8,137,500 on purchase of 75 computers Core i7 7th Generation with accessories during the financial year 2018-19.

Audit observed that management had already procured 71 computers core i5 5th Generation at the rate of Rs.76,385 per computer costing Rs.6,263,840 during previous financial year which were available in stock, 75 more computers were purchased without need assessment, just to avoid lapse of funds.

Audit is of the view that an undue expenditure out of public money was incurred as stock register did not show any distribution details of the purchased computers.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry to fix responsibility.

2.5.5 Expenditure on stitching of uniforms in violation of PPRA rules - Rs.13.401 million

Rule 12(I) of PPRA states that procurements over one hundred thousand rupees and up to the limit of two million rupees shall be advertised on the Authority's website in the manner and format specified by regulation by the Authority from time to time. These procurement opportunities may also be advertised in print media, if deemed necessary by the procuring agency.

The Management awarded the stitching contract of uniform items to different firms and incurred an expenditure of Rs.13,401,395 on account of stitching of uniform during financial years 2011-12 to 2017-18. Details are as under:

(Rupees in million)

S. No.	Formation	Firm	Amount
1.	CSO South ASF Karachi	M/s. AB Enterprises & M/s DZ Enterprises	3.691
2.	ASF, Airguards Company, Karachi	Nil	3.940
3.	ASF, Academy, Karachi	M/s. AB Enterprises &	5.771
		Total	**13.401**

Audit observed as under:

i. Expenditure was incurred in violation of PPRA rules without inviting tenders.

ii. Work was awarded to firms not registered with Sindh Board of Revenue.

iii. Record of receipt and issue of cloth to the firms was not properly maintained.

iv. Stock register of uniform items was not produced to audit.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry to fix responsibility.

2.5.6 Irregular purchase of Safe Passage System - Rs.14.945 million

As per Clause-13 of the agreement between Headquarters, ASF and M/s EMC Pakistan Pvt. Ltd, Karachi store delivered should be new, unused and confirming to purchaser's specifications. The supplier will provide all OEM Certificates, Quality Certificates and Inspection Documents to the purchaser confirming the quality of the product being supplied. Store(s) must bear the Manufacturer's Identification Markings/Monograms.

Headquarters Airport Security Force, Karachi incurred expenditure of Rs.14.945 million on purchase of Safe Passage System (1 Server and 16 Clients) during the financial year 2018-19 from M/s. EMC Pakistan Pvt. Ltd. Only one bidder participated in the bidding process resulting in non-competitive rates.

It is pertinent to point out here that the HQs ASF was already in possession of two similar Safe Passage System as detailed below:

S. No.	Date of receiving in store	No. of server and clients
1.	16.06.2009	1 Server 4 clients
2.	04.06.2015	1 Server 12 clients

Audit observed as under:

i. The contractor supplied Core i3 8th Generation instead of Core i7 8th Generation as required under agreement.

ii. Work completion report including satisfactory performance report was not available.

iii. Guarantee / warranty of the OEM not available.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry to fix responsibility.

2.5.7 Irregular expenditure on purchase of furniture - Rs.3.888 million

Rule 12 (2) of PPRA 2004, all procurement opportunities over two million rupees should be advertised on the Authority's website as well as in other print media or newspapers having wide circulation. The advertisement in the newspapers shall principally appear in at least two national dailies, one in English and the other in Urdu. In cases where the procuring agency has its own website, it may also post all advertisements concerning procurement on that website as well.

ASF Academy, Karachi purchased furniture during financial year 2015-16 and 2016-17 amounting to Rs.3,888,645.

Audit observed that:

i. Tender was not advertised and furniture was purchased without sanction.

ii. NTN and GST registration certificates were not available.

iii. As per stock register 292 steel frame beds were already lying in the store on 06.07.2015. Despite that 570 beds were purchased during audit period without requirement.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry to fix responsibility.

2.5.8 Expenditure on vehicles without authorization - Rs.32.362 million

Serial No. (xv) of Cabinet Division Letter No. 6/7/2011-CPC dated 12.12.2011 states that the Ministries/Divisions/Departments needing operational vehicles shall get their authorization of such vehicles fixed from the Vehicle Committee of Cabinet Division.

Airport Security Force, Karachi was maintaining 76 vehicles and incurred expenditure of Rs.32,361,994 on account of POL, CNG and Repair of Transport. Details are as under:

(Rupees)

S. No.	Formation	Period	No. of Vehicles	Amount
1.	CSO South ASF		06	N/A
2.	ASF Academy, Karachi	2015-18	13	9,383,994
3.	ASF, HQ, Karachi	2018-19	57	22,978,000
		Total	**76**	**32,361,994**

Audit observed that these vehicles were maintained without authorization from Cabinet Division. Management provided authorization of 400 vehicles for ASF as a whole, however, the above three organizations were using 76 vehicles without authorization.

Audit is of the view that expenditure of Rs.32,361,994 incurred on POL, CNG and repair without authorization is irregular.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends authorization of vehicles from Cabinet Division or surrender of vehicles to Cabinet Division.

2.5.9 Irregular procurement of Vehicles - Rs.98.975 million

Para 3(5) of Rules for the use of Staff Cars, 1980 states that no Division shall purchase a staff car unless it has obtained no objection certificate from the Cabinet

Division. In the case of, replacement of an existing staff car, it shall first be verified from the Cabinet Division that no surplus car is available.

Finance Division (Exp. Wing) vide letter U.O. No. 7(2) Exp-IV/2018-630 dated 12.6.2019 conveyed approval to purchase 33 vehicles subject to fulfillment of all codal formalities.

ASF HQ, Karachi incurred expenditure of Rs.98,975,000 on purchase of 32 vehicles during the financial year 2018-19.

(Rupees in million)

S. No	Type of Vehicle	Rate Per Vehicle	No. of vehicles	Amount
1.	Toyota Hiace	4,906,000	7	34.342
2.	Toyota Hiace (Ambulance)	4,906,000	2	9.812
3.	Total Single Cabin	3,079,500	12	36.954
4.	Isuzu Coaster	6,900,000	1	6.900
5.	Shehzore Pickup	2,143,500	2	4.287
6.	Suzuki Pickup	796,000	4	3.184
7.	Suzuki Van Bolan	874,000	4	3.496
		Total	**32**	**98.975**

Audit observed that no authorization of vehicles was obtained from Cabinet Division and the vehicles in question were not received till the end of August 2019.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends authorization from Cabinet Division.

CHAPTER 3

3. BOARD OF INVESTMENT

3.1 *Introduction*

Board of Investment was constituted vide Ordinance, 2001. Under section 3 of the Ordinance Board of Investment was constituted , which is presided by the Prime Minister of the Islamic Republic of Pakistan, Federal Minister in Charge of the Division, to which the business relating to the BoI is allocated, will be its Vice-President, the Board also has a Chairman and not less than seven and not more than twenty-five ex officio members and non-official members, provided that not less than three non-official members shall be appointed from private sector.

Main responsibilities of BoI include promotion of investment in all sectors of economy, facilitation of local and foreign investors for speedy materialization of their projects, enhancement of Pakistan's international competitiveness and contribution to economic and social development.

BoI also assists companies and investors who are investing or intend to invest in Pakistan as well as facilitates the implementation and operation of their projects. The wide range of services provided by BoI also includes providing information on the opportunities for investment and facilitating companies that are looking for joint ventures.

Sr. No.	Description	Total No.	Audited	Expenditure Audited (FY-2018-19) Rs. in million	Revenue / Receipt Audited (FY 2018-19) Rs. in million
1	Formations	5	1	820.031	435.880
2	Assignment Accounts (Excluding FAP)	-	-	-	-
3	Authorities / Autonomous Bodies etc. under the PAO	-	-	-	-
4	Foreign Aided Project (FAP)	-	-	-	-

3.2 *Comments on Budget & Accounts (Variance Analysis)*

Final budget allocated to the Board of Investment for the financial year 2018-19 was Rs.262.196 million out of which the Board utilized Rs.261.686 million. Audit noted that there was a saving of Rs.0.509 million, which was 0.19% of total Final Grant. Detail is given below:

Type of Grant	Grant No.	Original Grant	Supplementary Grant	Final Grant	Actual Expenditure	Excess/ (Saving)	% age Excess/ (Saving)
Current	**14**	272.000	0.07	262.196	261.686	(.509)	(0.19)

Variance analysis could not be performed due to non-existence of supplementary grant.

3.3 Classified Summary of Audit Observations

Audit observations, amounting to Rs.746.611 million, were raised in this report during the current audit of Board Of Investment. Summary of the audit observations classified by nature is as under:

(Rupees in million)

S. No	Classification	Amount
1	Non-production of record	-
2	Reported cases of fraud, embezzlement and m Misappropriation	-
3	Irregularities	
A	*HR/Employees related Irregularities*	-
B	*Procurement related irregularities*	98.522
C	*Management of account with commercial banks*	435.880
D	*Recovery*	-
E	*Internal Control*	-
4	Value for money and service delivery	212.209
5	Others	-

3.4 Status of compliance with PAC Directives

There were no PAC directives.

The Draft Audit Report including following Paras was issued to the PAO on 15.10.2019 with the request to reply and also arrange the DAC meeting to discuss the Paras.

3.5 AUDIT PARAS

3.5.1 Reconciliation of receipts not done since 2016 - Rs.435.880 million

Under system of Financial Control and Budgeting 2006 introduced by the Government of Pakistan Finance Division Vide OM No. F-3(20) Exp.III/2006 dated 13.09.2006 the Principal Accounting Officer is expected to ensure that adequate machinery exists for due collection and bringing to account of all receipts of any kind connected with the functions of the Ministry / Division(s) / Departments and Subordinate Offices under his control.

Board of Investment (BoI), Islamabad is receiving work visa fee, fee for opening of Branch Offices, Liaison Offices and their sub-offices in US$. During financial years 2016-17 to 2018-19 the BoI received a sum of Rs.444.413 million. The entire fees deposited with NBP, Main Branch, Islamabad is utilized by transferring it to PLA account maintained with FTO, Islamabad. Detail is as under:

(Rupees)

S. No.	Year	Opening Balance	Collection	Expenditure	Closing Balance
1	2016-17	9,104,101	167,486,709	120,293,200	56,297,610
2	2017-18	56,297,610	118,084,962	111,744,049	62,638,523
3	2018-19	62,638,523	150,308,927	21,471,855	191,475,595
		Total	**435,880,598**	**253,509,104**	**310,411,728**

Audit observed that as per rules reconciliation was to be carried out on monthly basis but BoI in violation of the Finance Division's instruction had not reconciled their receipts since 2016. This resulted in having no breakup of the receipts to ascertain the fee amount received on various accounts i.e. work visa fee, fee for opening of branch offices, liaison offices and their sub-offices etc.

Board of Investment, (BoI) informed that the two officers had been tasked to reconcile the same with National Bank within (15-20) days.

DAC was held on 13.11.2019 but no reconciliation was produced for verification to audit. DAC directed the management to complete the reconciliation and get it verified from audit.

No record for verification was produced till finalization of this report.

Audit recommends implementation of DAC decision.

3.5.2 Poor performance of BoI reflected by drastic decline in FDI inflows

As per Board of Investment Ordinance 2001 the objective of establishment of the Board of Investment (BoI) as an apex body is to promote, encourage and facilitate both local and foreign investment.

Section 1.6 of the Investment Policy 2013 states that the policy seeks to remove obstacles and impediments for foreign and domestic investment while instituting supporting programs that can put Pakistan's investment environment on a more level ground with its international competitors.

Board of Investment provided detail of FDI inflow and outflow for the last five years.

(US $ in million)

S. No	Years	Inflow	Outflow	Net FDI	% age
1	2014-15	2,797.0	1,809.1	978.9	(41.8)
2	2015-16	3,165.2	859.9	2,305.3	133.4
3	2016-17	3,451.0	704.2	3,471.2	19.1
4	2017-18	4,185.4	714.2	3,161.6	-
5	2018-19	2,972.9	1,366.2	1,606.7	(49.2)

Audit observed that Pakistan's FDI inflows in terms of quantum of investment remained low as compared to previous years from 2015 to 2018, which shows that the performance of the Board in terms of attracting FDI is declining.

Audit is of the view that despite other factors affecting FDIs beyond the control of BoI such a huge decline also indicates low performance by BoI.

Board of Investment, (BoI) informed that there was gradual increase of FDI over the period 2013-17, however due to problems beyond BoI's control like, energy shortage, infrastructure, law and order, global recession, targets of Investment Policy could not be achieved.

DAC on 13.11.2019 was apprised by the management of BoI that an action plan is aggressively followed to attract FDI and improve investment to GDP ratio to 20% during the next three years. DAC directed to place the matter before PAC.

Audit recommends that BoI needs to justify its expenditure for attracting investments and share its efforts before PAC.

3.5.3 Non-investment of funds after maturity - Rs.212.209 million

Para 23 of GFR Volume-1 states that every Government Officer should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part and that he was also be held personally responsible for any loss arising from fraud or negligence on the part of any other Government officer to the extent to which it may be shown that he contributed to the loss by his own action or negligence.

Audit observed that funds were not re-invested after their maturity. Details are as under:

(Rupees)

S. No.	Name of Bank	Amount of TDR	Profit earned	Investment Period	Date of Maturity	Lapsed up to 30.06.2019
1	ZTBL, Islamabad	120,000,000	7,340,053.42	1- year	16.02.2018	1-Y,04-M, 14-D
2	-do-	25,000,000	1,495,376.71	1- year	10.07.2018	11-M, 20-D
3	-do-	55,000,000	3,373,232.88	1- year	01.08.2018	10-M, 29-D
	Total	**200,000,000**	**12,208,663.01**			

Audit is of the view that non-investment of funds after maturity was serious lapse on the part of the management.

Board of Investment, (BoI) informed that due to frequent changes of PAOs/ Secretaries of BoI decision could not be made. However, BoI had invested the amount into ZTBL after adopting all rule and regulations.

DAC on 13.11.2019 was apprised by the management of BoI that due to frequent changes of PAOs/ Secretaries of BoI the decision could not be made.

Audit recommends that responsibility for delay in investment be fixed

3.5.4 Non-reporting of receipts of Board's fund for budget estimation - Rs.98.522 million

Section 13 of Board of Investment Ordinance, 2001 states that in respect of each financial year, the BoI shall submit for approval of the Federal Government, by such date and in such form as may be specified by the Federal Government a statement showing the estimated receipts and expenditure and the sums which are likely to be required from Federal Government during the next financial year.

Board of Investment (BoI), Islamabad incurred an expenditure of Rs.98,522,281 during the period under audit from Board Fund. Details are as under:

(Rupees)

S. No.	Financial Year	Amount
1	2016-17	8,804,738
2	2017-18	37,460,232
3	2018-19	52,257,311
	Total	**98,522,281**

Audit observed that neither the receipts nor the expenditure, out of Board's Fund, was disclosed to Finance Division by the management for obtaining budget for next year.

Audit is of the view that non-reporting of the expenditure made out of Fund Account to Finance Division was irregular.

The management replied that receipts under BoI Funds may not be treated as a part of budget until and unless BoI Ordinance is fully implemented.

DAC on 13.11.2019 directed that receipts be shown in the budget estimates to be submitted to Finance Division.

Audit recommends implementation of the DAC decision.

3.5.5 Non-framing of Recruitments Rules

Section 23 of Board of Investment (BoI) Ordinance, 2001 states that the BoI may, with the prior approval of the Federal Government, make rules for carrying out the purposes of this Ordinance and to regulate appointments and conditions of service of officers and employees in the service of the BoI; and until the rules referred to are made, the officers and employees of the BoI shall continue to be governed, in respect of the matters terms and conditions of service by rules applicable to them immediately before the commencement of this Ordinance.

The Board of Investment Ordinance, 2001 was notified on 22.03.2001. The employees of BoI are still enjoying the status of civil servants.

Audit observed that BoI has not yet framed Rules for appointment and service despite lapse of eighteen years after notification of BoI, Ordinance which is a serious negligence of the management.

The management replied that Board has attempted for framing of Service and Financial Rules. However, the rules could not be framed since Finance Division desired that BoI may frame rules without any additional financial implications and that the BoI officials were not ready to sacrifice their civil servant status without any benefit.

DAC on 13.11.2019 directed the management to formulate the rules.

No rules were framed till finalization of this report.

Audit recommends to frame rules under intimation to audit.

3.5.6 Non-preparation of financial statements and Annual Reports of Board of Investment (BoI)

Section 14(1) of the Board of Investment Ordinance, 2001 states that the BoI shall prepare and submit to the Federal Government, as soon as possible after the end of each financial year but not later than the last day of December of the next year, a report on the conduct of its affairs for the year.

Section 14(2) states that the report shall include:

(a) An audited statement of income and expenditure;

(b) An audited balance sheet;

(c) A short financial statement of the preceding financial year;

(d) Activities of the BoI during the financial year;

(e) An outline of the investment program for the year ahead; and

(f) Any other matter which the Federal Government may direct or the BoI may consider appropriate.

Audit observed that the management of the Board of Investment did not prepare its annual financial statements to be audited. Moreover, the Annual Reports since the year 2016-17 had not been printed.

Audit is of the view that non-finalization of audited financial statements and non-printing of Annual Reports is a serious lapse as it adversely effects the BoI's attempts to attract investment.

The management admitted the audit observation and committed for preparation of Annual Report well before 31.12.2019

DAC on 13.11.2019 directed the management to prepare Annual Report and display on Board's Website as well before 31.12.2019.

No progress was shared with audit till finalization of this report.

Audit recommends implementation of the DAC decision.

CHAPTER 4

4. CABINET DIVISION

4.1 *Introduction*

As per Schedule II [Rule 3 (3)] Distribution of Business among the Divisions read with Schedule III [rule-4(4)] Rules of Business 1973 (As amended up to 23rd April, 2019) following main business have been assigned to the Division amongst the other functions.

1- All secretarial work for the Cabinet, National Economic Council and their Committees, Secretaries' Committee.
2- Appointments, resignations, salaries, allowances and privileges of Provincial Governors.
3- Setting up of a Division, allocation of business to a Division and constitution of a Division or group of Divisions as a Ministry.
4- Coordination of defense effort at the national level by forging effective liaison between the Armed Forces, Federal Ministries and the Provincial Governments at the national level.
5- Instructions for delegations abroad and categorization of international conferences.
6- Security and proper custody of official documents and security instructions for protection of classified matter in Civil Departments.
7- Resettlement and rehabilitation of civilians and civil Government servants uprooted from East Pakistan including policy for grant of relief and compensation for losses suffered by them.
8- Administrative control of the National Electric Power Regulatory Authority, Pakistan Telecommunications Authority, Frequency Allocation Board, Oil and Gas Regulatory Authority, Public Procurement Regulatory Authority, Intellectual Property Organization of Pakistan and Capital Development Authority.
9- Peoples Works Program (Rural Development Program).
10- Selection of scholars against Pakistan Chairs Abroad by the Special Selection Board.

ATTACHED DEPARTMENTS/ AUTONOMOUS BODIES

i. Department of Communication Security.

ii. Department of Stationery Forms.
iii. Department of Archives.
iv. Intelligence Bureau
v. Islamabad Club as an Autonomous Body.
vi. Public Procurement Regulatory Authority

Sr. No.	Description	Total No.	Audited	Expenditure Audited (FY-2018-19) Rs. in million	Revenue / Receipt Audited (FY 2018-19) Rs. in million
1	Formations	59	2	1,966.236	-
2	Assignment Accounts (Excluding FAP)	4		187.000	-
3	Authorities / Autonomous Bodies etc. under the PAO	3	3	108.342	255.411
4	Foreign Aided Project (FAP)	-	-	-	-

4.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Cabinet Division for the financial year 2018-19 was Rs.46,339.571 million, out of which the Division expended an amount of Rs.61,786.039 million. Grant-wise detail of current and development expenditure is as under:

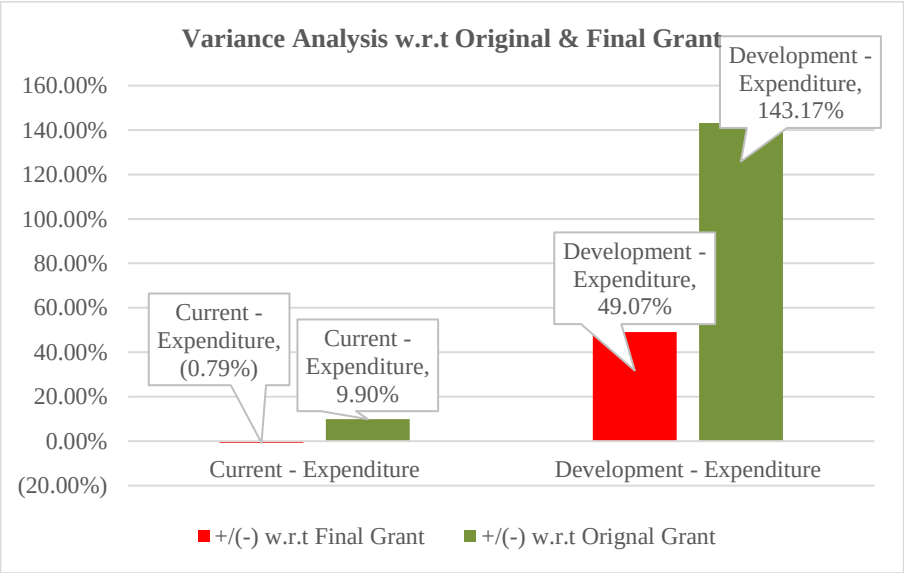
(Rupees in million)

Type of Grant	ID	Original Grant	Supplementary Grant	Surrender (-)	Fin Grant	Actual Expenditure 2018-19	Excess / (Savings) Amount	+/ (-) w.r.t Final Grant
Current	1	263.000	0.000	-110.495	152.505	151.216	-1.29	(0.85%)
Current	2	6,343.000	1,175.053	-93.397	7,424.656	7,333.398	-91.26	(1.23%)
Current	3	276.000	871.495	-27.500	1,119.995	1,114.555	-5.44	(0.49%)
Current	4	6,207.000	50.155	-436.202	5,820.953	5,803.710	-17.24	(0.30%)
Current	17	113.000	0.003	-6.062	106.941	106.452	-0.49	(0.46%)
Current - Expenditure		**13,202.000**	**2,096.706**	**-673.656**	**14,625.050**	**14,509.332**	**-115.718**	**(0.79%)**
Development	108	14,741.438	24,000.034	-10,198.951	28,542.521	26,999.641	-1,542.88	(5.41%)
Development	112	4,700.000	522.000	-2,050.000	3,172.000	20,277.066	17,105.07	539.25%
Development - Expenditure		**19,441.438**	**24,522.034**	**-12,248.951**	**31,714.521**	**47,276.707**	**15,562.186**	**49.07%**
Total		**32,643.438**	**26,618.740**	**-12,922.607**	**46,339.571**	**61,786.039**	**15,446.468**	**48.28%**

Audit noted that there was an overall excess of Rs.15,446.468 million, which was due to excess in Development Grant No.112.

According to Para 71 of General Financial Rules (Volume I), while framing budget estimates, the authorities should exercise utmost foresight. Rules of good governance demand that budget processes are carried out in accordance with clearly

defined expectations, assumptions and a coordinated calendar of activity. As shown in the chart below, bifurcating total allocation into current and development expenditure it is observed that, in case of development expenditure, there was 143.17% of excess w.r.t Original grant which was reduced to 49.07% excess w.r.t Final Grant and in case of current expenditure 9.90% of excess expenditure reduced to 0.79% of savings in expenditure. In Grant No. 4 supplementary grant was surrendered 100%.



4.3 Classified Summary of Audit Observations

Audit observations, amounting to Rs.1,256.590 million, were raised in this report during the current audit of Cabinet Division. This amount also includes recoveries of Rs.233.823 million as pointed out by the audit. Summary of the audit observations classified by nature is as under:

(Rupees in million)

S. No	Classification	Amount
1	Non-production of record	380.000
2	Reported cases of fraud, embezzlement and m Misappropriation	-
3	Irregularities	
A	*HR/Employees related Irregularities*	107.919
B	*Procurement related irregularities*	92.437
C	*Management of account with commercial banks*	442.411
D	*Recovery*	233.823
E	*Internal Control*	-
4	Value for money and service delivery	-
5	Others	-

4.4 Status of compliance with PAC Directives

Name	Audit Year	Total No. of Audit Paras	No. of Actionable Points Issued	Compliance	Non/Partial Compliance	% of Compliance
Cabinet Division	1990-91	4	4	2	2	50%
	1992-93	4	4	3	1	75%
	1993-94	11	11	5	6	45%
	1994-95	4	4	2	2	50%
	1994-95	2	2	0	2	0%
	1995-96	6	6	3	3	50%
	1996-97	17	17	15	2	88%
	1997-98	66	66	19	47	29%
	1998-99	30	30	1	29	3%
	2000-01	33	33	31	2	94%
	2001-02	1	1	0	1	0%
	2003-04	9	9	4	5	44%
	2005-06	7	7	5	2	71%
	2007-08	9	9	6	3	67%
	2008-09	6	6	3	3	50%
	2010-11	2	2	1	1	50%
	2013-14	4	4	3	1	75%
	2015-16	2	2	2	0	100%
	2017-18	32	31	0	31	0%
	Total	**249**	**248**	**105**	**143**	**42%**

The Draft Audit Reports including following Paras were issued to the PAO on 13.12.2019 and on 22.01.2020 followed by reminders 11.01.2020 and 30.01.2020 with the request to reply and also arrange the DAC meeting to discuss the Paras.

4.5 AUDIT PARAS

Public Procurement Regulatory Authority

4.5.1 Unauthorized opening of bank account and depositing of Government funds and departmental receipts - Rs.442.411 million

Rule-07 (i) of PPRA Accounting Procedure (Regulations), 2014 states that all the grants received from the Federal Government shall be expended through an Assignment Account.

Rule-07(ii) of PPRA states that the Authority may open and maintain its accounts in rupees or in any foreign currency with such scheduled banks as it may

determine from time to time in accordance with law subject to the approval of Finance Division.

The Public Procurement Regulatory Authority (PPRA) was maintaining Current Account No.13100-7 maintained at Habib Bank Limited 'A' Block Branch, Pak Secretariat, Islamabad.

Audit observed that the bank account was opened without approval of Finance Division and management deposited Government funds amounting to Rs.187,000,000 and departmental receipts of Rs.255,410,733 into it during 2018-19. Cash Book for Government funds and departmental receipts was not maintained separately.

DAC on 28.01.2020 directed to constitute a committee in the Ministry to examine the case and give its recommendations on the matter.

No response was received till finalization of report.

Audit recommends regularization of bank account and transfer of Government receipt into treasury.

4.5.2 Irregular adoption of Special Pay Scales - Rs.88.000 million

Section 26 of PPRA Ordinance, 2002 states that the Federal Government may, by notification in the official Gazette, make rules for carrying out the purposes of this Ordinance.

Section 27 of PPRA, Ordinance states that the Authority may make regulations, not inconsistent with the provisions of this Ordinance and the rules made there under, for carrying out the purposes of this Ordinance.

The management paid pay and allowances amounting to Rs.87,913,474 to their employees who adopted Special Pay Scales during 2015-18.

Audit observed as under:

i. The management did not frame Rules and Regulations regarding terms and conditions of the service of its employees.

ii. The Special Pay Scales were approved by the PPRA Board without the concurrence of the Ministry of Finance.

Audit is of the view that adoption of special pay scales without framing/approval of Rules and Regulations from Finance Division is un-authorized.

DAC on 28.01.2020 directed to constitute a committee in the Ministry to examine the case and give its recommendations on the matter.

No response was received till finalization of report.

Audit recommends regulations of expenditure and approval of rules from the Federal Government.

4.5.3 Un-authorized payment of Special Regulatory Allowance to the Managing Director - Rs.1.863 million

Finance Division OM No.F.4(1) R-3/2017-188 dated 18.08.2017 states that claim for inclusion of Special Regulatory Allowance in terms and conditions of deputation of the incumbent Managing Director, PPRA is not in order on the following grounds:

- No any special dispensation/special allowance (i.e. Special Regulatory Allowance) has been approved/granted to the authority by the Federal Government.
- The incumbent Managing Director is a civil servant and he holds the post on deputation basis. His service matters including pay, allowance and pension are subject to Civil Servant Act, 1973 and Rules/policies made thereunder. His claim for the Special Regulatory Allowance outside the deputation policy vide Establishment Division O.M. No.F.1/13/97-R-1 dated 03.12.1990 is not covered by the Provision of Fundamental Rule 114.

The Management paid Special Regulatory Allowance amounting to Rs.1,862,904 to Managing Director at the rate of Rs.150,000 per month.

Audit observed that the officer was drawing Special Regulatory Allowance in violation of instructions of Finance Division.

DAC on 28.01.2020 directed to constitute a committee in the Ministry to examine the case and give its recommendations on the matter.

No response was received till finalization of report.

Audit recommends to stop the payment besides recovery of the amount already paid.

Sheikh Zayed Hospital, Rahim Yar Khan

4.5.4 Irregularities in procurement of medicines and medical equipment - Rs.21.462 million

Rule 12(i) of the PPRA 2004 states that procurement over one hundred thousand and up to the limit of rupees two million shall be floated on the website of the authority.

Rule 12(2) of PPRA states that all procurement opportunities over two million rupees should be advertised on the Authority's website as well as in other print media or newspapers having wide circulation.

Sheikh Zayed Hospital, Rahim Yar Khan made procurement of medicines, oxygen gas, x-ray films and machinery & equipment amounting to Rs.21,462,048 during the financial year 2015-16 to 2018-19.

Audit observed as under:

i. The procurement was made without calling open tenders.

ii. Neither the stock entries of these items were made nor issuance and consumption details were available.

iii. Quality and quantity certificate and details of expiry were also not available in record.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends to inquire the matter.

4.5.5 Non-supply of injection despite advance payment - Rs.2.400 million

Rule 379 of FTR Vol-I states that as a general, rule, payment for supplies is not permissible unless the stores have been received and surveyed. Payments prior to verification of quality and quantity of the materials may be permitted in exceptional only, provided that adequate safeguards exist to secure the Government against all losses in the event of the materials being found short or defective. In all such cases, a bill based on actual measurement must be obtained as soon as possible after payment has been made for submission to the Accountant General.

Sheikh Zayed Hospital Rahim Yar Khan issued cheque No.156083 dated 15.11.2016 amounting to Rs.2,400,000 in the name of the Executive Director National Institute of Health, Islamabad.

Audit observed that despite advance payment NIH did not provide the injection tetanus toxide 6,000 vials even after a lapse of seven to eight months. Order was placed without any requirement as funds were available. Tetanus toxide was also not included in the annual requirement of the hospital.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends to inquire the matter.

Department of Communication Security

4.5.6 Excess booking of salary expenditure in comparison to computerized payroll - Rs.18.056 million

Rule-205 of Federal Treasury Rules states that subject as hereinafter provided in this rule, a Government officer entrusted with the payment of money shall obtain for every payment he makes, including repayment of sums previously lodged with the Government, a voucher setting forth full and clear particulars of the claim and all information necessary for its proper classification and identification in the accounts.

The Directorate of Communication Security, Islamabad incurred salary expenditure (excluding other allowances) of Rs.69,854,071 and Rs.76,116,463 during 2015-16 and 2016-17 respectively as per reconciliation statements.

Audit observed that the supporting record i.e. computerized pay rolls and manual bills for the said period were less than actual booked expenditure. Details are as under:

(Rupees)

Description	**Amount**	
	2015-16	**2016-17**
Booked expenditure	69,854,071	76,116,463
Computerized payrolls	(61,915,062)	(65,999,427)
Difference	**7,939,009**	**10,117,036**

Audit is of the view that the expenditure booked in excess of the amounts of computerized payrolls and manual bills is doubtful.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends to probe the matter.

Intelligence Bureau

4.5.7 Mis-procurement of physical assets - Rs.38.554 million.

Rule-36 (b) (viii) of the Public Procurement Rules, 2004 states that after the evaluation and approval of the technical proposal the procuring agency, shall at a time within the bid validity period, publicly open the financial proposals of the technically accepted bids only. The financial proposal of bids found technically non-responsive shall be returned un-opened to the respective bidders.

I.B Headquarters purchased physical assets amounting to Rs.38,554,039 during the financial year 2018-19 as detailed below:

(Rupees)

Head No.	Description	Amount
A09601	Purchase of Plant & Machinery	23,344,485
A09701	Purchase of Furniture & Fixture	15,209,554
	Total	**38,554,039**

Audit observed that the financial proposals were opened on the same day without evaluation of the technical proposals as required under the rules.

Audit further observed that some items of furniture were procured from the bidders at higher rates due to opening of both the proposals on the same day.

The management replied that technical bids were opened on due date i.e. 01.04.2019 at 11:30 hours and evaluation statement was prepared duly signed by Technical Evaluation Committee. Total six firms participated in the bidding process whose technical proposals were opened among which only 4 firms fulfilled the basic criteria. The same day, four bidders were duly informed to participate for opening of financial proposals on 02.04.2019 at 11:30 hours. Subsequently, the same was carried out accordingly and financial proposals were opened by the Purchase Committee on 02.04.2019, fulfilling all codal formalities.

Reply was not correct as financial proposals were opened, without evaluation of technical proposals, on the same day and in some cases higher rates were accepted on the grounds that the lowest bidders were technically not qualified.

DAC on 28.01.2020 directed to constitute a committee in the Ministry to examine the case and give its recommendations on the matter.

No response was received till finalization of report.

Audit recommends that responsibility be fixed for mis-procurement.

4.5.8 Non-provision of certificate of the expenditure for secret services - Rs.380.00 million

Serial No.37 of Appendix 8 to the Compilation of the General Financial Rules, Volume-II states that Government will nominate a controlling officer who should conduct at least once in every financial year a sufficiently real administrative audit of the expenditure incurred in connection with the secret services and furnish a certificate annually to the Auditor General of Pakistan in this behalf in the prescribed form.

Intelligence Bureau Headquarters incurred an expenditure of Rs.380,000,000 under the head of Secret Service Fund during financial year 2018-19.

Audit observed that a certificate of the expenditure incurred in connection with the secret services during the financial year 2018-19 was not provided to audit in violation of the Government instructions contained in Serial No.37 of Appendix 8 to the Compilation of the GFR Volume-II.

Audit is of the view that non-provision of the certificate of the Secret Service Expenditure is serious lapse on the part of local management.

The management replied that the Secret Service expenditure was exempted from the scope of audit by the Auditor General of Pakistan in the light of Cabinet's decision dated 08.05.2019 in case No.475/Rule-19/2019.

The reply was not accepted as Audit demanded only certificate of expenditure of secret service fund for the financial year 2018-19 in the prescribed form.

DAC on 28.01.2020 was apprised that the matter is under consideration in the Ministry.

No response was received till finalization of report.

Audit recommends that responsibility be fixed for non-provision of expenditure certificate of Secret Service Fund.

Islamabad Club

4.5.9 Irregular investment of funds without competitive bidding - Rs.107.404 million

According to Finance Division's O.M. No.F.4(1)/2002-BR-11, dated 2.07.2003, investment of working balances/ surplus funds be made subject to fulfillment of various requirements such as investment in A rating banks, competitive bidding process, investment exceeding Rs.10 million shall not be kept in one bank, setting up of in-house professional treasury management functions, formation of Investment Committee, employment of qualified investment management staff, utilization of services of professional fund managers approved by SECP, annual certificate of the Chief Executive of the organization, etc.

Islamabad Club, Islamabad made the investments in PIB and TDRs as under:

(Rupees)

S. No.	Nature	Investment Date	Maturity Date	Rate of Profit	Amount
1	PIB	25.08.2014	19.07.2022	12.00%	45,664,234
2	PIB	04.09.2014	19.07.2022	12.00%	49,740,125
3	TDR (Lien Marked)	20.02.2018	20.02.2019	5.85%	6,000,000
4	TDR	20.02.2018	20.02.2019	5.85%	6,000,000
				Total	**107,404,359**

Audit observed as under:

i. Limit of working balances/surplus funds was not determined.

ii. Competitive bidding process was not carried out.

iii. There existed no in-house professional treasury management functions.

iv. Investment Committee was not constituted.

Audit is of the view that investment in violation of the instructions of the Finance Division was unauthorized.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends that the matter needs fixing of responsibility against the concerned persons for above lapses.

4.5.10 Non-recovery of receivables - Rs.106.934 million

The Managing Committee in its meeting held on 06.11.2017 in item No.5 directed the Finance and Accounts Manager to add aging factor besides pending receivables, projects related liabilities and put up for consideration of the Committee in the next meeting.

It was revealed from the financial statements (unsigned/unapproved) that the Islamabad Club had receivables of Rs.106.934 million. Details are as under:

(Rupees)

S. No.	Description	Receivable as on		Percentage Increase/ (Decrease)
		30.06.2018	**30.06.2017**	
1	Members-unsecured and considered good	74,345,573	69,987,224	6%
2	CDA on transfer of cricket ground	2,311,747	2,311,747	0%
3	Other-unsecured and considered good	1,220,408	1,139,825	7%
4	Staff utilities recoverable	165,543	108,980	52%
5	Employees gratuity fund	21,656,998	9,689,569	124%
6	Employees provident fund	-	4,519,284	-100%
7	Sales tax receivable-net	3,015,591	4,341,072	-31%
8	Accrued interest on Pakistan Investment Bonds	4,218,960	4,218,943	0%
Total		**106,934,820**	**96,316,644**	11%

Audit observed as under:

i. The receivables have increased from Rs.96.316 million (during 2016-17) to Rs.106.934 million (2017-18) and Rs.74.345 million were recoverable from the members.

ii. An amount of Rs.2.311 million was recoverable from CDA since March, 2009.

iii. Despite clear instructions of the Managing Committee, no report of receivables was submitted for appropriate action against the defaulters.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends early recovery of receivables.

4.5.11 Non-recovery of mobilization advance from the contractor - Rs.26.922 million.

Clause 60.12 "Stipulated Conditions of Tender Documents" of the project "Construction of Multi-Purpose Hall (MPH) in the Polo Complex of Islamabad Club" states that the mobilization advance shall be recovered at a minimum rate of 10% of amount of work done from monthly interim payment requests. Full recovery of the mobilization advance shall be made up to a stage when the total cost of the work completed and claimed by the contractor has become equivalent to 90% of the contract value.

Section 6 of the Islamabad Building Regulations, 1963 states that every person who intends to erect or re-erect a building shall submit to the Authority an application in writing on the prescribed form A-l for permission to execute the work and the name of the Licensed Architect/ Engineer whom he employs to supervise its erection.

The management awarded contract on 24.10.2016 amounting to Rs.269,223,461 to M/s Expertise Pvt. Ltd Islamabad for construction of Multi-Purpose Hall (MPH) in the Polo Complex of Islamabad Club and paid mobilization advance to the contractor amounting to Rs.26,922,346 (10% of contract cost) on 06.12.2016 and 19.01.2017. M/s Suhail & Fawad Architects was appointed as Consultant and was paid consultancy fee of Rs.9,368,977 for the above-mentioned Project

Audit observed that work was started without approval of drawings/building plan from the CDA which resulted in suspension of all construction activities as per Islamabad Club letter dated 22.03.2017. The mobilization advance worth Rs.26.922 million paid to contractor was not recovered till June, 2019.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry to fix responsibility besides recovery of mobilization advance.

4.5.12 Acceptance of quotation after closing date of tender - Rs.19.485 million

According to Rule 31(1) of PPRA Rules 2004, "No bidder shall be allowed to alter or modify his bid after the bids have been opened. However, the procuring agency may seek and accept clarifications to the bid that do not change the substance of the bid".

Islamabad Club invited open tender on 13.12.2017 for purchase of beef and mutton. Last date for submission of bid was 28.12.2017. M/s Qureshi Enterprises was

declared lowest bidder. An agreement was executed with M/s Qureshi Enterprises on 01.01.2018 for one year. An expenditure of Rs.19.485 million was incurred on purchase of beef and mutton during FY 2017-18.

Audit observed that M/s Qureshi Brothers submitted his first quotation on 28.12.2017. Later, the said firm submitted revised quotation on 02.01.2018 after the closing date of tender. Comparison of rates offered by M/s Qureshi Enterprises showed that rates in his original quotation were higher, however, the submission of revised quotation after the due date rendered the firm lowest. Details are at Annexure 4-A.

Audit is of the view that undue favour was extended to M/s Qureshi Enterprises by accepting his revised bid after closing date.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends that an inquiry be held to fix the responsibility.

4.5.13 Non-recovery of liquidated damages from the contractor - Rs.1.899 million

According to clause 47.1 of special stipulations condition of contract given in the Bidding Document of the work titled "Development of basketball court and asphalt concrete in Polo Complex, Islamabad Club" amount of liquidated damages @ 0.20% for each day of delay in completion of works subject to maximum of 10% of Contract Price as stated in the Letter of Acceptance was required to be recovered from the contractor".

Islamabad Club awarded the work "Development of basketball court and asphalt in Polo Complex, Islamabad Club" to M/s IAC-HAKAB JV vide Letter of Intent dated 6th March 2017 at a cost of Rs.18,994,628. The work was to be completed within a period of 45 days from the date of issuance of Intent Letter i.e. 20th April 2017.

Audit observed that the contractor had not completed the work within stipulated period and substantial completion certificate was issued on 31.01.2018 i.e. 205 days after the original completion date of 05.06.2017. The contractor was liable to pay liquidated damages amounting to Rs.1.899 million (Rs.18,994,628 x 10%) for delayed work. The same was not recovered.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry to fix responsibility besides recovery of LD.

4.5.14 Overpayment to contractor by allowing revision of rates after closing date of tender - Rs.1.200 million.

According to Rule 31(1) of PPRA Rules 2004, "No bidder shall be allowed to alter or modify his bid after the bids have been opened. However, the procuring agency may seek and accept clarifications to the bid that do not change the substance of the bid".

Islamabad Club floated tenders on 13.12.2017 with closing date as on 28.12.2017 and executed an agreement with M/s Nasir Fisheries Karachi on 01.01.2018 for a period of 01 year for supply of fish. During financial year 2017-18 an expenditure of Rs.10.644 million was incurred on purchase of fish.

Audit observed that after the closing of bid on 28.12.2017, the supplier vide his email dated 24.01.2018 revised the rate of Beckty Fish from Rs.1050 to Rs.1,300/kg.

Audit is of the view that the revised quotation resulted into over payment of Rs.1,200,400.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry to fix responsibility besides recovery of overpayment.

4.5.15 Irregular appointment of General Manager in violation of the advertised criteria

Islamabad Club advertised the position of General Manager on 09.05.2017 with the following eligibility:

- Masters in Hospitality Management/ Masters in Business Administration/ Masters in Management or in relevant field.
- Minimum of 10 years' experience in hospitality industry preferably at international level
- Between 40-55 years

In response to advertisement, 131 applications were received. Nine candidates were shortlisted. Three candidates were proposed by HR Selection Committee for final selection on 14.07.2017 as under:

S. No.	Name of Candidate	Marks Granted
1	Mr. Sohail Aziz Khan	59.20
2	Mr. Sarfraz Ahmed Sethi	56.60
3	Mr. Shaheryar Mirza	55.40

Audit observed that Mr. Shaheryar Mirza was appointed as General Manager in Scale Executive-2 for a period of three years vide Letter dated 11.09.2017 at lump sum salary package of 700,000 despite having lowest marks and not meeting the advertised criteria of qualification and experience.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry to fix responsibility.

4.5.16 Irregular recruitment of five (Executive) officers without sanctioned posts

According to Section 10 of Islamabad Club Ordinance dated 17th July 1978, the Federal Government may make rules for carrying out the purpose of this ordinance.

According to Establishment Division's O.M. No. F.53/I/2008-SP dated 22.10.2014 Initial appointment shall be made strictly in accordance with the provisions contained in the Recruitment Rules of the post concerned. In the absence of Recruitment Rules, Ministries/ Divisions/ Attached Departments/ Subordinate Offices/ Autonomous Bodies/ Semi- autonomous Bodies/ Corporations/ Companies/ Authorities etc. are first required to frame the Recruitment Rules and lay down the eligibility conditions for such appointments. No recruitment shall be made in the absence of approved Recruitment Rules.

Contrary to above, it was observed that during Financial Year 2017-18 the management of Islamabad Club recruited the following five Executive-2 officers:

(Rupees)

S. No	Name of E-2 officer	Designation	Date of Appointment	Pay/Salary Allowed
1.	Muhammad Athar	Manager Finance & Accounts	18.07.2017	150,000
2.	Sohail Iqbal Shigri	Assistant Secretary	15.05.2018	275,000
3.	Johar Ali	Internal Auditor	20.07.2017	150,000
4.	Sheharyar Mirza	Secretary	11.09.2017	700,000
5.	Muhammad Yasin	Sports Incharge	13.11.2017	130,000

Audit observed that:

i. Recruitment rules of Executive-2 officers were not framed and got approved from the Government.

ii. There was no sanctioned post of Executive-2 Officers approved by the Management Committee.

iii. Pay package was fixed through negotiation at the time of recruitment instead of approved pay scales.

Audit is of the view that the recruitment of above five officers was irregular.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends to inquire the matter besides fixing responsibility.

4.5.17 Irregular appointment of contract staff without advertisement

Establishment Division O.M. No. F.53/I/2008-SP dated 22.10.2014 para (vii) states that the vacancies in each Ministry/Division/Department/Autonomous body/Corporation as per provincial/Regional quota etc. shall be advertised through widely published national/provincial/regional newspapers.

Audit observed that during financial year 2017-18 the management of Islamabad Club appointed the following staff on contract basis without any advertisement. Details are as under:

(Rupees)

Sr. No	Name	Designation	Pay	Date of Joining	Period of appointment
1.	Noor ul Bashar	Gym Trainer	45,100	20-Sep-2018	One year
2.	Adnan Saeed	Gym Trainer	45,300	20-June-2018	Three months
3.	M. Kaleem Abbasi	Waiter	14,208	12-Mar-2018	Three months
4.	Muhammad Rashid Iqbal	Waiter	14,208	16-Mar-2018	Three months
5.	M. Mudassir Inam	Senior Accountant	80,150	7-Mar-2018	One Year

Audit considers appointments without advertisement irregular.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends to hold inquiry to fix responsibility.

CHAPTER 5

5. MINISTRY OF COMMERCE

5.1 Introduction

As per Schedule II [Rule 3 (3)] Distribution of Business among the Divisions read with Schedule III [rule-4(4)] Rules of Business 1973 (As amended up to 23rd April, 2019) following main business have been assigned to the Division amongst the other functions.

1- Imports and exports across custom frontiers.
2- Interprovincial trade.
3- Commercial intelligence and statistics.
4- Tariff policy and its implementation.
5- Regulation and control of insurance agencies.
6- Intellectual property organizations Pakistan

ATTACHED DEPARTMENTS/ AUTONOMOUS BODIES

i. Trading Corporation of Pakistan
ii. National Tariff Commission
iii. State Life Insurance Corporation
iv. Foreign Trade Institute of Pakistan
v. Pakistan Reinsurance Company
vi. Pakistan Institute of Fashion and Design
vii. National Insurance Company
viii. Pakistan Tobacco Board
ix. Federation of Chambers and Industry
x. Pakistan Horticulture Development and Export Board

Sr. No.	Description	Total No.	Audited	Expenditure Audited (FY-2018-19) Rs. in million	Revenue / Receipt Audited (FY 2018-19) Rs. in million
1	Formations	15	1	1,716.426	-
2	Assignment Accounts (Excluding FAP)	1	-	-	-
3	Authorities / Autonomous Bodies etc. under the PAO	2	1	139.643	-
4	Foreign Aided Project (FAP)	-	-	-	-

5.2 Comments on Budget & Accounts (Variance Analysis)

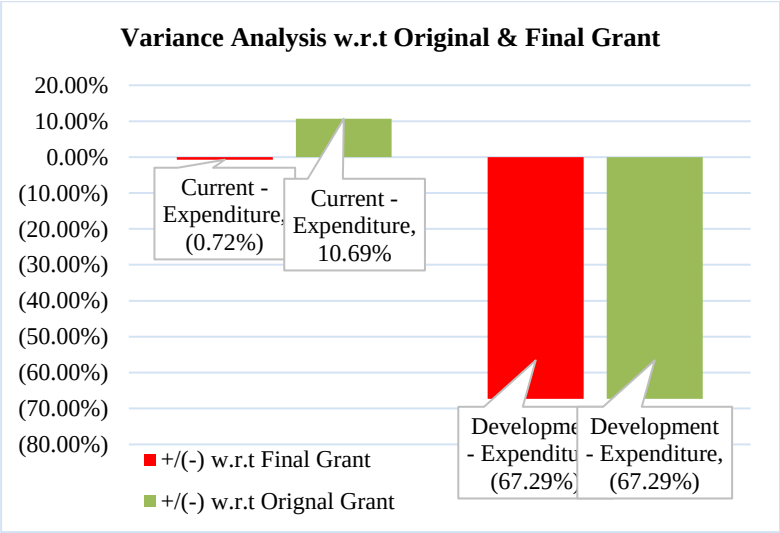
Final budget allocated to the Commerce Division for the financial year 2018-19 was Rs.6,976.803 million, out of which the Division expended an amount of Rs.5,927.942 million. Grant-wise detail of current and development expenditure is as under:

(Rupees in million)

Type of Grant	Grant No.	Original Grant	Supply Grant	Surrender (-)	Final Grant	Actual Expenditure	Excess / (Savings)	Excess / (Savings) % age
Current - Expenditure	19	4,912.00	700.01	-135.21	5,476.80	5,437.31	-39.49	(0.72%)
Development – Expenditure	114	1,500.00	0.00	0.00	1,500.00	490.63	-1,009.37	(67.29%)
Grand Total		**6,412.00**	**700.01**	**-135.21**	**6,976.80**	**5,927.94**	**-1,048.86**	**(15.03%)**

Audit noted that there was an overall savings of Rs.1,048.862 million, which was due to savings in the Development grant.

According to Para 71 of General Financial Rules (Volume I), while framing budget estimates, the authorities should exercise utmost foresight. Rules of good governance demand that budget processes are carried out in accordance with clearly defined expectations, assumptions and a coordinated calendar of activity. As shown in the chart below, bifurcating total allocation into current and development expenditure it was observed that, in case of development expenditure, there was 67.29% of savings w.r.t Original grant which remained unchanged w.r.t Final Grant and in case of current expenditure 10.69% of excess expenditure reduced to 0.72% of savings, as depicted in the graph below:



5.3 Classified Summary of Audit Observations

Audit observations, amounting to Rs.121.703 million, were raised in this report during the current audit of Ministry Of Commerce. Summary of the audit observations classified by nature is as under:

(Rupees in million)

S. No	Classification	Amount
1	Non-production of record	-
2	Reported cases of fraud, embezzlement and m misappropriation	-
3	Irregularities	
A	*HR/Employees related Irregularities*	-
B	*Procurement related irregularities*	9.575
C	*Management of account with commercial banks*	104.849
D	*Recovery*	-
E	*Internal Control*	-
4	Value for money and service delivery	-
5	Others	7.279

5.4 Status of compliance with PAC Directives

Name	Audit Year	Total No. of Audit Paras	No. of Actionable Points Issued	Compliance	Non/Partial Compliance	% of Compliance
Commerce Division	1987-88	3	3	2	1	67%
	1988-89	1	1	0	1	0%
	1989-90	3	3	2	1	67%
	1990-91	6	6	2	4	33%
	1991-92	1	1	1	0	100%
	1992-93	3	3	3	0	100%
	1993-94	4	4	0	4	0%

Name	Audit Year	Total No. of Audit Paras	No. of Actionable Points Issued	Compliance	Non/Partial Compliance	% of Compliance
	1995-96	3	3	0	3	0%
	1996-97	7	7	4	3	57%
	1997-98	69	69	52	17	75%
	1998-99	2	2	0	2	0%
	2001-02	12	12	3	9	25%
	2003-04	8	8	3	5	38%
	2006-07	1	1	1	0	100%
	2008-09	1	1	0	1	0%
	2009-10	5	5	1	4	20%
	2013-14	7	7	2	5	29%
	2014-15	1	1	0	1	0%
	2015-16	1	1	0	1	0%
	2016-17	3	1	1	0	100%
	Total	**141**	**139**	**77**	**62**	**55%**

The Draft Audit Report including following Paras was issued to the PAO on 26.11.2019 followed by reminder 30.01.2020 with the request to reply and also arrange the DAC meeting to discuss the Paras.

5.5 AUDIT PARAS

Commerce Division

5.5.1 Irregular expenditures on installation/use of extra telephone connections/lines - Rs.2.241 million

Sub-Para-1.1(iii) of Para-1 of the Cabinet Division's OM No.3/10/2006/STC-RA-III dated 05.01.2007 states that the installation of 2nd telephone line in the offices of entitled officers, a separate reference shall be made to the Cabinet Division. Such requests containing approval of the concerned PAO shall also be considered by the Committee on need basis.

The Commerce Division (Main Secretariat), Islamabad incurred an expenditure of Rs.14,982,533 on payment of telephone bills during the period from 2015-16 to 2017-18.

Audit observed that the management provided more than one official and residential telephone lines to the following officers without authorization of additional telephone lines/connections. Detail of telephone lines beyond authorization is given below:

(Rupees)

Sr. No.	Designation	Extra Connections	Payments
1.	Minister for Commerce	07	810,665
2.	Minister of State for Commerce	02	70,817
3.	Secretary Commerce	05	756,319
4.	Additional Secretary-I	02	195,934
5.	Additional Secretary-II	02	179,826
6.	Section Officer (Export-I)	02	65,555
7.	Section Officer (Export-II)	01	82,315
8.	Section Officer (WTO-I)	01	79,800
		Total	2,241,231

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry to fix the responsibility besides discontinuation of extra lines.

Pakistan Institute of Fashion Designing

5.5.2 Unauthorized opening of bank accounts and retention of balances - Rs.104.849 million

Rule 7(1) of FTR Volume-I states that all moneys received by or tendered to Government officers on account of the revenues of the Federal Government shall without undue delay be paid in full into a treasury and shall be included in the Federal Consolidated Fund of the Federal Government. Moneys received as aforesaid shall not be appropriated to meet departmental expenditure, nor otherwise kept apart from the Federal Consolidated Fund of the Federal Government. No department of the Government may require that any moneys received by it on account of the revenues of the Federal Government be kept out of the Federal Consolidated Fund of the Federal Government.

Management of Pakistan Institute of Fashion & Design (PIFD), Lahore was maintaining nine (9) different bank accounts. **(Annexure 5-A)**

Audit observed that the management was maintaining nine bank accounts without the approval of the Finance Division and the balances are not shared with Finance Division for the purpose of including receipts into budget.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends closure of unauthorized bank accounts and transfer of amount to public exchequer.

5.5.3 Procurement without inviting tender - Rs.9.575 million

Rule 12(1) of PPRA states that "Procurements over one hundred thousand rupees and up to the limit of two million rupees shall be advertised on the Authority's website. These procurement opportunities may also be advertised in print media, if deemed necessary by the procuring agency".

PIFD, Lahore made an expenditure of Rs.9.575 million on accounts of purchase of different items (A03901, Stationery/Other Store/Class Material).

Audit observed that purchase was made in piecemeal without advertisement in violation of PPRA rules.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry into the matter besides regularization of the matter.

5.5.4 Non-refund of unspent balance to students - Rs.5.038 million

Para-105 of General Financial Rules Volume-1 states that It is an important financial principle that money indisputably payable should not, as far as possible, be left unpaid.

As per Terms and Conditions specified by PIFD for the foreign trip the demand draft/pay order of Rs.200,000 is required to be submitted by 21st June, 2018.This covers the return air tickets/visa processing fee, travel insurance and security of Rs.20,000. Security and any remaining balance amount will be refunded after return upon successful by group.

PIFD arranged various study tours for students during 2017-19. The department collected an amount of Rs.17,602,273 from students to meet the expenditure of the tour.

Audit observed that out of total collected amount of Rs.12,564,217 was expended on the foreign study tours. The balance amount of Rs.5,038,056 was required to be refunded to students, but signed statement provided by the department reflects that the same is still lying with the department.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends early refund of amount to the students.

CHAPTER 6

6. COMMUNICATION DIVISION

6.1 Introduction

As per Schedule II [Rule 3 (3)] Distribution of Business among the Divisions read with Schedule III [rule-4(4)] Rules of Business 1973 (As amended up to 23rd April, 2019) following main business have been assigned to the Division amongst the other functions.

i. National planning, research and international aspects of road and road transport.

ii. National highways and strategic roads;

iii. Enemy Property

iv. National Highways and Motorway Police

ATTACHED DEPARTMENTS/ AUTONOMOUS BODIES

1- National Highways and Pakistan Motorways Police Department.

Sr. No.	Description	Total No.	Audited	Expenditure Audited (FY-2018-19) Rs. in million	Revenue / Receipt Audited (FY 2018-19) Rs. in million
1	Formations	13	7	7,545.908	-
2	Assignment Accounts (Excluding FAP)	-	-	-	-
3	Authorities / Autonomous Bodies etc. under the PAO	-	-	-	-
4	Foreign Aided Project (FAP)	-	-	-	-

6.2 Comments on Budget & Accounts (Variance Analysis)

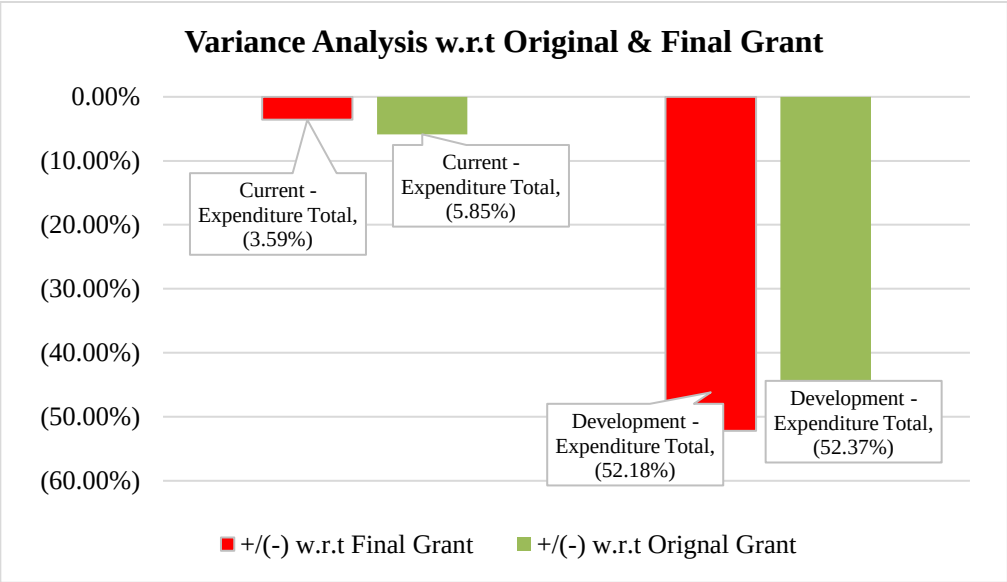
Final budget allocated to the Communications Division for the financial year 2018-19 was Rs.25,330.198 million, out of which the Division expended an amount of Rs.17,412.810 million. Grant-wise detail of current and development expenditure is as under:

(Rupees in million)

Type of Grant	Grant No.	Original Grant	Supply Grant	Surrender (-)	Final Grant	Actual Expenditure	Excess / (Savings)	Excess / (Savings) % age
Current	21	7,663.00	0.00	-740.75	6,922.25	6,931.87	9.62	0.14%
Current	22	3,507.00	500.00	-21.37	3,985.63	3,584.27	-401.36	(10.07%)
Current Expenditure Total		**11,170.00**	**500.00**	**-762.12**	**10,907.88**	**10,516.14**	**-391.74**	**(3.59%)**
Development	116	14,480.85	0.01	-58.53	14,422.32	6,896.67	-7,525.65	(52.18%)
Development - Expenditure Total		**14,480.85**	**0.01**	**-58.53**	**14,422.32**	**6,896.67**	**-7,525.65**	**(52.18%)**
Communications Division Total		**25,650.85**	**500.01**	**-820.66**	**25,330.20**	**17,412.81**	**-7,917.39**	**(31.26%)**

Audit noted that there was an overall savings of Rs.7,917.389 million, which was due to savings in the Development grant.

According to Para 71 of General Financial Rules (Volume I), while framing budget estimates, the authorities should exercise utmost foresight. Rules of good governance demand that budget processes are carried out in accordance with clearly defined expectations, assumptions and a coordinated calendar of activity. As shown in the chart below, bifurcating total allocation into current and development expenditure it was observed that, in case of development expenditure, there was 52.37% of savings w.r.t Original grant which, with minor change, reduced to 52.18% savings w.r.t Final Grant and in case of current expenditure 5.85% of savings reduced to 3.59% of savings, as depicted in the graph below:



6.3 Classified Summary of Audit Observations

Audit observations, amounting to Rs.129.073 million, were raised in this report during the current audit of Communication Division. Summary of the audit observations classified by nature is as under:

(Rupees in million)

S. No	Classification	Amount
1	Non-production of record	-
2	Reported cases of fraud, embezzlement and m misappropriation	0.863
3	Irregularities	
A	*HR/Employees related Irregularities*	-
B	*Procurement related irregularities*	24.619
C	*Management of account with commercial banks*	2.544
D	*Recovery*	-
E	*Internal Control*	-
4	Value for money and service delivery	15.724
5	Others	85.323

6.4 Status of compliance with PAC Directives

Name	Audit Year	Total No. of Audit Paras	No. of Actionable Points Issued	Compliance	Non/Partial Compliance	% of Compliance
Communications Division	1997-98	7	7	4	3	57%
	2000-01	31	31	30	1	97%
	2003-04	15	15	9	6	60%
	2005-06	3	3	1	2	33%
	2006-07	1	1	0	1	0%
	2007-08	2	2	0	2	0%
	2010-11	2	2	1	1	50%
	2013-14	9	9	3	6	33%
	2014-15	9	9	3	6	33%
	2015-16	1	1	1	0	100%
	2016-17	13	13	10	3	77%
	2017-18	4	4	2	2	50%
	Total	**97**	**97**	**64**	**33**	**66%**

The Draft Audit Report including following Paras was issued to the PAO on 03.01.2020 followed by reminders 04.02.2020 and 12.02.2020 with the request to reply and also arrange the DAC meeting to discuss the Paras.

6.5 AUDIT PARAS

National Highway & Motorway Police

6.5.1 Purchase of substandard uniform cloth - Rs.22.514 million

Para-23 of GFR Volume-I states that every government officer should realize fully and clearly that he will be held personally responsible for any loss sustained by government through fraud or negligence on his part and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other government officer to the extent to which it may be shown that he contributed to the loss by his own action or negligence.

National Highways and Motorway Police (NH&MP) purchased 76,641 meters uniform cloth (Fawn Color) from M/s Arshad Textile Mill Ltd Jail Road Faisalabad @ Rs.293.76 per meter during the year 2017-18. NH&MP, Islamabad invited bids on 30.08.2017. Technical Bids were opened on 19.09.2017 and Technical Evaluation Committee recommended to open the financial bid of M/s Iqbal Silk Mill, Karachi and returned the bids of other 03 firms as the laboratory test from PAF textile testing laboratory approved the sample of M/s Iqbal Silk Mill, Karachi on 07.12.2017. However, meeting of purchase committee held on 04.01.2018 decided to re-examine the samples of all firms. Another meeting of the purchase committee on 22.01.2018 recommended to purchase the uniform cloth from M/s Arshad Textile Mill Limited Faisalabad being the lowest bidder whose sample was rejected by the testing laboratory. The supply order was issued to M/s Arshad Textile Mill Ltd Jail Road Faisalabad on 26.01.2018 and payment was made on 13.06.2018.

Audit observed that sub-standard cloth was purchased from the firm whose sample was neither approved by the laboratory nor technical committee.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends holding of an inquiry to fix the responsibility.

6.5.2 Irregular delegation of financial powers for sanctioning expenditure

Section 3(4) NH&MP (Road Safety Campaigns, Performance Reward) Rules, 2007 states that the Inspector General NH&MP shall sanction expenditure from Road Safety Campaigns, Performance Reward and Welfare Fund on account of reward and road safety activities to officers and officials of NH&MP on the recommendation of the Reward and Welfare Committee.

Inspector General NH&MP, Islamabad approved enhancement in the delegation of financial powers vide letter No. NH&MP-1(1)/RSF/ZONE/2017-18/302 dated 24.05.2018 to Sector/Zonal Commanders and Additional Inspector General NH&MP to sanction expenditure out of Road Safety Fund.

Audit observed that delegation of financial powers to Sector/Zonal Commanders and Additional Inspector General was in violation of the rules as the Inspector General NH&MP only had the power of sanctioning expenditure for the Road Safety Campaigns, Performance Reward and Welfare Fund on the recommendation of the Reward and Welfare Committee.

Audit is of the view that delegation of financial powers to sector/zonal commanders and Additional Inspector General NH&MP is against the rule.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends that irregular practice may be stopped.

6.5.3 Irregular payment of rent to NHA on account of hiring of office buildings - Rs.53.022 million

Para 3 of Ministry of Housing and Works O.M No.F.2(1)/2004/Policy dated 17.09.2004 states that after the decentralization of hiring of office accommodation, Ministry/Division/Department are competent to hire the private buildings for office accommodation at their own as per prescribed scale, entitlement and the instructions issued by Ministry of Housing and Works. Moreover, the Ministry/Division/Department will obtain the rent reasonability certificate from the Pak PWD in each and every case. The Pak PWD ensured that the requirement of space is calculated by the Ministry/Division/Department in accordance with the prescribed scale laid down for various categories of officers/staff etc.

DIG N-5(North Zone), Islamabad paid rent of Rs.26.761 million to National Highway Authority (NHA) during 2016-18 for onward payment to the owners of the buildings on account of hiring of 12 office buildings for sector offices. Details are as under:

(Rupees)

S. No.	Name of office	2016-17	2017-18	Amount
1	SSP N-5 (North-1)	3,961,626	4,529,059	8,490,685
2	SSP N-5 (North-2)	5,119,500	4,528,600	9,648,100
3	SSP N-5 (North-3)	4107,750	4,514,500	8,6222,250
	Total	**13,188,876**	**13,572,159**	**26,761,035**

Similarly, following offices of the National Highway and Motorway Police paid rent of Rs.36.261 million to National Highway Authority (NHA) for onward payment to the owners of the buildings. Details are as under:

(Rupees)

S. No.	Name of office	Period	Amount
1.	DIG West Zone	2017-19	23.771
2.	N-5, Central Zone, Lahore	2018-19	12.490
		Total	**36.261**

Audit observed that the buildings were hired by NHA on behalf of Motorway Police without observing the scales of office accommodation fixed by Ministry of Housing of Works and without obtaining the assessment certificate issued by the Pak PWD in violation of the instructions issued by the Government.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends hiring of buildings by Motorway Police, itself, in accordance with the relevant rules.

6.5.4 Splitting up the expenditure to avoid open tenders - Rs.27.312 million

Rule 9 of Public Procurement Rules, 2004 (PPRA) states that subject to the regulation made by the Authority, with the prior approval of the Federal Government, a procuring agency shall announce in an appropriate manner all proposed procurements for each financial year and shall proceed accordingly without any splitting or regrouping of the procurements so planned.

Motorway Police, Central Zone, Lahore and DIG N-5(North Zone), Islamabad incurred expenditure of Rs.16.114 million and Rs.11.198 million, respectively for procurement out of road safety funds during the financial year 2018-19. Instances are at **Annexure 6-A.**

Audit observed that department made procurements in piece meal, by splitting up the expenditure, to avoid open tenders.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends to stop the practice and fix the responsibility.

6.5.5 Non-depositing of receipts from TEVTA into treasury- Rs.15.724 million

Para 25 of GFR Volume-I states that all departmental regulations in so far as they embody orders or instructions of a financial character or have important financial bearing should be made by or with the approval of the Ministry of Finance.

National Highway & Motorway Police entered into agreement with Technical Education and Vocational Training Authority (TEVTA) on 16.07.2015 under joint venture for Driving Skills Training Program. SSP N-5 (North-3), Gujranwala received Rs.15.724 million from TEVTA during the financial year 2015-18 and deposited into the NBP PLS Account No.3062132240 maintained for Road Safety Campaigns and incurred an expenditure of Rs.11.034 million on various activities.

Audit observed that NH&MP was not competent to incur expenditure from receipt despite using government resources for the establishment and operation of Driving Skills Training Program. The amount received from TEVTA was not deposited into the Government account is violation of Treasury Rules.

Audit is of the view that non-depositing of funds received from TEVTA and expenditure incurred from the receipts was irregular.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry to fix responsibility besides depositing the amount into Government treasury.

6.5.6 Irregular drawal of cash for third party payments - Rs.4.989 million

Rule 157 of Federal Treasury Rules states that all third-party payments shall be made through cheques drawn in the name of the recipients.

DIG West Zone Sector, Uthal, National Highway and Motorway Police drawn cash payments of Rs.4.989 million in the name of DDO on account of purchase of miscellaneous items during the financial year 2017-19.

Audit observed that drawal of cash instead of payment through crossed cheques for third party payments is a serious violation of rules.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends to stop this practice besides fixing of responsibility.

6.5.7 Un-authorized opening of 04 bank accounts - Rs.2.544 million

Section 7(a) NH&MP (Road Safety Campaigns, Performance Reward) Rules, 2007 states that NH&MP share from the fine money shall be deposited in an account maintained with the Allied Bank Limited, Civic Centre Branch, Islamabad.

the DIG N-5, NH&MP was maintaining following 04 bank accounts for depositing and incurring of funds received from Inspector General NH&MP, under Road Safety Campaigns Fund during the year 2016-18.

(Rupees)

S. No.	Name of Bank	Account No.	Name of Office	Opening Balance (01.07.16)	Closing Balance (30.06.18)
1.	Allied Bank Limited, Civic Centre Branch, Islamabad	PLS Account 0010000525620106	DIG N-5 (North Zone)	9,295,654	1,244,077
2.	National Bank Limited, Kamra Branch,	Current Account # 28960-8	SSP N-5 (North-1)	344,564	251,086
3.	National Bank Limited, Civil Lines Branch, Jhelum	Current Account # 005264-9	SSP N-5 (North-2)	2,702,463	639,273
4.	National Bank Limited, G.T. Road Branch, Gujranwala	PLS Account 3062132240	SSP N-5 (North-3)	4,816,489	409,244
			Total	**17,159,170**	**2,543,680**

Audit observed that 04 bank accounts were opened contrary to Road Safety Campaigns, Performance Reward Rules, 2007 wherein share of fine money was to be deposited in the dedicated account of Allied Bank Limited, Islamabad.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends closure of accounts and action against the officials at fault.

6.5.8 Procurement without advertisement - Rs.2.105 million

Rule 12(1) of the Public Procurement Rules, 2004 states that the procurements over one hundred thousand and up to the limit of two million rupees shall be advertised on the Authority's website in the manner and format specified by regulation by the Authority from time to time. These procurement opportunities may also be advertised in print media, if deemed necessary by the procuring agency.

SSP N-5 (North-2), Jhelum incurred an expenditure of Rs.2.105 million from Road Safety funds on different activities during the year 2016-18.

(Rupees)

S. No.	Name of office	2016-17	Amount
1	M/s Mega Enterprises, Rawalpindi	Printing works, shields, Gift Hampers etc.	425,471
2	M/s Amin Traders, Lahore	18 Sign boards for 130 Help Line	1,440,000
3	M/s Falcon-I Pvt. Ltd, Karachi	Tracking System	240,000
		Total	**2,105,471**

Audit observed the procurements were made without calling open tenders in violation of PPRA, 2004.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends that responsibility be fixed for the irregularity.

6.5.9 Misappropriation of receipts of closed Driver Training Schools - Rs.0.863 million

Rule 7(1) of FTR Volume-I states that all moneys received by or tendered to government officers on account of the revenues of the Federal Government shall without undue delay be paid in full into a treasury and shall be included in the Federal Consolidated Fund of the Federal Government.

An audit Para No.8.4.5 (AR-2014-15) "Unauthorized operation of Road Safety Training and collection and utilization of Fee- Rs.11.597" was discussed in the PAC and PAC settled the para subject to depositing of balance amount into the Government Treasury.

Sector N-5(North Zone-III), Gujranwala deposited Rs.862,729 in the NBP Account No. 3062132240 on 22.12.2015 out of cash collection from the trainees of the closed Driver Training Schools. Driver Training Schools were functioning before the commencement of Road Safety Training Institute.

Audit observed that above amount was withdrawn from the bank account on 10.04.2017 vide cheque No. 29712607 and handed over to Staff officer to DIG on 07.04.2017. This amount was neither deposited into Government Treasury and nor taken on cash book by the DIG N-5. Audit also observed that in disregard to PAC directions, management is still operating Road Safety Training Institute.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends implementation of PAC directives and inquiry of the amount withdrawn from the receipts of the closed training schools.

CHAPTER 7

DEFENCE DIVISION

7.1 Introduction

As per Schedule II [Rule 3 (3)] Distribution of Business among the Divisions read with Schedule III [rule-4(4)] Rules of Business 1973 (As amended up to 23rd April, 2019) following main business have been assigned to the Division amongst the other functions.

Defense of the Federation or any part thereof in peace or war including Army, Naval and Air Force of the Federation and any other armed forces raised or maintained by the Federation; and armed forces which are not the forces of the Federation but are attached to or operating with any of the armed forces of the Federation;

1- Civilian employees paid from defense services.

2- International Red Cross and Geneva Conventions in so far as they effect belligerents.

3- Pardons, reprieves and respites, etc. of all personnel belonging to the Armed Forces.

4- Administration of Military Lands and Cantonments Group.

5- National Maritime Policy.

6- Marine surveys and elimination of dangers to navigation.

ATTACHED DEPARTMENTS/ AUTONOMOUS BODIES

i. Directorate of Military Land and Cantonments.

ii. Federal Government Educational Institutions (Cantonments/Garrisons) Directorate.

iii. Pakistan Military Accounts Department.

iv. Office of the Surveyor General of Pakistan.

v. Pakistan Armed Services Board.

vi. Pakistan Maritime Security Agency.

Sr. No.	Description	Total No.	Audited	Expenditure Audited (FY-2018-19) Rs. in million	Revenue / Receipt Audited (FY 2018-19) Rs. in million
1	Formations	14	4	3,006.011	-
2	Assignment Accounts (Excluding FAP)	-	-	-	-
3	Authorities / Autonomous Bodies etc. under the PAO	-	-	-	-
4	Foreign Aided Project (FAP)	-	-	-	-

7.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Defence Division for the financial year 2018-19 was Rs.10,380.475 million, out of which the Division expended an amount of Rs.11,368.420 million. Grant-wise detail of current and development expenditure is as under:

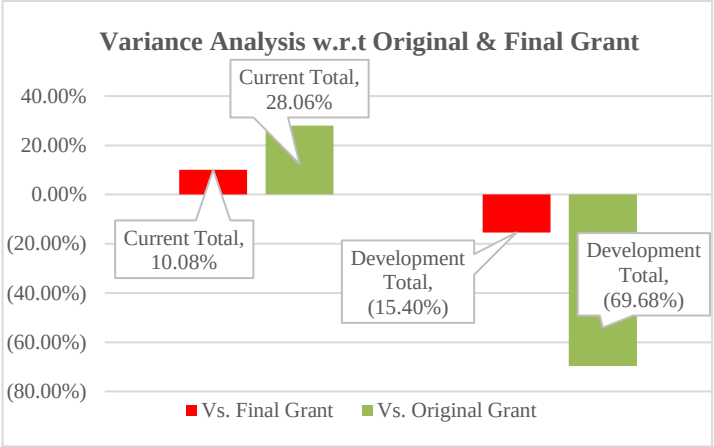
(Rupees in million)

Type of Grant	Grant No.	Original Grant	Supply Grant	Surrender (-)	Final Grant	Actual Expenditure	Excess / (Savings)	Excess / (Savings) % age
Current	23	1,687,000	1,019,131	-8,355	2,697,776	2,696,768	-1,008	(0.04%)
Current	24	1,322,000	0	-24,928	1,297,072	1,290,147	-6,925	(0.53%)
Current	25	5,717,000	469,499	-30,494	6,156,005	7,187,244	1,031,239	16.75%
Current Total		**8,726,000**	**1,488,630**	**-63,777**	**10,150,853**	**11,174,158**	**1,023,305**	**10.08%**
Development	117	530,863	25,001	-344,198	211,666	194,261	-17,405	(8.22%)
Development	118	109,781	0	-91,825	17,956	0	-17,956	(100.00%)
Development Total		**640,644**	**25,001**	**-436,023**	**229,622**	**194,261**	**-35,361**	**(15.40%)**
Total		**9,366,644**	**1,513,631**	**-499,800**	**10,380,475**	**11,368,420**	**987,945**	**9.52%**

Audit noted that there was an overall excess of Rs.987.945 million, which was due to excess in 3 Nos. of Current Grants. In Grant No. 117 supplementary grant was surrendered 100%.

According to Para 71 of General Financial Rules (Volume I), while framing budget estimates, the authorities should exercise utmost foresight. Rules of good governance demand that budget processes are carried out in accordance with clearly defined expectations, assumptions and a coordinated calendar of activity. As shown in the chart below, bifurcating total allocation into current and development expenditure it was observed that, in case of development expenditure, there was 69.68% of savings w.r.t Original grant which reduced to 15.40% savings w.r.t Final Grant and in case of

current expenditure 28.06% of excess expenditure reduced to 10.08% of excess expenditure, as depicted in the graph below:



7.3 Classified Summary of Audit Observations

Audit observations, amounting to Rs.360.310 million, were raised in this report during the current audit of Defence Division. Summary of the audit observations classified by nature is as under:

(Rupees in million)

S. No	Classification	Amount
1	Non-production of record	5.398
2	Reported cases of fraud, embezzlement and m misappropriation	-
3	Irregularities	
A	*HR/Employees related Irregularities*	2.522
B	*Procurement related irregularities*	-
C	*Management of account with commercial banks*	350.000
D	*Recovery*	-
E	*Internal Control*	-
4	Value for money and service delivery	-
5	Others	2.390

7.4 Status of compliance with PAC Directives

Name	Audit Year	Total No. of Audit Paras	No. of Actionable Points Issued	Compliance	Non/Partial Compliance	% of Compliance
Defence Division	1996-97	1	1	0	1	0%
	1997-98	30	30	17	13	57%
	2005-06	6	6	2	4	33%
	2017-18	1	1	0	1	0%
	Total	**38**	**38**	**19**	**19**	**50%**

The Draft Audit Report including following Paras was issued to the PAO on 17.10.2019 with the request to reply and also arrange the DAC meeting to discuss the Paras.

7.5 AUDIT PARAS

7.5.1 Irregular retention and unauthorized investment of funds - Rs.350 million & Rs.80.00 million respectively

Para 95 of the GFR Volume-I states that all anticipated savings should be surrendered to government immediately but not later than 15th May of each year in any case, unless they are required to meet excess under some other unit or units which are definitely foreseen at the time. However, savings accruing from funds provided through supplementary grant after 15th May shall be surrendered to Government immediately these are foreseen but not later than 30th June of each year. No savings should be held in reserve for possible future excesses.

Ministry of Defence released Rs.350 million (Rs.150.000 and Rs.200.000 million in 2015-16 and 2017-18) to Air University for establishing of its Multan Campus. The University management opened a bank account in the name of Air University (Multan Campus Establishment) in the Habib Metropolitan Bank, F-10, Islamabad (Account No. 6-2-47-20614-714-153304) and made investment from the grant from time to time. At present Rs.161.354 million including invested amount of Rs.80.00 million is available with the management.

Audit observed that the funds provided under the regular budget grant were retained by the management in violation of the rules. The grant was invested from time to time without obtaining the approval from the Finance Division.

DAC on 11.11.2019 directed to hold fact finding inquiry.

No compliance of DAC directives was made till finalization of report.

Audit recommends implementation of DAC directives.

7.5.2 Irregular payment of POL without supporting vouchers - Rs.5.398 million

GFR-15 states that every officer whose duty is to prepare and render any accounts of returns in respect of Public money or stores is personally responsible for their completeness and strict accuracy and their dispatch within the prescribed date.

Ministry of Defence purchased POL from Pakistan Air Force during the month of June, 17 to November,2018 and paid Rs.2.062 million and Rs.3.336 million during

the year 2017-18 and 2018-19 respectively. Pakistan Air Force charged Rs.891,670 in excess of the price of POL @ 20% as departmental expenditure. Details are as under:

(Rupees)

S. No.	Period	Total paid	20% D/E
1	6/2017 to 5/2018	2,062,015	620,840
2	6/2018 to 11/2018	3,335,690	270,830
	Total	**5,397,705**	**891,670**

Audit observed that the amount was sanctioned without supporting vouchers as the management failed to produce the POL consumption record of each vehicle. Rs.891,670 was charged by the Pakistan Air Force in excess of the price @ 20% as departmental expenditure.

DAC on 11.11.2019 decided that the matter would be taken up with Air Force authorities within one week.

No compliance of DAC directives was made till finalization of this report.

Audit recommends to stop this practice beside regularization of excess expenditure.

7.5.3 Unauthorized retention of 03 vehicles and expenditure on POL and repair/maintenance - Rs.2.390 million

Para-XV of Annexure to the Cabinet Division No.6/7/2011-CPC dated 12.12.2011 states that the Ministries/Divisions/Departments needing operational vehicles shall get their authorization of such vehicles fixed from the Vehicle Committee constituted with a representative of each from Cabinet Division, Finance Division and the respective Ministry/Division/Department.

The Ministry of Defence was maintaining a fleet of 18 vehicles on Protocol/General/Operational duties since monetization of vehicles.

The Ministry of Defence was maintaining a fleet of 18 vehicles on Protocol/General/Operational duties since monetization of vehicles.

Audit observed that 03 cars having engine capacity ranging from 1300cc to 1600cc were being maintained without authorization for Protocol / General / Operational duties. Rs.2.390 million was incurred for purchase of POL and repair / maintenance of the cars only during the year 2017-19. Details are as under:

(Rupees)

S. No.	Vehicle No	Make & Model	Engine Capacity	Expenditure		Total
				POL	Repair	
1.	RIG-1014	Honda Civic,2009	1800 CC	789,702	197,933	987,635
2.	RIG-1015	Toyota Corolla,2006	1600 CC	458,716	173,120	631,836
3.	RLB-4925	Toyota Corolla, 2002	2000 CC	531,718	238,458	770,176
			Total	**1,780,136**	**609,511**	**2,389,647**

DAC on 11.11.2019 directed to get verification of documents by Audit authority within one week.

No record verification was conducted till the finalization of this report.

Audit recommends surrendering of vehicles to the Cabinet Division besides regularization of the expenditure.

7.5.4 Payment of TA/DA without obtaining the approval of the competent authority - Rs.2.522 million

Cabinet Division Letter No. 9-148/2002-Min.II dated 15.11.2017 state that Ministers shall have full authority for allowing officers working in the Ministries/Divisions/Attached Departments/Autonomous Bodies under their control including the Heads of Institutions and the concerned Federal Secretary for travel abroad. All Federal Ministers/Ministers of State /Advisers/Special Assistants/Officers etc. will be allowed to avail not more than three (03) obligatory visits abroad per year. The Experts/ consultants engaged temporarily and who have been engaged on the basis of the expertise which they already possess will not be eligible for visit abroad.

Para 1 (II) of Cabinet Division Letter No. 9-148/2002-Min.II dated 26.10.2018 states that visits abroad of Secretaries and Additional Secretaries Incharge of Ministries/Divisions shall require approval of the Prime Minister.

Ministry of Defence paid Rs.2.522 million to its following 05 officers on account of TA/DA of visit abroad during the year 2017-19. Detail is at Annex 7-A.

Audit observed as under:

i. The officer placed at serial No.1 made seven visits abroad during the financial year 2017-18 without approval of Prime Minister for visits exceeding the limit of three in violation of instructions of Cabinet Division.

ii. The officers placed at serial No 2 and 3 did not obtain approval of the Minister.

iii. The officer placed serial No. 4 was not eligible for foreign visit as the officer was on contract and Cabinet Division guidelines state that the Experts/ consultants engaged temporarily are not eligible for visit abroad.

iv. The officer placed at Serial No. 5 visited abroad without obtaining the approval of Prime Minister in violation of instructions of Cabinet Division dated 26.10.2018.

v. Post visit report of all the officers including above mentioned is not available on record.

DAC on 11.11.2019 directed for verification of documents of the visits abroad of the officers at serial no. 2, 3 & 5 within one week from the audit and visit abroad of the officer at serial no. 4 would be regularized/obtained ex-post facto approval of the competent authority.

No documents were verified till the finalization of this report.

Audit recommends inquiry to fix the responsibility.

CHAPTER 8

DEFENCE PRODUCTION

8.1 Introduction

As per Schedule II [Rule 3 (3)] Distribution of Business among the Divisions read with Schedule III [rule-4(4)] Rules of Business 1973 (As amended up to 23rd April, 2019) following main business have been assigned to the Division amongst the other functions.

i. Laying down policies or guidelines on all matters relating to defense production.
ii. Procurement of arms, firearms, weapons, ammunitions, equipment, stores, and explosives for the defense forces.
iii. Research and development of defense equipment and stores.
iv. Export of defense products.

ATTACHED DEPARTMENTS / AUTONOMOUS BODIES

i. Directorate General Munitions Production

Sr. No.	Description	Total No.	Audited	Expenditure Audited (FY 2018-19) Rs. in million	Revenue / Receipt Audited (FY 2018-19) Rs. in million
1	Formations	1	1	2,389.563	-
2	Assignment Accounts (Excluding FAP)	-	-	-	-
3	Authorities / Autonomous Bodies etc. under the PAO	-	-	-	-
4	Foreign Aided Project (FAP)	-	-	-	-

8.2 Comments on Budget & Accounts (Variance Analysis)

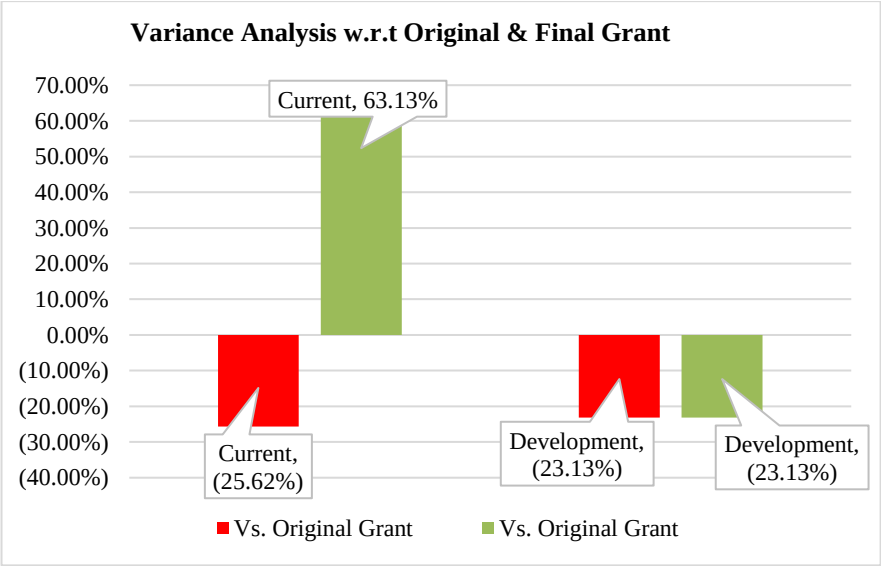
Final budget allocated to the Defence Production Division for the financial year 2018-19 was Rs.4,340.927 million, out of which the Division expended an amount of Rs.3,298.646 million. Grant-wise detail of current and development expenditure is as under:

(Rupees in million)

Type of Grant	Grant No.	Original Grant	Supply Grant	Surrender (-)	Final Grant	Actual Expenditure	Excess / (Savings)	Excess / (Savings) % age
Current	27	698,000	887,000	-54,073	1,530,927	1,138,646	-392,281	(25.62%)
Development	119	2,810,000	0	0	2,810,000	2,160,000	-650,000	(23.13%)
Grand Total		**3,508,000**	**887,000**	**-54,073**	**4,340,927**	**3,298,646**	**-1,042,281**	**(24.01%)**

Audit noted that there was an overall savings of Rs.1,042.281 million, which was due to savings in the Development grant.

According to Para 71 of General Financial Rules (Volume I), while framing budget estimates, the authorities should exercise utmost foresight. Rules of good governance demand that budget processes are carried out in accordance with clearly defined expectations, assumptions and a coordinated calendar of activity. As shown in the chart below, bifurcating total allocation into current and development expenditure it was observed that, in case of development expenditure, there was 23.13% of savings w.r.t Original grant which remained the same w.r.t Final Grant and in case of current expenditure 63.13% of excess expenditure reduced to 25.62% of savings in expenditure, as depicted in the graph below:



8.3 Classified Summary of Audit Observations

Audit observations, amounting to Rs.678.853 million, were raised in this report during the current audit of Defence Production. Summary of the audit observations classified by nature is as under:

(Rupees in million)

S. No	Classification	Amount
1	Non-production of record	667.680
2	Reported cases of fraud, embezzlement and m misappropriation	-
3	Irregularities	
A	*HR/Employees related Irregularities*	-
B	*Procurement related irregularities*	10.173
C	*Management of account with commercial banks*	-
D	*Recovery*	-
E	*Internal Control*	-
4	Value for money and service delivery	-
5	Others	1.000

8.4 Status of compliance with PAC Directives

There are no PAC directives.

The Draft Audit Report including following Paras was issued to the PAO on 17.10.2019 followed by reminders 13.12.2019, 08.01.2020 and 21.01.2020 with the request to reply and also arrange the DAC meeting to discuss the Paras.

8.5 AUDIT PARAS

8.5.1 Non-production of record relating to Rate Running Contract/maintenance cost of Gulfstream aircrafts - US$ 5.339 million (Rs.667.680 million)

Section 14(2) of Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 states that the officer in-charge of any office or department shall afford all facilities and provide record for audit inspection and comply with requests for information in as complete a form as possible and with all reasonable expedition.

Section 14(3) of Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 states that any person or authority hindering the auditorial functions of the Auditor General regarding inspection of accounts shall be subject to disciplinary action under relevant Efficiency and Discipline Rules, applicable to such person.

Ministry of Defence vide their letter No. 8-2/2005/D-9(AF-1), dated 30th Sept., 2005 conveyed the sanction for the procurement/induction of aircrafts and indicated that the expenditure involved would be arranged by Ministry of Finance as a special project allocation to cover the cost of the initial purchase and subsequent yearly cost of maintenance, operation of the aircraft and to be debited to "Demand No. 26 of Ministry of Defence Production.

Ministry of Defence Production released US$ 5.339 million equivalent to Rs.667.680 million on account of Rate Running Contract/maintenance cost of VVIP Gulfstream aircrafts to Air Headquarters during the period 2017-2019.

Audit observed that management of MoDP requested the Air Headquarters for provision of records relating to expenditure incurred on maintenance of both the Gulfstream aircrafts but Air Headquarters failed to provide the records.

Directorate General Audit upon request of Ministry of Defence Production dated 30.04.2019 planned special audit of 2 VVIP Gulfstream aircrafts for the year 2005-06 to 2018-19 and audit team approached Air Headquarters, Islamabad to carry out audit activity but no access to auditable records to the audit team was given

Audit is of the view that in the absence of record, the authenticity of the amount released to Air Headquarters cannot be ascertained.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends that responsibility for non-provision of record be fixed and disciplinary action be taken besides provision of record.

8.5.2 Enhancement of imprest amount without the approval of Finance Division - Rs.1.000 million

Para-132(iii) of GFR Vol-I states that applications for the grant or revision of a permanent advance must be submitted to the sanctioning authority through the Accountant-General concerned who will advise as to the appropriate amount of the advance. The applications for permanent advances should be accompanied by a statement showing month by month for the preceding twelve months the amounts of contingent bills cashed with classified details of items of expenditure

Ministry of Defence production enhanced its imprest amount by drawing cheque from AGPR of Rs.1.000 million from regular budget and paid to M/S PSO vide its invoice dated 12.04.2019 for provisional advance payment of fleet cards for the month of June,2019.

Audit observed that enhancement in the imprest amount was made without obtaining the advice of Accountant-General and approval of Finance Division.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends that matter may be investigated to fix the responsibility.

8.5.3 Irregular purchase of vehicles during period of ban - Rs.4.448 million

Finance Division vide its O.M. No. 7(1) Exp.IV/2016-510 dated 29.07.2016 imposed ban on purchase of all types of vehicles except operational vehicles of law enforcing agencies for which NOC from Finance Division would be required.

Ministry of Defence Production, Rawalpindi purchased three vehicles worth Rs.4.448 million during the year 2016-18. Details are as under:

(Rupees)

S. No	Vehicle No.	Make & Model	Status	Total
1.	RIG-44	Toyota Corolla GLI AT 1297 cc 2017	Condemnation vehicle	1,883,500
2.	RIG-305	Suzuki Cultus 1000 cc 2017	Revised authorization	1,213,675
3.	RIG-233	Suzuki Cultus 1000 cc 2018	Additional vehicle	1,350,578
			Total	**4,447,753**

Audit observed that management purchased vehicles No RIG-44 and RIG-305 without obtaining the approval as ban was imposed on purchase of all types of vehicles under austerity measures during financial year 2016-17 and 2017-18 by the Finance Division. The purchase of vehicle No RIG-233 was made as additional vehicle without obtaining the approval of the vehicle committee.

Audit is of the view that purchase of vehicles during ban period was irregular.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends that matter be investigated besides regularization from competent forum.

8.5.4 Procurement by splitting to avoid open tenders - Rs.5.725 million

Rule 12(1) of the Public Procurement Rules, 2004 states that the procurements over one hundred thousand and up to the limit of two million rupees shall be advertised on the Authority's website in the manner and format specified by

regulation by the Authority from time to time. These procurement opportunities may also be advertised in print media, if deemed necessary by the procuring agency.

Ministry of Defence Production, Rawalpindi incurred an expenditure of Rs.2.242 million on purchase of different items as detailed at Annexure 8-A

Audit observed the procurements were made without inviting open tenders in violation of PPRA, 2004. Audit further observed that Ministry of Defence Production, Rawalpindi incurred an expenditure of Rs.2.031 million and Rs.1.452 million on account of purchase of different items out of the funds provided during the year 2017-18 and 2018-19 respectively.

Audit is of the view that incurring of expenditure without calling open tenders was irregular.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends that responsibility for the procurements made without calling of open tenders be fixed.

CHAPTER 9

ESTABLISHMENT DIVISION

9.1 Introduction

As per Schedule II [Rule 3 (3)] Distribution of Business among the Divisions read with Schedule III [rule-4(4)] Rules of Business 1973 (As amended up to 23rd April, 2019) following main businesses have been assigned to the Division amongst the other functions.

Regulation of all matters of general applicability to civil posts in connection with the affairs of the Federation:

1. Formation of Occupational Groups
2. Policy regarding recruitment to various grades
3. Federal Government functions in regard to Federal Public Service Commission.
4. Career Planning
5. Services Tribunal Act, 1973.
6. Idea Award Scheme.
7. Pakistan Public Administration Research.

ATTACHED DEPARTMENTS / AUTONOMOUS BODIES

i. Secretariat Training Institute.
ii. Staff Welfare Organization.
iii. Akhtar Hameed Khan National Centre for Rural Development.
iv. Civil Services Academy
v. Federal Benevolent Fund & Group Insurance

Sr. No.	Description	Total No.	Audited	Expenditure Audited (FY-2018-19) Rs. in million	Revenue / Receipt Audited (FY 2018-19) Rs. in million
1	Formations	76	4	3,246.056	-
2	Assignment Accounts (Excluding FAP)	-	-	-	-
3	Authorities / Autonomous Bodies etc. under the PAO	2	1	908.409	-
4	Foreign Aided Project (FAP)	-	-	-	-

9.2 Comments on Budget & Accounts (Variance Analysis)

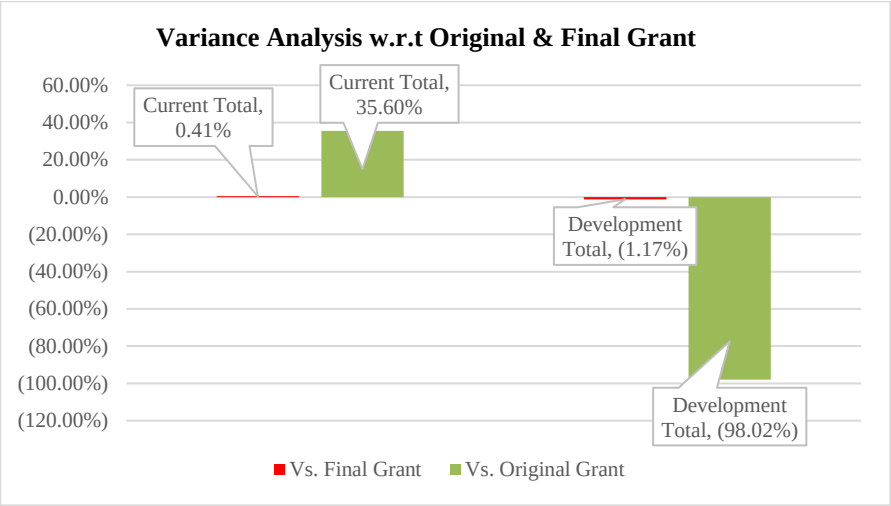
Final budget allocated to the Establishment Division for the financial year 2018-19 was Rs.6,580.449 million, out of which the Division expended an amount of Rs.6,607.127 million. Grant-wise detail of current and development expenditure is as under:

(Rupees in million)

Type of Grant	Grant No.	Original Grant	Supply Grant	Surrender (-)	Final Grant	Actual Expenditure	Excess / (Savings)	Excess / (Savings) % age
Current	9	2,734.000	93.002	-79.369	2,747.633	2,756.352	8.720	0.32%
Current	11	2,138.000	1,711.076	-16.760	3,832.316	3,850.280	17.964	0.47%
Current Total		**4,872.000**	**1,804.078**	**-96.129**	**6,579.949**	**6,606.633**	**26.684**	**0.41%**
Development	111	25.000	0.000	-24.500	0.500	0.494	-0.006	(1.17%)
Development Total		**25.000**	**0.000**	**-24.500**	**0.500**	**0.494**	**-0.006**	**(1.17%)**
Grand Total		**4,897.000**	**1,804.078**	**-120.629**	**6,580.449**	**6,607.127**	**26.678**	**0.41%**

Audit noted that there was an overall excess of Rs.26.678 million, which was due to excess in 2 Nos. of Current Grants.

According to Para 71 of General Financial Rules (Volume I), while framing budget estimates, the authorities should exercise utmost foresight. Rules of good governance demand that budget processes are carried out in accordance with clearly defined expectations, assumptions and a coordinated calendar of activity. As shown in the chart below, bifurcating total allocation into current and development expenditure it was observed that, in case of development expenditure, there was 98.02% of savings w.r.t Original grant which reduced to 1.17% savings w.r.t Final Grant and in case of current expenditure 35.60% of excess expenditure reduced to 0.41% of excess expenditure, as depicted in the graph below:



9.3 Classified Summary of Audit Observations

Audit observations, amounting to Rs.27,476.805 million, were raised in this report during the current audit of Establishment Division. This amount also includes recoveries of Rs.6,766.077 million as pointed out by the audit. Summary of the audit observations classified by nature is as under:

(Rupees in million)

S. No	Classification	Amount
1	Non-production of record	0.000
2	Reported cases of fraud, embezzlement and m misappropriation	54.015
3	Irregularities	
A	*HR/Employees related Irregularities*	8,216.051
B	*Procurement related irregularities*	-
C	*Management of account with commercial banks*	-
D	*Recovery*	6,766.077
E	*Internal Control*	7,945.134
4	Value for money and service delivery	118.398
5	Others	4,361.667

9.4 Status of compliance with PAC Directives

Name	Audit Year	Total No. of Audit Paras	No. of Actionable Points Issued	Compliance	Non/Partial Compliance	% of Compliance
Establishment Division	1989-90	1	1	0	1	0%
	1990-91	1	1	0	1	0%
	1992-93	2	2	1	1	50%
	1994-95	2	2	2	0	100%
	1995-96	3	3	2	1	67%
	1998-99	81	81	44	37	54%

Name	Audit Year	Total No. of Audit Paras	No. of Actionable Points Issued	Compliance	Non/Partial Compliance	% of Compliance
	2003-04	3	3	1	2	33%
	2005-06	1	1	0	1	0%
	2008-09	2	2	0	2	0%
	2009-10	1	1	1	0	100%
	2013-14	3	3	0	3	0%
	Total	**100**	**100**	**51**	**49**	**51%**

The Draft Audit Reports including following Paras was issued to the PAO on 14.01.2020 followed by reminder 30.01.2020 with the request to reply and also arrange the DAC meeting to discuss the Paras.

9.5 AUDIT PARAS

9.5.1 Non-production of record

Section 14 (2) of Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 states that the officer in-charge of any office or department shall afford all facilities and provide record for audit inspection and comply with requests for information in as complete a form as possible and with all reasonable expedition.

Section 14(3) of Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 states that any person or authority hindering the auditorial functions of the Auditor General regarding inspection of accounts shall be subject to disciplinary action under relevant Efficiency and Discipline Rules, applicable to such person.

The audit of accounts of the Establishment Division for the period 2016-17 to 2018-19 was started w.e.f. 09.12.2019 and management was repeatedly requested to produce the following information / record to Audit:

1. File regarding absorption of Mr. Waseem Raja Kalhoro, Steno typist (BS-14)
2. Copy of Inquiry conducted by Establishment Division regarding absorption of Mr. Waseem Raja Kalhoro, Steno typist.
3. Relevant files/ approval of competent authority for grant of Additional Charge to officers/ staff during financial year 2016-19.
4. File regarding conducting of fact finding inquiry by the Inquiry Committee headed by Deputy Secretary regarding mis-appropriation of store items. Copy

of fact finding inquiry report and action taken by the Establishment Division against the concerned officers/ officials.

5. Detail of supernumerary posts during the period under audit i.e. 2016-19.
6. Record relating to recruitment made during the period under audit.
7. Copies of Internal Audit Report and Physical Verification Report for the period under audit.
8. Detail of departmental inquiries, FIA and NAB cases, if any.
9. List of court cases, if any.
10. The personal files of the officers, who were paid Deputation Allowance.
11. Vehicle wise detail of monthly POL limit available on fleet cards and actually purchased during the period under audit.
12. Detail of POL purchased through other outlets on payment of cash/credit.
13. List of Cashier and Store Keeper showing their period of posting against each.
14. Previous hiring file of Dr. Ejaz Ahmed, Section Officer.

Audit observed that despite repeated written requests made to the management, the above record was not produced to Audit till 08.01.2020.

Audit was of the view that in the absence of the record the authenticity of the expenditure could not be ascertained and non-production of record is hindrance in the auditorial function of the Auditor General of Pakistan.

DAC held on 25.02.2020 took serious notice of non-provision of record and directed to ensure the availability of record to audit.

Audit recommends implementation of DAC decision.

9.5.2 Fictitious purchase of stationery & other store items - Rs.48.003 million

Para 145 of GFR Volume-I, states that "purchases must be made in the most economical manner in accordance with the definite requirements of the public service".

Establishment Division floated open tenders during financial year 2016-17 and 2017-18 for purchase of office stationery, computer stationery and other store items. An expenditure of Rs.48.003 million was incurred during the financial year 2016-19.

Audit observed that the procurement of Rs.41.810 million was made without the approved purchase committee during the financial year 2016-18. An internal

inquiry is being conducted in the Ministry. The details of the inquiry were not shared with the audit.

Audit further observed that entries in the stock register were not made. Entries of opening balances, quantity of items issued and closing balances were not verified by the officer-in-charge. In the absence of proper certificate, the receipt and issuance of items of Rs.27.706 million remains unverifiable. For an amount of Rs.1,462,121 even the copies of contingent bills were not maintained and whereabouts of 78,690 issued items worth Rs.7,165,019 were also not on record.

DAC held on 25.02.2020 was apprised that an inquiry has been ordered by the PAO to probe the issue and directed to share the outcome of the inquiry with audit.

Audit recommends the implementation of the DAC decision.

9.5.3 Un-authorized grant of honorarium to employees of other departments - Rs.14.032 million

Rule-46(b) of Fundamental Rules states that "a local Government may grant or permit a Government servant to receive an honorarium from general revenues as remuneration for work performed which is occasional in character and either so laborious or of such special merit as to justify a special reward".

Rule-157 of FTR states that "Cheques drawn in favor of Government officers and departments in settlement of Government dues shall always be crossed "A/c payee only not negotiable".

The Establishment Division submitted three cases for grant of honorarium to Finance Division including 501 employees of other departments by treating them employees of Establishment Division during financial years 2016-19. On receipt of sanction cash payment instead of cheques, of honorarium amounting to Rs.14,032,695 was made to the employees of other departments which included 284 employees of CDA, 96 Contingent Paid Staff, 66 employees of AGPR, 39 of Interior Division and 16 of Finance Division.

Audit observed that the payment of honorarium to employees of other the departments out of budget of the Establishment Division without any justification and recommendation of their parent departments was irregular.

Audit further observed that the cheques received from AGPR were not entered in Cash Book.

DAC held on 25.02.2020 directed to deduct the income tax according to the income tax slabs besides amending the summary to get approval of the competent authority for paying honorarium to officials of other departments.

Audit recommends implementation of the DAC decision.

9.5.4 Payment of inadmissible allowances - Rs.4.509 million

Para-9 of GFR Volume-I states that "no authority may incur any expenditure or enter into any liability involving expenditure from public funds until the expenditure has been sanctioned by general or special orders of the President or by an authority to which power has been duly delegated in this behalf and the expenditure has been provided for in the authorized grants and appropriations for the year".

The Establishment Division, Islamabad made payments of various allowances to its employees during the financial year 2016-17 to 2018-19 as detailed at Annexure 9-A

Audit observed that the payment of above allowances was made to officers/ officials of Establishment Division without the approval of Finance Division. No budget allocation was made by the Finance Division under the relevant head of accounts.

DAC held on 25.02.2020 settled the para to the extent of admissible allowance paid without budget allocation as there is no check in SAP on pay and allowances. However, recovery was ordered from the employees who were not entitled to these allowances.

Audit recommends the implementation of the DAC decision.

Federal Government Employees Benevolent & Group Insurance Fund

9.5.5 Irregular payment of allowances - Rs.48.996 million

Section 23 of the Federal Employees Benevolent and Group Insurance Act, 1969 states that the Federal Government may make rules for the purpose of giving effect to all or any of the provisions of the Act.

Finance Division O.M No F.4(2) R.4/2006 dated 26.12.2006 states that FEB&GIF adopted National Pay Scale Scheme.

Following allowances and perquisites are being paid to the employees of the FEB & GIF in addition to the National Pay Scales:

S. No.	Allowance admissible Per month	Allowance Paid Per month	Excess Paid
1.	Medical Allowance BPS 1 to 15 Rs.650 BPS 16 and above Rs.1000	Medical Allowance 15% of basic pay	
2.	House Rent Subsidy 60% of the basic pay	House Rent Subsidy 90% of the basic pay	30%
3.	Conveyance Allowance @ of 20% of the initial pay scale	Conveyance Allowance @ of 25% of the initial pay scale	5%
4.	Canteen Allowance BPS 1-17 Rs.200, BPS-18 Rs 300 BPS-19 Rs 400	Canteen Allowance BPS1-16 Rs.400, BPS-17 Rs.450, BPS-18 Rs.500 BPS-19Rs 700 BPS-20 & above	Canteen Allowance BPS1-16 Rs.200, BPS-17 Rs.150, BPS-18 Rs.200 BPS-19Rs 300 BPS-20 & above
5.	Amenity Allowance BPS1-7 Rs.150 BPS 8-16, Rs.200 BPS-17 Rs.250 BPS-18 Rs 300 BPS 19 Rs 400	Amenity Allowance BPS1-7 Rs 450 BPS 8-15, Rs 500, BPS 16-17 Rs 600, BPS-18 Rs.800 BPS-19 Rs.1200 BPS-20 Rs1,600 , BPS 21 & above Rs 2,000	Amenity Allowance BPS1-7 Rs.300 BPS 8-15, Rs.300, BPS 16-17 Rs.350, BPS-18 Rs.500 BPS-19 Rs.800 BPS-20 Rs.1,600 , BPS 21 & above Rs 2,000

Audit observed that in absence of the approved service rules by the Federal Government, the allowances of Federal Government were admissible but FEB&GIF made payment in excess of the admissible amount resulting in additional payment of Rs.48.996 million during the financial year 2017-18.

The management replied that the rates of allowances were increased with the approval of the Board of Trustees (BOT). Finance Division had vetted Service Rules, wherein it had been recommended by the Finance Division that "BOT will approve the allowances with concurrence of the Finance Division".

Reply is not acceptable as increasing the amounts of allowances without concurrence of Finance Division and in the absence of approved rules of FEB&GIF is irregular.

DAC held on 25.02.2020 was apprised that rules are being framed and directed to regularize the allowances being paid under newly framed rules.

Audit recommends implementation of the DAC decision. Para stands till formulation of rules and regularization of allowances.

9.5.6 Non-recovery of contribution from autonomous bodies - Rs.26.837 million

Para 23 of GFR Volume-1 states that every Government Officer should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part.

Rule 6A (1) of Federal Employees Benevolent Fund and Group Insurance Rules, 1972 states that every employee shall make a monthly payment of the Group Insurance Fund.

FEBF&GI, Islamabad, is paying benefit of BF&GI schemes to the employees of 429 Autonomous Bodies.

It was observed that an amount of Rs.26,837,974 was outstanding on account of contribution against the employees of the autonomous bodies despite the fact that all benefits of the scheme were being availed by the employees of these organizations. Detail are as under:

(Rupees)

S. No.	Autonomous Body	Amount
1.	Pakistan Atomic Energy Commission, Islamabad	323,265
2.	Geological Survey of Pakistan	122,710
3.	Drug Regulatory Authority	1,125,000
4.	National Saving	289,873
5.	Garrison Engineer	17,130,847
6.	Pak-PWD	7,846,279
Total		**26,837,974**

Audit is of the view that the fund has been deprived of its due receipt in the absence of contribution by the Autonomous bodies.

Management replied that against outstanding amount of Rs.26.837 million, an amount of Rs.8.938 million had been received to date.

DAC held on 25.02.2020 was apprised that Rs.22.793 million had been recovered. DAC directed to expedite the recovery of balance amount. Para stands till recovery of full amount.

Audit recommends implementation of the DAC decision.

9.5.7 Life insurance of employees not arranged - Rs.8,149.90 million

Section 16 of the Federal Employees Benevolent Fund and Group Insurance Act, 1969 states that the Board may from time to time arrange for the insurance of the

life of the employees in sums as may be prescribed with such insurance company or other insurer and for such period as it deems fit, and where any such arrangement subsists, the liability to pay the said specified sums shall directly devolve upon the insurance company or other insurer.

FEB & GIF, Islamabad collected an amount of Rs.8,149.90 million (5,315.76 + 2,834.14) during financial year 2017-18 and 2018-19 on account of group insurance from the Federal employees.

Audit observed that the Board had not hired an insurance company or other insurer for insurance of the life of the employees, however, disbursements of Rs.5,166.703 million were made from this account during financial years 2017-19.

Management replied that the audit observation is based on Section 16 of the Act, which only empowers for administrative arrangements. The word "shall" has been used in Section 15 of the Act for payment and "may" for arrangement of insurance company in Section 16 of the Act which is not binding upon FEB & GIF. The Board either can arrange with the insurance company for payments or otherwise.

Reply is not acceptable as it is clearly stated under Section 15 of the Act that the Board may from time to time arrange for the insurance of the life of the employees in sums as may be prescribed with such insurance company or other insurer and for such period as it deems fit.

DAC held on 25.02.2020 directed to refer the matter to Law Division for opinion on utilization of insurance fund for purposes other than insurance.

Audit recommends implementation of the DAC decision.

9.5.8 Irregular expenditure from GIF account without covering insurance - Rs.4,231.476 million

Section 17 (4) of the Federal Employees Benevolent Fund and Group Insurance Act, 1969 states that all payments made under Section 15, the expenses on any arrangement entered into by the Board with any insurance company or other insurer as provided in the section 16 and all expenses on the administration of the Insurance Fund shall be defrayed from the Insurance Fund.

Section 17 (5) states that any sums remaining in the Insurance Fund after defraying the expenses referred to in sub-section (4) may be utilized for such purposes connected with the benefit of the employees including retired employees, and their families as the Board may direct.

FEB & GIF, Islamabad incurred an expenditure of Rs.4,231.476 million (2,352.106 + 1,879.37) on account of reimbursement of tuition fee/educational stipends and marriage grant out of this account during the financial years 2017-19.

Audit observed that management paid on account of reimbursement of tuition fee/educational stipends and marriage grant FEB & GIF, Islamabad from the GIF without arranging for the insurance of the life of the employees.

Audit is of the view that payment on other accounts without arrangement of the insurance of the life of the employees was irregular.

Management replied that arrangement of insurance of life with the insurance company was also raised during previous audit but after the reply of FEB & GIF, the same was dropped and no para was issued.

Reply is not acceptable as the insurance fund is meant only for insurance.

DAC held on 25.02.2020 directed to refer the matter to BOT for opinion in the light of audit observation.

The audit recommends implementation of the DAC decision and reconsideration of issue in the light of BOT opinion.

9.5.9 Irregular payment of supervision fee - Rs.38.068 million

An agreement between Federal Employees, Benevolent & Group Insurance Fund and EA Consulting (Pvt.) Limited., was signed on November, 2011 for Architectural and Engineering Design and Construction Supervision of Building on Plot 58, Blue Area, Islamabad.

Clause 4 of the Appendix D payment installments states that 5% of the project supervision fee will be paid on ground breaking and remaining amount in 10 installments upon completion of various phases in consultation with the owner.

FEB & GIF, Islamabad paid an amount of Rs.38.608 million to M/s EA Consultants on account of supervision fee. Details are as under:

(Amount in Rupees)

S. No.	Invoice No	Date	Amount	GST	Income Tax
1	EA/Acts/0179/18	09.03.2018	10,876,031	1,461,738	730,869
2	EA/Acts/1035/18	02.05.2018	4,266,568	588,492	294,246
3	EA/Acts/1397/18	19.06.2018	4,266,568	588,492	294,246
4	EA/Acts/1965/18	03.10.2018	6,399,852	882,738	511,988
5	EA/Acts/2639/18	04.12.2018	4,266,568	588,492	341,325
6	EA/Acts/0245/19	31.01.2019	4,266,568	588,492	341,325
7	EA/Acts/0722/19	03.04.2019	4,266,568	588,492	341,325
		Total	**38,608,723**	**5,286,936**	**2,855,324**

Audit observed that payment of 7 installments out of 10 amounting to Rs.254.064 million was made as consultancy fee just after completion of one phase out of the three phases.

The management replied that the payments in question were interim and subject to adjustment with actual cost of the work done to be finalized at the time of completion of Project.

Reply is not acceptable as the project is at its foundation level but consultant has been paid Rs.38.609 million without observing the conditions of the agreement.

DAC held on 25.02.2020 directed to revise the schedule of payment to the consultant in the light of audit observation.

Audit recommends implementation of the DAC decision.

9.5.10 Less recovery of contribution from Finance Division - Rs.6,739.240 million

Para 23 of GFR Volume-1 states that every Government Officer should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence.

Prime Minister accorded approval of the Para 7 of the summary for the Prime Minister on 07.05.2019 in which it had been proposed to PM to direct the Finance Division to release the arrear payment on account of contribution towards Group Insurance amounting to Rs.8,393.24 million during financial year 2018-19.

Audit observed that Finance Division paid current year's liability of Rs.1,654.00 million through supplementary grant and left the balance amount of Rs.67,329.240 million unpaid.

Management replied that the matter for release of funds of Rs.3369.62 million i.e. first four quarterly installments of total arrears of Rs.6,739.24 million, as approved by the Prime Minister, had already been taken up with Finance Division through Establishment Division.

DAC held on 25.02.2020 directed to take up the matter with Finance Division for release of funds. Para stands till full recovery from Finance Division.

Audit recommends early recovery of the amount.

9.5.11 Imposition of surcharge due to non-construction of building - Rs.91.738 million

Para-23 of GFR. Volume-I states that every Government officer should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence.

FEBF & GIF, Islamabad purchased land measuring 90-Kanal in Finance and Trade Centre of M. A Johar Town, Lahore through auction on 02.11.2011 at a cost of Rs.1,002.690 million.

Audit observed that management did not take any step for construction of building even after lapse of eight years. Consequently, Lahore Development Authority vide their letter No. DEM-I/LDA/1802737 dated 16.08.2018 imposed surcharge for the period 02.11.2014 to 31.12.2018 amounting to Rs.91,738,356.

Management replied that upon issuing demand of Rs.91.738 million surcharges on delay of completion of building by the LDA, the factual position of delay was discussed with them besides submitting formal request to waive off the said surcharge vide this office letter dated 13.09.2018.

The reply is not acceptable as LDA has not waived-off the surcharge amount.

DAC held on 25.02.2020 directed to expedite the construction of building and take up the matter with LDA to write off the amount.

Audit recommends implementation of the DAC decision.

9.5.12 Poor performance by surrendering of allocated amount due to non-monitoring of the project - Rs.7,945.134 million

Para 2.8 of Guidelines for Project Management provides that project executing and sponsoring agencies should be responsible for monitoring of progress reports and computerize all information under Project Monitoring and Evaluation System (PMES) already developed by the Projects Wing. MIS should be set up by each sponsoring agency in line with requirement of PMES.

Para 8.8 of Guidelines of Project Management provides that last but not the least is the role of a Project Director in completing the project without time and cost overrun. among all the stakeholders of a development project or program, role of the project Director or Manager will be pivotal in the successful implementation of RBM.

Federal Employees Benevolent Fund and Group Insurance, Islamabad planned to construct a multipurpose building in Blue Area, Islamabad. For this purpose, a PC-1 was approved by the Development Working party of FEB&GIF vide Notification No.F.No.5/1/2013-Admn-III dated 04.02.2013 at a cost of Rs.5,604.015 million. A

revised PC-I was also prepared and approved by the management vide letter No.10/49/BF-Tower /2014-15 dated 23.06.2016 at the revised cost of Rs.7945.134 million with the time limit of three years.

Audit observed that out of the total allocation of Rs.2,100.00 million for the period under audit, Rs.1,550.00 million was surrendered and payment of Rs.254.065 million was made to the contractor. Remaining amount of Rs.295.935 million was unspent at the end of the year.

Audit is of the view that management failed to prepare monitoring mechanism for effective control of the development activities of the project due to which progress of the project is slow.

Management replied that conditions of Contract published by the Pakistan Engineering Council (PEC) being a Statutory Regulatory body on the subject, were being followed.

Reply is not satisfactory as 12.10% utilization of funds during the financial year depicts the very slow progress of the project.

DAC held on 25.02.2020 directed to conduct the fact finding inquiry and share the outcome of inquiry with audit.

Audit recommends implementation of the DAC decision.

9.5.13 Retention of fund in current account instead of interest bearing accounts - Rs.112.934 million

Para 10 (i) of GFR Volume-I states that 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.

FEB & GIF, Islamabad was maintaining the following current accounts. Details are given as under:

(Rupees)

S. No.	Name of Bank	Account Title	Balance on 30.06.2019
1.	National Bank of Pakistan, Melody Branch, IBD	Benevolent Fund 5405-2/4035246650	81,219,992.24
2.		Group Insurance Fund 5406-1/4035246669	31,714,568.59
Total			**112,934,560.83**

Audit observed that above mentioned accounts were maintained for the purpose of contribution and payment of Benevolent Fund and Group Insurance Fund to the

beneficiaries but the amounts were placed in current accounts instead of interest bearing accounts.

The management replied that the amounts received in both accounts on 28.06.2019 to 30.06.2019 cannot be transferred to profit earning account before closing of financial year due to closed holiday on 29.06.2019 and 30.06.2019.

Reply is not accepted because retention of trust money in current account has caused loss.

DAC held on 25.02.2020 directed the management to take the case to BOT for conversion of current account into interest bearing daily product account.

Audit recommends implementation of the DAC decision.

9.5.14 Non-completion of Beneficiary Services Management System - Rs.1.763 million

A software Development and Implementation Contract between Federal Employees Benevolent and Group Insurance Fund (FEB&GIF) and Digital Processing Services (DPS) Pvt. Limited, Islamabad was signed in December, 2011 for Rs.3,450,000.

Clause 12.1 of the agreement states that the DPS shall perform its obligations under this agreement strictly with the deadlines stipulated in the agreed project Schedule. For all works to be provided, as the case may be, hereunder and all other obligations of the DPS, it is agreed and acknowledged that time is of the essence.

FEB & GIF, Islamabad paid an amount of Rs.1,763,441 up to 28.06.2016.

Audit observed that the FEB & GIF paid to the contractor 51.11% of the total cost upto sixth milestone. The seventh milestone was carried out by the contractor after 5 years and since 28.06.2016 no activity was carried out.

Audit is of the view that the non-development of the software for the benefit of beneficiaries and payment to the contractor for the incomplete contract is infructuous.

The management replied that CEO, DPS in the meeting held on 26.12.2018 committed to resume the software development work. In this regard, efforts were being made to get remaining modules completed on priority or to close the contract.

Reply is not acceptable as delay in work has caused loss to the department.

DAC held on 25.02.2020 was apprised that inquiry has already been done. DAC directed to share the outcome of the inquiry with audit.

Audit recommends implementation of the DAC decision.

Staff Welfare Organization

9.5.15 Allotment of accommodation to the non-entitled employees and non-recovery of dues - Rs.1.007 million

In terms of Hostel Accommodation Rules, 2012 all females Federal Government employees posted at Islamabad to Rawalpindi who are neither in possession of any government accommodation nor owing any house in Islamabad or Rawalpindi shall be entitled for allotment of accommodation in the hostel for a period of not exceeding six months with no extension subject to the availability of accommodation on payment of rent and charges as prescribed in these rules.

Staff Welfare Organization allotted accommodation to the female Government as well as private/Semi-government employees for a period of six months.

Audit observed that accommodation was provided to non-entitled employees. The management also failed to get the accommodation vacated after six months and recover the outstanding dues amounting to Rs.1,007,750 for the period 2018-19 from defaulters.

DAC held on 25.02.2020 was apprised that during 2018-19 a recovery of Rs.2.78 million has been made out of Rs.3.789 million and Rs.1.007 is still outstanding. The DAC directed to expedite the outstanding recovery and efforts be made through the district management for vacating the hostel rooms from unauthorized occupants.

Audit recommends implementation of DAC decision under intimation to audit.

9.5.16 Un-necessary / irregular hiring of private property for rest house - Rs.2.241 million

In terms of Finance Division Letter No. F8(69) R.14/83/2001-452 dated 18.10.2001 in future cases of initial hiring should be forwarded to Finance Division (Regulation Wing) with the approval of Secretary In-charge of Ministry/Division concerned through respective FAs Organization.

The Staff Welfare Organization hired a private property adjacent to Holiday Home, Murree having a covered area 1,297 sq. ft. and executed a contract for three

years w.e.f. 29.06.2017 at monthly rent of Rs.62,256 (Rs.62,256 ×12 month × 3 years = Rs.2,241,216).Audit observed that the management did not obtain the approval of Ministry of Finance and the building was hired unnecessarily as the rooms of Holiday Homes were being booked in Staff Welfare Organization, Islamabad.

DAC held on 25.02.2020 directed for physical verification of the office accommodation to ensure its need assessment.

Audit recommends implementation of DAC decision and sharing of the physical verification report with audit.

Civil Service Academy

9.5.17 Un-authorized retention of public money - Rs.5.464 million

Para 1(iv) of Revised Procedure for Operation of Lapsable Assignment Accounts of Federal Government describes that the amounts remaining unspent at the close of the financial year shall not be used for the next financial year.

Para 2(vi) of Revised Procedure ibid requires that the officers holding Assignment Accounts shall ensure that no money is drawn from these accounts unless it was required for immediate disbursement. Moneys shall not be drawn for deposit into chest or any bank account.

Civil Services Academy, Lahore transferred funds of Rs.5.464 million from assignment account to the bank account of Pension Fund for disbursement to the pensioners.

Audit observed that instead of direct payment to pensioners from assignment account the management transferred the amount, from assignment account to CSA's bank account No.3034886971, irregularly and retained it even after closure of financial year and still not paid to the pensioners.

Department in its reply stated that these funds would be utilized for the purpose they were drawn i.e. for payment of pension and after the payment this account will be closed.

Reply is not satisfactory as the pension payments are to be made directly to the pensioners from assignment account.

DAC was not convened till finalization of report.

Audit recommends depositing the balance into Government treasury.

CHAPTER 10

FEDERALLY ADMINISTERED TRIBAL AREAS (FATA) SECRETARIAT

10.1 Introduction

The Government through 25th Constitutional Amendment Bill in 2018 merged the Federally Administered Tribal Areas with the Province of Khyber Pakhtunkhwa. Prior to the 25th Amendment of the Constitution since 1947, FATA comprising seven tribal agencies and six Frontier Regions were administered through Political Agents appointed by the President of Pakistan. The Political Agents were administratively under the control of the Ministry of State and Frontier Regions. After the merger the functions of the education, health, law and order, agriculture etc. has now been assigned to the relevant departments in the government of Pakistan.

Sr. No.	Description	Total No.	Audited	Expenditure Audited (FY-2018-19) Rs. in million	Revenue / Receipt Audited (FY 2018-19) Rs. in million
1	Formations	531	43	51,734.001	-
2	Assignment Accounts (Excluding FAP)	-	-	-	-
3	Authorities / Autonomous Bodies etc. under the PAO	-	-	-	-
4	Foreign Aided Project (FAP)	5	4	408.000	-

10.2 Comments on Budget & Accounts (Variance Analysis)

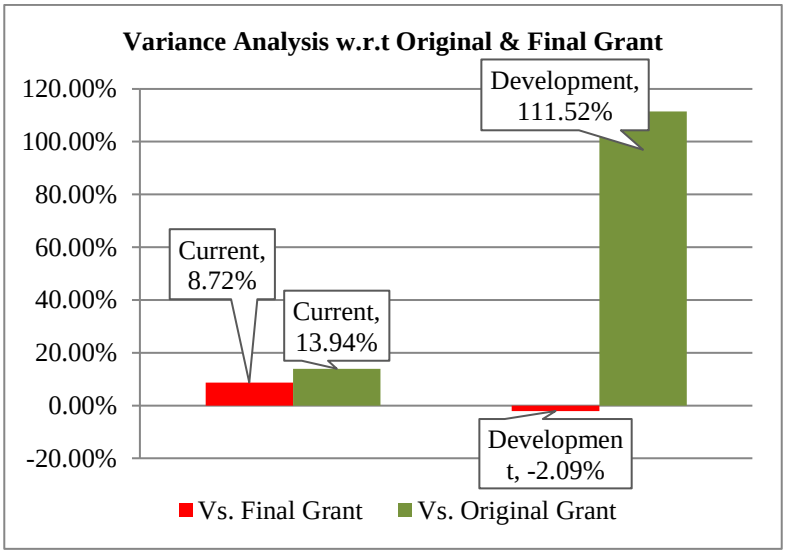
Final budget allocated to FATA for the financial year 2018-19 was Rs.79,660.701 million out of which FATA utilized Rs.80,883.519 million. Audit noted that there was an overall excess expenditure of Rs.1,222.818 million, which was 1.54% of total Final Grant.

(Rupees in million)

Grant No.	Type of Grant	Original Grant	Supplementary Grant	Surrender (-)	Final Grant	Actual Expenditure	Excess/ (Saving)	% age Excess/ (Saving)
101	Current	25,505.000	1,226.250	-	26,731.250	29,061.652	2,330.402	8.72
139 & 139A	Development	24,500.000	33,522.950	-	52,929.451	51,821.868	(1,107.583)	(2.09)
	Grand Total	**50,005.000**	**34,749.200**	**-**	**79,660.701**	**80,883.52**	**1,222.819**	**1.54**

According to Para 71 of General Financial Rules (Volume I), while framing budget estimates, the authorities should exercise utmost foresight. Variation between estimated and actual expenditure captures the level of foresight that goes into budget

formulation. As shown in the chart below, it was observed in case of Current Grant that there was an excess expenditure of 13.94% w.r.t Original Grant which was reduced to 8.72% w.r.t. Final Grant and in case of Development Grant there was a 2.09% saving which was changed to 112% excess w.r.t. Original Grant, as depicted in the graph below:



10.3 Classified Summary of Audit Observations

Audit observations, amounting to Rs.3,001.149 million, were raised in this report during the current audit of Federally Administered Tribal Areas (Fata) Secretariat. This amount also includes recoveries of Rs. 23.547 million as pointed out by the audit. Summary of the audit observations classified by nature is as under:

(Rupees in million)

S. No	Classification	Amount
1	Non-production of record	684.295
2	Reported cases of fraud, embezzlement and misappropriation	374.915
3	Irregularities	
A	*HR/Employees related Irregularities*	627.347
B	*Procurement related irregularities*	218.561
C	*Management of account with commercial banks*	-
D	*Recovery*	23.547
E	*Internal Control*	-
4	Value for money and service delivery	410.946
5	Others	661.538

10.4 Status of compliance with PAC Directives

Name	Audit Year	Total No. of Audit Paras	No. of Actionable Points Issued	Compliance	Non/Partial Compliance	% of Compliance
FATA Secretariat	1989-90	6	6	0	6	0%
	1990-91	4	4	1	3	25%
	1992-93	8	8	7	1	88%
	1993-94	24	24	17	7	71%
	1994-95	10	10	10	0	100%
	1998-99	1	1	1	0	100%
	1999-00	2	2	0	2	0%
	2000-01	24	24	0	24	0%
	2005-06	12	12	3	9	25%
	2006-07	8	8	0	8	0%
	2007-08	5	5	1	4	20%
	2009-10	5	5	0	5	0%
	2010-11	4	4	2	2	50%
	2013-14	7	7	5	2	71%
	2017-18	8	8	0	8	0%
	Total	**128**	**128**	**47**	**81**	**37%**

The Draft Audit Report including following Paras was issued to the PAO on 05.12.2019, 24.12.2019, 26.12.2019, 07.01.2020 and 10.01.2020 followed by reminder 20.01.2020, 21.01.2020 and 17.02.2020 with the request to reply and also arrange the DAC meeting to discuss the Paras.

10.5 AUDIT PARAS

Irrigation Department KPK

10.5.1 Deposit of Federal receipts into Provincial treasury - Rs.183.186 million

As per Para-10 of GFR Volume-I, 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.

The Project management of Re-modelling of Warsak Canal System, Nowshehra and Peshawar District awarded works for execution to various contractors during the financial year 2014-15 to 2017-18 and deducted Income Tax Rs.183.186 million from suppliers and deposited in provincial treasury.

Audit observed that income tax of Rs.183,186,023 deducted from the Contractors' bills was deposited into the Provincial Treasury of Khyber Pakhtunkhwa under the Object Head G-12714 Liabilities, rather than into the Federal Government treasury under the head of receipts.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends the adjustment of the amount to Federal treasury

10.5.2 Non-acquisition of Performance Guarantee as per revised cost - Rs.96.835 million

Annexure MG-I of the standard forms of bidding documents for procurement of works, states that the contractor shall use the advance for the purpose of contract and if he fails and commits default in fulfillment of any of his obligations for which the advance payment is made, the guarantor shall be liable to the employer for payment not exceeding the aforementioned amount.

The project management of Remodeling of Warsak Canal System Irrigation Department Khyber Pakhtunkhwa Peshawar Main Warsak Gravity Canal, awarded Package-05 contract to M/s Khyber Grace (Pvt.) Ltd at the cost of Rs.413.804 million during the financial year 2014-15. The Contractor provided a Performance Guarantee of Rs.41.38 million i.e. 10% of the contractual cost. In the Financial Year 2016-17 Package-5 was increased to Rs.968.350 million.

Audit observed that the PC-I of the project was revised during the financial year 2016-17 to the cost of Rs.11,137.58 million, share of the subject work i.e. Package-5 was Rs.968.35 million. The management was required to acquire Performance Guarantee of Rs.96.835 million (10% of the revised cost) from the contractor, however the same was not secured which was irregular.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry to fix responsibility besides regularization of the amount.

10.5.3 Non-imposition of liquidated damages - Rs.41.380 million

As per Section-5(H) of the standard forms of bidding documents for procurement of works the Conditions of Contract contain no overall limit on the Contractor's liability. The amount of liquidated damages per day of delay shall be entered by the Engineer/Employer in Contract Data. Usually the liquidated damages

are set between 0.05 percent and 0.10 percent per day and the maximum limit as 10 percent.

The project, Re-modelling of Warsak Canal System under Irrigation Department Khyber Pakhtunkhwa Peshawar, started on 31.10.2014 with two years of completion period. The contract was awarded to M/s Khyber Grace (Pvt.) Ltd, at cost of Rs.413,803,932 during the financial year 2014-15.

Audit observed that the project/work was not completed till the date of audit i.e. February 2019. Furthermore, neither any extension nor liquidated damages were imposed as the contractor was liable to be penalized of Rs.41.380 million @ of 10% of contract price.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends recovery of liquidated damages.

10.5.4 Non-deposit of Government receipts into Treasury - Rs.2.345 million

According to Rule-7 of Federal Treasury Rules, all moneys received on behalf of Government on account of revenues shall without delay be paid in full into Government Treasury and Government receipts should not be utilized towards expenditure.

Remodeling of Warsak Canal System Irrigation Department Khyber Pakhtunkhwa, Peshawar and Nowshehra Districts executed 09 packages through different contractors and paid Rs.3,325.00 million up to 06/2018.Vide FPC No. 10 for Package-4B. Rs.2,345,060 was withheld on account of “non-disposal of recovered steel”.

Audit observed that quantity of recovered material was not recorded and process of disposal of the steel was not available on record. Sale of recovered steel to the contractor carries the risk of re-utilization of outdated material. Besides, deposit of the receipts in the treasury was not shown to audit.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry in the matter besides recovery.

10.5.5 Overpayment due to non-deduction of voids as per contract - Rs.8.016 million

Clause 26 of the Additional Terms and Conditions of contract agreement states that the measurement for earth work shall be the solid measure of the borrow pits from which the material have been taken out and not of the dugout soils, in which case no deduction will be made from the measurement. When this is impracticable the measurement will be converted into solid measure and deduction on account of voids at the rate of 40% shall be made.

Directorate of Irrigation and Hydel Power, FATA Peshawar paid Rs.20,040,455 to the contractor against the items of supply of stones/bricks and filling in GI wire crated excluding cost in different works.

Audit observed that deduction on account of voids at the rate of 40% was not made from contractor which resulted in overpayment of Rs.8,016,182 (Rs.20,040,455 x 40%).

Neither management replied nor was DAC convened till finalization of report.

Audit recommends recovery from the contractor.

10.5.6 Non-production of Ground Water Project record - Rs.13.027 million

Section 14(3) of Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 states that any person or authority hindering the auditorial functions of the Auditor General regarding inspection of accounts shall be subject to disciplinary action under relevant Efficiency and Discipline Rules, applicable to such person.

The Project Director Ground Water under the Directorate of Irrigation and Hydel Power FATA Peshawar during the year 2017-18 incurred expenditure of Rs.13,027,419 under two development projects of Ground Water as per reconciled statement of expenditure provided. Details are as under:

(Rupees)

S. No.	ADP No.	Cost Centre	Amount
1.	968	PR-11FO2041	3,027,419
2.	975	FR-17 F00086	10,000,000
		Total	**13,027,419**

Audit observed that management did not provide the following record to audit

i. The tender document and tender notice, detail and technically sanctioned estimates, quotation received, comparative statement drawn, work order agreement, measurement books, contractor bills, approved PC-I, expenditure sanctioned, copies of cheques, registration record of the contractors.

ii. Record relating to retention /transfer of amount deducted from the contractor's bills, expenditure statements and vouchers period prior to 01.07.2017.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends production of record besides disciplinary action against the responsible.

10.5.7 Overpayment to the contractor on Mild Steel Reinforcement - Rs.18.177 million

According to Para-19(iv) of GFR Volume-I, the terms of a contract once entered into should not be materially varied without the previous consent of the authority competent to enter into the contract as so varied. No payments to contractors by way of compensation or otherwise outside the strict terms of the contract or in excess of the contract rates may be authorized without the previous approval of the Ministry of Finance.

The Project management of "Remodeling of Warsak Canal System in Nowshehra and Peshawar District" under S.H: Package-04-B Main Warsak Gravity Canal paid to M/s Cemcon (Pvt.) Ltd Rs.404,016,174 vide the contractor's FPC No.10 dated: 27.05.2016.

Audit observed that the contractor quoted rate of Rs.86,000 per ton for the supply of subject item in the Bill No. A-8 of BOQ. However, the contractor was paid an amount of Rs.53,729,683 at the rate of Rs.129,968 per ton for the supply of 413.406 tons, resulting in overpayment of Rs.18.177 million to the contractor.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends recovery of the subject amount.

Works and Services Department KPK

10.5.8 Non-Production of record of Bank Account

Section 14 (2) of Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 states that the officer in-charge of any office or department shall afford all facilities and provide record for audit inspection and comply with requests for information in as complete a form as possible and with all reasonable expedition.

Section 14(3) of Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 states that any person or authority hindering the auditorial functions of the Auditor General regarding inspection of accounts shall be subject to disciplinary action under relevant Efficiency and Discipline Rules, applicable to such person.

The Executive Engineer Works & Services Division FR Tank and FR DI Khan was maintaining a bank account No.4016331772 in NBP, Circular road Branch DI Khan.

Audit observed that the management did not provide cash book, detail bank statement, sources of amount deposited into the bank account, payment vouchers and cheque books.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry to fix responsibility besides production of record.

10.5.9 Unauthorized payment of Unattractive Area Allowance - Rs.1.355 million

According to Finance Division Govt of Pakistan O.M No.F.No.27(1) R-5/2012 dated 1st July 2016 "Unattractive Area Allowance was admissible to employees working in District Chitral, Kohistan, District Dir and merged areas of Hazara and Mardan Divisions.

FATA Secretariat during financial year 2018-19 allowed UAA to the employees of the offices of XENs Irrigation & Hydel Power Division, Khyber Districts at Peshawar, Mohmand Agency, Orakzai at Hangu and South Waziristan at Tank to the tune of Rs.1,355,294.

Audit observed that the Division offices were not located in the areas where the UAA was admissible.

Neither the department replied nor was DAC convened.

Audit recommends to stop the practice besides recovery of the unauthorized payment.

Home Department KPK

10.5.10 Unauthorized payment of Un-Attractive Area Allowance - Rs.157.931 million

According to Finance Division Govt of Pakistan O.M No.F.No.27(1) R-5/2012 dated 1st July 2016 "Unattractive Area Allowance was admissible to employees working in District Chitral, Kohistan, District Dir and merged areas of Hazara and Mardan Divisions.

District Administration of merged Districts Kurram at Hangu, Khyber at Peshawar and North Waziristan at Miranshah during financial year 2017-18 and 2018-19 paid Rs.157,930,836 on account of UAA to their employees.

Audit observed that the employees were not entitled for UAA as their offices were not situated in the areas prescribed by Finance Division.

The management replied that the Allowance was paid to all the employees in light of the notification issued by the Finance Department FATA Secretariat.

Reply of the management was not cogent as no approval from Finance Division was obtained.

DAC was not convened till finalization of report.

Audit recommends recovery of the unauthorized payment.

10.5.11 Unauthorized retention of unspent balances - Rs.238.736 million

Para-7 of GFR Vol-I states, unless otherwise expressly authorized by any law or rule or order having the force of law, money may not be removed from the Public Account for investment or deposit elsewhere without the consent of the Ministry of Finance.

Deputy Commissioner offices Orakzai, Bajaur and South Waziristan districts drew amounts from treasury under the head of accounts Mowajib /Lungi allowance, undisbursed scholarships, CLCP Project, Security campaign for Polio, death

compensation, monsoon /election 2018 during the financial year 2017-18 and 2018-19 and retained in their designated bank accounts. Details are as under:

(Rupees in million)

S. No.	Offices	Amount
1.	DC Orakazai	139.092
2.	DC Bajaur	66.700
3.	DC South Waziristan	32.944
	Total	**238.736**

Audit observed that the drawal and retention of public money without the approval of finance division was unauthorized.

The management replied that the payment needs certain formalities and funds are received in June therefore funds were drawn.

The management accepted the view point of audit.

DAC was not convened till finalization of report.

Audit recommends stopping the practice, regularization from Finance Division besides verification of the disbursed amount from audit.

10.5.12 Unauthorized collection and retention of public money - Rs.159.861 million

Rule-12(1) of Rules of Business provides that**.** No Division shall, without previous consultation with the Finance Division, authorize the issue of any orders, other than orders in pursuance of any general or special delegation made by the Finance Division, which will affect directly or indirectly the finances of the Federation.

Rule-07 of the Federal Treasury Rules states that all moneys received by or tendered to Government Officers on account of revenues should be deposited in a treasury or Bank in full without any delay and included in the Federal Consolidated Fund or in respect of the Pakistan foreign missions, the money should be deposited in such bank or banks as have been specified by the Ministry of Finance in consultation with the State Bank of Pakistan. As a general rule, money so received should not be appropriated to meet departmental expenditure nor should it be kept apart from the public account.

Deputy Commissioner, Bajaur collected Rs.159.861 million during 2017-18 on account of rahdaris, taxes and permits etc.

Audit observed that the receipts were collected without any legal authority and retained by the management in bank account out of Government treasury which is irregular. Furthermore, expenditure was incurred from receipts which was inadmissible.

The management replied that the Agency Development Fund (ADF) was generated locally by the Political Administration.

Reply is not tenable as approval of Finance Division was required.

DAC was not convened till finalization of report.

Audit recommends to stop the practice besides deposit of the receipt in treasury.

10.5.13 Appointment of staff without sanctioned posts - Rs.2.592 million

Rule-12(1) of Rules of Business provides that**.** No Division shall, without previous consultation with the Finance Division, authorize the issue of any orders, other than orders in pursuance of any general or special delegation made by the Finance Division, which will affect directly or indirectly the finances of the Federation.

The District management of Bajaur appointed 31 employees at fixed salary and made payment of Rs.10,128,000 during 2017-18 and 2018-19.

Audit observed that DC Bajaur appointed Steno typist and Development Coordinator during 2017-19 and paid them salary of Rs.2.592 million without sanctioned post irregularly.

Audit observed that appointment of staff without sanctioned strength was irregular.

The management replied that there was a dire need of these employees as they have got sufficient experience in their relevant field.

The management reply is not tenable as there was no sanctioned strength.

DAC was not convened till finalization of report.

Audit recommends inquiry to fix responsibility.

Health Department KPK

10.5.14 Non-recovery of sales tax from suppliers - Rs.23.547 million

S.R.O. 1212(I)/2018 dated 05.10.2018 of Federal Board of Revenue states that a phase approach was needed for the full application of fiscal laws to the said erstwhile Tribal Areas, a decision was made to exempt all those supplies and transactions from levy of federal taxes which were not applicable to the said areas by virtue of said Article 247 and accordingly three sales tax Notifications No. S.R.O. 888(I)/2018, No. S.R.O. 889(I)/2018 and No. S.R.O. 890(I)/2018, all dated the 23.07.2018 were issued by the Federal Government granting exemption from sales tax to the supplies specified therein.

Directorate Health Services FATA, situated in the settled area of Peshawar, purchased medical equipment from the development funds for the health facilities in FATA during 2018-19 to the tune of Rs.23.547 million.

Audit observed that the management did not deduct sales tax from the payment made to the suppliers. The suppliers neither disclosed amount of Sales tax in their quoted rates nor was any sales tax invoice or exemption produced to audit.

Neither the department replied nor was DAC convened.

Audit recommends recovery from the suppliers.

10.5.15 No transportation of medicine despite payment of transportation charges

GFR-148 states that all materials received should be examined, counted, measured or weighed as the case may be, when delivery is taken, and they should be taken in charge by a responsible Government officer who should see that the quantities are correct and their quality good, and record a certificate to that effect

The Directorate of Health Services incurred an expenditure of Rs.459,000 vide cheque No. 7174878 dated 10.05.2019 on account of transportation of medicines.

Audit observed that there existed no record as no medicine was transported. The stock entries, issuance, receipt and distribution of medicines were not available on record and could not be verified.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry besides verification of record.

10.5.16 Unaccounted procurement of medicine - Rs.77.292 million

GFR-148 states that all materials received should be examined, counted, measured or weighed as the case may be, when delivery is taken, and they should be taken in charge by a responsible Government officer who should see that the quantities are correct and their quality good, and record a certificate to that effect.

The project management of Medicine & Diagnostic, Eye Car Centre Projects and Mobile Hospital Program of merged districts (FATA) Peshawar purchased medicines amounting to Rs.77.292 million during the year 2018-19.

Audit observed that stock entries and distribution record was not available to authenticate the procurement of medicine.

Neither management replied nor DAC was convened till finalization of report.

Audit recommends inquiry in the matter besides verification of record.

10.5.17 Non-Production of record of 15 Bank Accounts

Section 14 (2) of Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 states that the officer in-charge of any office or department shall afford all facilities and provide record for audit inspection and comply with requests for information in as complete a form as possible and with all reasonable expedition.

Section 14(3) of Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 states that any person or authority hindering the auditorial functions of the Auditor General regarding inspection of accounts shall be subject to disciplinary action under relevant Efficiency and Discipline Rules, applicable to such person.

Health offices of Merged Area (FATA) were maintaining 15 bank accounts during the year 2018-19. Detail is at Annexure 10-A.

Audit observed that the management did not provide cash books, detail bank statements, sources of amounts deposited into the bank accounts, payment vouchers and cheque books for audit. Hence, the expenditure from and receipts in the said bank accounts could not be verified.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends production of record besides fixing responsibility.

10.5.18 Non-deposit of OPD receipt in treasury - Rs.10.004 million

GFR-26 states that Subject to any special arrangement that may be authorized by competent authority with respect to any particular class of receipts, it is the duty of the departmental Controlling officers to see that all sums due to Government: are regularly and promptly assessed, realized and duly credited in the Public Account.

The OPD fee as fixed by Directorate Health Services' letter dated 17.08.16 was Rs.02 upto 17.08.16 and Rs.05 onwards.

The Health Offices of Merged Districts (FATA) collected receipts of Rs.10.004 million from OPD patients in their health facilities during 2018-19@ Rs5/patient. Details are as under:

(Rupees)

S. No.	Formations	Amount (Rs)
1	DHUs in FR DI Khan	289,265
2	DHUs in FR Tank	218,640
3	DHUs in FR Lakki	263,380
4	BHUs in North Waziristan	6,804,370
5	AHQ Khyber Agency Landi Kotal	638,675
6	MS AHQ Miranshah NWA	1,600,030
7	AHQ Ghalanai	190,334
	Total	**10,004,694**

Audit observed that amounts collected were retained by the above mentioned Health offices instead of depositing into Government treasury.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry in the matter besides recovery and deposit of the amount into public exchequer.

10.5.19 Payment of salary for unauthorized absence - Rs.12.775 million

Fundamental Rule-108 states that the over stay of joining time is willful absence from duty and shall be treated as misbehavior for the purpose of Fundamental Rule-15. No pay or leave salary is admissible after the expiry of joining time.

DHO Office Khyber District paid salaries of Rs.12,775,900 to the following employees who were absent from their duties during the period 2015-19.

(Rupees)

S. No	Formations	Employees	Absence Period	Salary Paid
1	Mobile Hospital Program	02	April, 2015 to May, 2018	1,662,000
2	do	17	2018-19	7,748,940
3	BHU Karamna	01	13.07.2018 to 21.08.2019	2,397,760
4	DHO Office	03	2018-19	967,200
			Total	**12,775,900**

Audit observed that the employees were paid salaries for the period of un-authorized absence. Neither recovery was made for the unauthorized period nor administrative action was taken against them.

Neither the management replied nor DAC was convened till finalization of this report.

Audit recommends inquiry besides recovery for the absence period.

10.5.20 Expenditure without paid vouchers - Rs.17.996 million

FTR-205 states that every voucher must bear or have attached to it, an acknowledgement of the payment signed by the person by whom, or in whose behalf, the claim is put forward. The acknowledgment shall be taken at the time of payment.

The Agency Surgeon North Waziristan Agency Miranshah incurred an expenditure of Rs.2,997,732 under two development projects during 2018-19. Details given below

(Rupees)

ADP No.	Expenditure	Vouchers available		Deficit
		Description	Amount	
229	13,499,055	Medicine	6,500,000	2,999,055
		Medicine	2,000,000	
		Equipment	3,000,000	
187	2,997,732	Medicine	1,500,000	14,997,732
			Total	**17,996,787**

Audit observed that paid vouchers for the expenditure of Rs17.996 million were not produced to audit.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry in the matter.

10.5.21 Non-production of record of payment to supplier - Rs.97. 619 million

Section 14 (2) of Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 states that the officer in-charge of any office or department shall afford all facilities and provide record for audit inspection and comply with requests for information in as complete a form as possible and with all reasonable expedition.

Section 14(3) of Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 states that any person or authority hindering the auditorial functions of the Auditor General regarding inspection of accounts shall be subject to disciplinary action under relevant Efficiency and Discipline Rules, applicable to such person.

The Agency Surgeon South Waziristan Wana made payment of Rs.97,619,000 to M/s Transcontinental Pharma Pvt. Ltd in June 2017 and Nov 2018 for running hospital namely Sheikha Fatima Bint e Mubaruk Sholam at Wana.

Audit observed that MoU, agreement, fund utilization, payment procedure and tender record of the payment was not produced to audit due to which the authenticity of the expenditure could not be ascertained.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends record production of record besides fixing of responsibility.

10.5.22 Unauthorized construction of shops on Government property - Rs.60.00 million

Rule-12(1) of Rules of Business provides that no Division shall, without previous consultation with the Finance Division, authorize the issue of any orders, other than orders in pursuance of any general or special delegation made by the Finance Division, which will affect directly or indirectly the finances of the Federation.

During the audit of AHQ Hospital Bajaur at Khar it was observed that forty shops were constructed on hospital land. The market sale value/goodwill of each shop was approximately Rs.1.5 million and monthly rent of Rs.15,000.

Audit observed that constructions of shops on government property without authorization from government was irregular. Besides, sale proceeds/goodwill and monthly rent of the shops and its deposit in treasury was not produced to audit.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry in the matter besides deposit of receipts in public exchequer.

10.5.23 Unauthentic drawal of funds - Rs.83.695 million

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

FTR-205 states that every voucher must bear or have attached to it, an acknowledgement of the payment signed by the person by whom, or in whose behalf, the claim is put forward. The acknowledgment shall be taken at the time of payment.

The vendor wise record in SAP system of AGPR sub office Peshawar for the year 2015-16, under IDs PR-1102 and PR-1103, show payments made to three vendors as under:

(Rupees)

ID	Vendor	Nos. of transaction	Payment
1102	Allied Distributor	48	66,931,367
	Agency Surgeon	7	364,678
		Total	**67,296,045**
1103	Allied Distributor	10	14,298,583
1103	Deputy Distt Health Officer	22	6,929,616
		Total	**21,228,199**
		Total	**88,524,244**

Audit observed that stock entries for total procurement of Rs.88.524 million were not available in record and in the cash book the entries of only five cheques for Rs.4,829,275 were made.

Audit further observed that in ID PR-1102, expenditure amounting to Rs.66,902,754 was incurred against the allocation of Rs.4,641,000 in project PR-14 F02018 under the head A-03970-Others resulting in excess expenditure of Rs.62,261,754.

An inquiry was conducted by the FATA Secretariat under the scheme, Facilitation of Health Set up in FR during 2015-16 and it was found that payments of Rs.79,889,577 were made to M/s Allied Distributor Peshawar on account of supply of medicine for FR Peshawar under the signature of DDO/Agency Surgeon FR Peshawar

but there was no proof of receipt of medicine purchased as there was no entry in cash book as well as in stock register.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry to fix the responsibility.

10.5.24 Difference in drawal and payments made through DDO - Rs.485,296

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

The Agency Surgeon (DDHO) FR Peshawar received a cheque No.5739686 dated 09.06.2010 amounting to Rs.1,334,237 regarding purchase of medicine, postage & telegraph and furniture and fixture entered in Cash book at page No.141. The management disbursed the amount as detailed below:

(Rupees)

S. No	Description	Amount
1	Sincro Pharma	129,767
2	Astliess pharma	69,474
3	Hafiz Traders	24,000
4	Hilal Pharma	285,080
5	Stinlay Pharma	337,308
6	Saddar Post	3,312
	Total	**848,941**

Audit observed that in the cash book the total of payments made were Rs.1,334,237 whereas the actual amount disbursed was Rs.848,941 with a difference of Rs.485,296. Moreover, the disbursement record i.e. payee receipt was not available in the record.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry in the matter to fix responsibility beside recovery.

10.5.25 Withdrawal without vendor name- Rs.1.138 million

GFR-23 states that Every Government officer should realize fully and clearly that he will be held personally responsible for any loss sustained by Government

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

FTR-205 states that every voucher must bear or have attached to it, an acknowledgement of the payment signed by the person by whom, or in whose behalf, the claim is put forward. The acknowledgment shall be taken at the time of payment.

As per expenditure statement of Agency Surgeon (DDHO) FR Peshawar provided by the sub office of the AGPR Peshawar, an expenditure of Rs.1,138,500 was incurred during financial year 2014-16 under the ID-PR-1102 on account of A03970-Others. Detail is at Annexure 10-B.

Audit observed as under:

i. Vendor name to whom payment was made was not mentioned.

ii. The entries of amounts withdrawn were not in the cash book.

iii. That vendor name has been changed after issuance of cheques.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry to fix the responsibility for irregularities.

10.5.26 Non-Production of record

Section 14 (2) of Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 states that the officer in-charge of any office or department shall afford all facilities and provide record for audit inspection and comply with requests for information in as complete a form as possible and with all reasonable expedition.

Section 14(3) of Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 states that any person or authority hindering the auditorial functions of the Auditor General regarding inspection of accounts shall be subject to disciplinary action under relevant Efficiency and Discipline Rules, applicable to such person.

Agency Surgeon (DDHO) FR Peshawar during the audit 2018-19 did not produce following record to audit.

i. Expenditure vouchers 2014-to 2019.

ii. Salary record 2014-19

iii. Receipt record 2014-19

iv. List of Bank accounts and bank statements

v. List of DDOs

vi. List of vehicles and log books and movement registers.

vii. Reconciled statement of expenditures of ID PR-1103 for the year 2014-19

viii. List of development projects their annual reports, PC-I and completion reports.

ix. Facility wise stock registers of medicines and other stores.

x. Budget order, NIS and sanction strength of employees.

xi. Record regarding the recruitment of employees.

Audit observed that in the absence of the record the authenticity of the expenditure could not be ascertained by the audit.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends verification of record besides fixing responsibility for non-production of record.

10.5.27 Expenditure without paid vouchers - Rs.66.062 million

FTR-205 states that every voucher must bear or have attached to it, an acknowledgement of the payment signed by the person by whom, or in whose behalf, the claim is put forward. The acknowledgment shall be taken at the time of payment.

As per the expenditure statement of SAP System of the sub office of the AGPR Peshawar Agency Surgeon (DDHO) FR Peshawar incurred an expenditure of Rs.66,062,193 against the allocation of Rs.28,197,000 under ID-PR-0268 during the year 2014-15.

Audit observed that the management did not provide any document showing the fund provision from the Finance department for salary expenses. Audit further observed that the copies of NIS and project record against which the total expenditure was incurred was also not provided.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends investigation in the matter.

10.5.28 Payment without actual payee receipt - Rs.43.874 million

FTR-205 states that every voucher must bear or have attached to it, an acknowledgement of the payment signed by the person by whom, or in whose behalf, the claim is put forward. The acknowledgment shall be taken at the time of payment.

Agency Surgeon (DDHO) FR Peshawar incurred an expenditure amounting to Rs.473,478,708 under the head A03970 (others) in ID-PR-1102 during the year 2014-15 as per statement provided by AGPR sub-office Peshawar.

Audit observed that the SAP record of AGPR sub office Peshawar showed a payments of Rs.429,604,998 made to different vendors during the 2014-15 whereas DDHO FR Peshawar incurred an expenditure of Rs.473,478,708 resulting in a difference of Rs.43,873,724.

Audit is of the view that probability of misappropriation cannot be ruled out as the disbursed amount is more than booked in the SAP system of AGPR.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry to fix responsibility besides verification of reconciled statement.

10.5.29 Unauthorized transfer entries and payments thereof - Rs.21.946 million

FTR-205 states that every voucher must bear or have attached to it, an acknowledgement of the payment signed by the person by whom, or in whose behalf, the claim is put forward. The acknowledgment shall be taken at the time of payment.

The Agency Surgeon (DDHO) FR Peshawar made payment of Rs.27,946,239 against the budget of Rs.6, 314,000 under ID PR14F02018, Cost Centre PR-1102 during the year 2014-15.

Audit observed that excess expenditure of Rs.21,632,239 was incurred during 2014-15 while the expenditure in the statement for the month of June, 2015 was recorded as per budget allocation.

Moreover, during fact finding inquiry conducted by AGPR sub office Peshawar, it was transpired that:

1. As per information received from SAP system of AGPR the expenditure of Rs.18,000,000 was transferred from Cost Center PR-1102, Project ID PR14F02018 (Facilitation of Health Setup in FR Peshawar) to Project ID PR 12F02054 (Mobile Hospital Program in FATA, Phase-II) through transfer entry vide document no. 1800080916 dated 01.06.2015 posted by UFKPAAMIR as detailed below:

(Rupees)

Account	Cost Center	WBS Element	Amount
A03970	PR 1102	PR 14F02018-A03970	(18,000,000)
A03970	PR 1102	PR12F02054-A03970	18,000,000

2. Expenditure of Rs.3,632,239 had been transferred from Cost Center PR-1102 Project ID PR14F02018 to Project ID PR04F02003 (Strengthening of Health Directorate) through Transfer Entry vide document no. 1800080915 dated 01.06.2015 posted by UFKPAAMIR as detail below:

(Rupees)

Object Head	Cost Centre	WBS Element	Amount
A03970	PR 1102	PR 14F02018-A03970	(3,632,239)
A03970	PR 1102	PR04F02003-A03970	3,632,239

Audit observed that the amount was unauthorized transferred from one cost centre to another to honor cheques for which there was no amount released. The disbursement records i.e. payee receipts were also not available in record, thereby rendering the whole payment unauthentic.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry to fix responsibility besides verification.

Agriculture Department KPK

10.5.30 Non-Production of record of Bank Accounts & Form Services Centre - Rs.93.874 million

Section 14 (2) of Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 states that the officer in-charge of any office or department shall afford all facilities and provide record for audit inspection and comply with requests for information in as complete a form as possible and with all reasonable expedition.

Section 14(3) of Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 states that any person or authority hindering the auditorial functions of the Auditor General regarding inspection of accounts shall be subject to disciplinary action under relevant Efficiency and Discipline Rules, applicable to such person.

The Directorate of Agriculture and Deputy Director Agriculture (FATA) South at D.I. Khan were maintaining two bank accounts. Details are as under:

S. No.	Formations	A/c No.	Branch
1	Directorate of Agriculture	5474-2	NBP Hayatabad Peshawar
2	Deputy Director Agriculture FATA South at DI Khan	3794-4	NBP Main Branch DI Khan

Audit observed that the management did not provide the bank statements and sources of receipts deposited into the bank account, due to which the authenticity of the expenditure could not be ascertained.

Audit further observed the Agency Agriculture officers made procurements of Rs.93.874 million from the Form Services Centres at the Agency Headquarter Mohmond Khyber, Orakzai, Kurram, North Waziristan and South Waziristan. The procurement was made without calling tender and record of Form Services Centres was not produced to audit.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends that record may be produced to audit for scrutiny.

10.5.31 Expenditure on purchase of fruit plant without supporting record - Rs.35.087 million

Rule-12(1) of the Public Procurement Rules 2004 states that all procurement over one hundred thousand and up to the limit of Rs 2 million shall be advertised on the Public Procurement Regulatory Authority (PPRA) website.

The Agriculture Agency Offices paid Rs.35,087,057 on purchase of fruit plants from three suppliers from the development funds during the financial year 2018-19 as detailed below;

(Rupees)

S. No	Formations	Supplier	Amount
1	Agriculture Agency Office Khyber	Zareen Fruit Nursery Farm Swat	11,743,188
2	Agriculture Agency Office Kurrum	Zareen Nursery Farm Swat and Mumtaz Fruit Nursery Sawat	13,455,385
3	Agriculture Agency Office Mohmand	Munawar Afridi and Zareen Fruit Nursery Farm Sawat	3,841,550
4	Agriculture Agency Office NWA	Munawar Afridi and Zareen Fruit Nursery Farm Sawat	4,528,040
5	Agriculture Agency Office SWA	Zareen Fruit Nursery Farm Swat	1,518,894
		Total	**35,087,057**

Audit observed that the record relating to tender, distribution of plants, the name of beneficiaries and tax details was not available.

Audit is of the view that in the absence of the record the procurement and distribution of plants remains unauthentic.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry to fix the responsibility besides production of record.

10.5.32 Expenditure on land rehabilitation and reclamation without supporting documents - Rs.227.559 million

Appendix BE-1, Appendix –E of the Standard forms of bidding documents date June 11, 2007 states that Pursuant to Sub-Clause 43.1 of the General Conditions of Contract, the Works shall be completed on or before the date stated in Appendix-A to Bid. The Bidder shall provide as Appendix-E to Bid, the Construction Schedule in the bar chart (CPM, PERT or any other to be specified herein) showing the sequence of work items and the period of time during which he proposes to complete each work item in such a manner that his proposed programme for completion of the whole of the Works and parts of the Works may meet Employer's completion targets in days noted and counted from the date of receipt of Engineer's Notice to Commence

FTR-205 states that every voucher must bear or have attached to it, an acknowledgement of the payment signed by the person by whom, or in whose behalf, the claim is put forward. The acknowledgment shall be taken at the time of payment.

The Agriculture Agency Offices incurred an expenditure of Rs.227,559,447 on leveling of land from different contractors from the development funds allocated during the year 2018-19. Details are as under:

(Rupees)

S. No.	Formations	Supplier	Amount
1.	Agriculture Agency Office Bajaur	Muhammad Khan Builder & Contractor	34,566,280
2.	Agriculture Agency Office Khyber	M/s Bright Enterprises	19,600,000
3.	Agriculture Agency Office Kurram	M/s Noor Aalam Masood SWA	77,737,185
4.	Agriculture Agency Office Mohmand	M/s Bright Enterprises	17,672,000
5.	Agriculture Agency Office NWA	Muhammad Khan Govt. Contractor	29,662,580
6.	Agriculture Agency Office SWA	Muhammad Usman, Almar Gul Bhittani, Noor Alam Masood	35,680,080
7.	Agency Agriculture Office, Orakzai Agency	Muhammad Khan Builder & Contractor	12,641,322
		Total	**227,559,447**

Audit observed that the record relating to technical sanctions, estimates, area of work, measurement, certification from farmers regarding completion of work and the list of beneficiaries was not produced to audit.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends production of relevant record.

10.5.33 Drawal of development funds through DDO instead of vendors - Rs.20.223 million

Para 147 to 167 of FTR provides that payments in favour of Corporate or Local Bodies, firms, private persons or Government servants (in respect of their personal claims) shall always be made through crossed cheques.

The Agriculture Agency Office NWA paid Rs.20,223,965 during 2018-19 through DDO on account of procurement of seeds and plants to various suppliers/Nursery Farms.

Audit observed that funds were drawn in favour of the Agency Agriculture Officer, being DDO, instead of vendors, besides disbursement record was not shown to audit.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry to fix responsibility besides production of record.

Education Department KPK

10.5.34 Unauthorized payment on account of Unattractive Area Allowance - Rs.369.531million

According to Finance Division Govt of Pakistan O.M No.F.No.27(1) R-5/2012 dated 1st July 2016 "Unattractive Area Allowance was admissible to employees working in District Chitral, Kohistan, District Dir and merged areas of Hazara and Mardan Divisions.

The Agency Education Offices of Khyber, Mohmand, Bajaur, FR Lakki Marwat, FR Bannu, FR Peshawar, FR Kohat, North Waziristan, Orakzai, Kurram and South Waziristan made payments amounting to Rs.369,530,930 on account of Unattractive Area Allowance during the financial year 2018-19.

Audit observed that the payment of UAA in the area mentioned above were not included in the areas specified by Finance Division and the payment was irregular.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends recovery or regularization from Finance Division.

10.5.35 Non-transfer of title of land in the name of FATA University - Rs.274.400 million

Section 16 of the Land Acquisition Act states that when land collector has made an award under section 11, he may, (subject to the provision of section 31), take possession of land which shall there upon (vest absolutely in the) (Government) free from encumbrances.

FATA University purchased land of 468 kanals at a cost of Rs.274.400 million for FATA University during 2012-13 to 2016-17 as per break up given below:

(Rupees in millions)

S. No.	Year	Land Area in Kanals	Rate per Kanal	Amount
1	2012-13	266	500,000	133.000
2	2016-17	202	700,000	141.400
	Total	**468**		**274.400**

Audit observed that the land was still not free from encumbrance to be vested in the FATA University.

The management replied that an amount Rs.274.400 million was paid to APA FR Kohat and Deputy Commissioner Kohat on account of Purchase of Land for the

FATA University and that despite repeated requests no action has been taken in this regard so far. The University administration will intimate the concerned and will share accordingly the justification received in the matter from District Administration Kohat.

The management accepted the view point of audit.

DAC on 11.02.2020 directed to the District Administration expedite the process of transfer of title of land to the university.

No progress was reported till finalization of report.

Audit recommends early transfer of the land title in the name of FATA University.

10.5.36 Un-authorized payment of allowances to the Principal - Rs.5.004 million

GFR-9 states that as a general rule no authority may incur any expenditure or enter into any liability involving expenditure from public funds until the expenditure has been sanctioned by general or special orders of the President or by an authority to which power has been duly delegated in this behalf and the expenditure has been provided for in the authorized grants and appropriations for the year

Board of Governors of Cadet College Razmak approved Pay of Rs.77,205 per month plus Special Post Allowance (Hard Area Allowance) @ 40,000 per month to the Principal Razmak Cadet College on January 3, 2017 that comes to Rs.117,205 per month.

Audit observed that the management paid salary to the Principal @ Rs.282,417 per month instead of Rs.117,205 per month resulting in overpayment of Rs.5.004 million up to June, 2018. LPC of the Principal was also not produced to audit.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends recovery of the overpayment.

10.5.37 Payment of conveyance allowance to employees residing in college premises - Rs.19.720 million

Finance Division O.M No. F.1 (1) Imp. 1/177 dated 28.04.1977 states the employees not residing within their work premises are entitled to the residence-office conveyance allowance.

Cadet College, Razmak paid Rs.19,720,464 during financial year 2015-19 to its employees.

There are residential accommodations within the premises of Cadet College Razmak for the officers/officials/teachers serving in the college.

Audit observed that the employees were not entitled to conveyance allowance as they were residing in the residential accommodations within the college premises.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends recovery of the allowance.

10.5.38 Expenditure on repair of building without tender - Rs.9.327 million

FTR-205 states that every voucher must bear or have attached to it, an acknowledgement of the payment signed by the person by whom, or in whose behalf, the claim is put forward. The acknowledgment shall be taken at the time of payment.

PPRA Rule, 2004 12 (2) states All procurement opportunities over two million rupees should be advertised on the Authority's website as well as in other print media or newspapers having wide circulation. The advertisement in the newspapers shall principally appear in at least two national dailies, one in English and the other in Urdu.

Cadet College, Razmak incurred an expenditure of Rs 9,327,883 on repair of building during 2015-18.

Audit observed that vouchers against the expenditure of Rs.826,737 were not available on record, the work was carried out without tendering, tax was deducted less than prescribed rate, measurement books of the work done were also not available.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry to fix responsibility besides regularization.

10.5.39 Un-authorized purchase of vehicle - Rs.5.345 million

GFR-96 states that It is contrary to the interest of the State that money-should be spent hastily or in an ill-considered manner merely because it. is available or that the laps of a grant could be avoided. In the public interest, grants that cannot be profitably utilized should be surrendered. The existence of likely savings should not be seized as an opportunity for introducing fresh items expenditure which might wait till next year.

Cadet College, Razmak in February, 2016 purchased four Hino Coaster for Cadets as per approval of Finance Division with the savings of Rs.5.600 million.

Audit observed that instead of surrendering the savings the Principal of the college purchased a Fortuner vehicle for Rs.5,345,000 on 30.06.2015 unauthorizedly.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry to fix responsibility for the irregularity.

10.5.40 Utilization of Scholarship funds against other expenditures - Rs.19.461 million

GFR-12 states that a Controlling officer must see not only that the total expenditure is kept within the limits of the authorized appropriation but also that the funds allotted to spending units are expended in the public interest and upon objects for which the money was provided. In order to maintain a proper control, he should arrange to be kept informed, not only of what has actually been spent from an appropriation but also what commitments and liabilities have been and will be incurred against it.

Cadet College Razmak received funds from the Government in the head of scholarship amounting to Rs.21.088 million during 2015-18.

Audit observed that Rs.1.627 million were paid as scholarship to self-finance students and Rs.19.461 million were utilized against other expenditure, depriving the deserving students from scholarships.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry to fix the responsibility.

10.5.41 Irregular expenditure on mess items - Rs.59.797 million

PPRA Rule, 2004 12 (2) states all procurement opportunities over two million rupees should be advertised on the Authority's website as well as in other print media or newspapers having wide circulation. The advertisement in the newspapers shall principally appear in at least two national dailies, one in English and the other in Urdu.

Cadet College Razmak incurred an expenditure of Rs.59,797,000 on purchase of food items for mess during financial year 2015-19.

Audit observed that the procurement was made without tender, payments were made in cash, actual payee receipts and voucher were not available.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry to fix the responsibility.

10.5.42 Purchase of uniforms, foams and quilts without tendering - Rs.27.942 million

Rule-12(2) of PPRA Rules, 2004 states that all procurement opportunities over two million rupees should be advertised on the Authority's website as well as in other print media or newspapers having wide circulation. The advertisement in the newspapers shall principally appear in at least two national dailies, one in English and the other in Urdu.

Cadet College Razmak incurred expenditure of Rs.27,942,000 on purchase of uniform, foams and quilts for cadets during financial year 2015-19.

Audit observed that procurement was made without tender, payment was made in cash, payee receipts and stock entry record was not produced to audit.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry to fix the responsibility.

10.5.43 Non-Production of record of entry exam test and cadet fund - Rs.124.925 million

Section 14 (2) of Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 states that the officer in-charge of any office or department shall afford all facilities and provide record for audit inspection and comply with requests for information in as complete a form as possible and with all reasonable expedition.

Section 14(3) of Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 states that any person or authority hindering the auditorial functions of the Auditor General regarding inspection of accounts shall be subject to disciplinary action under relevant Efficiency and Discipline Rules, applicable to such person.

Cadet College Razmak was maintaining bank A/c No 1513-00022844-01 HBL Razmak Branch for entry tests wherein the balance on 30.06.2018 was

Rs.5,239,242 and debit entries of Rs.21.990 million was shown during 2015-18. Similarly, in cadet funds account, debit entries of Rs.102.935 million were appeared.

Audit observed that management did not produce the receipt and expenditure record for the years 2015-18 due to which the expenditure could not be authenticated.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry to fix the responsibility besides production of record.

10.5.44 Honorarium drawal through DDO without acknowledgements - Rs.9.036 million

FTR-205 states that every voucher must bear or have attached to it, an acknowledgement of the payment signed by the person by whom, or in whose behalf, the claim is put forward. The acknowledgment shall be taken at the time of payment.

GFR-23 states every Government officer should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other Government officer to the extent to which it may be shown that he contributed to the loss by his own action or negligence

Cadet College, Razmak made withdrawals of honorarium in cash amounting to Rs 9.036 million during 2015-18.

Audit observed that payee receipts against the withdrawal of Rs.9,036,925 were not available in the record. The columns of payee signature were blank in the paid vouchers.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry to fix the responsibility besides record verification.

10.5.45 Irregular payment of allowances on running basic pay - Rs.39.294 million

Finance Division O.M No.F.1(5)Imp/2011-419 dated 04.07.2011 states that "All Special Pays, Special Allowances or Allowances admissible as percentage of pay (excluding those which are capped by maximum limits), including House Rent Allowances, Risk Allowance, Judicial Allowance, Incentive Allowance and Allowances/Special Allowances equal to one month basic pay/one-and-half of the

initial pay, granted to Provincial Government employees, irrespective of his/her posting in any Department, including Civil employees in BPS 1-22 of Judiciary, will stand frozen at the level of it admissibility as on 30.06.2011."

Cadet College Razmak paid Rs.77.956 million on account of Cadet College Razmak Allowance (CCRA) and Non-Tuition Allowance (NTA) to its employees at the running basic pay during the year 2015-19 instead of Finance Division instructions of freezing the same.

Audit observed that Rs.39.059 million were paid in excess of admissible amount.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends recovery of the excess payment.

10.5.46 Entertainment charges without supporting vouchers - Rs.7.687 million

GFR-23 states every Government officer should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other Government officer to the extent to which it may be shown that he contributed to the loss by his own action or negligence

FTR-205 states that every voucher must bear or have attached to it, an acknowledgement of the payment signed by the person by whom, or in whose behalf, the claim is put forward. The acknowledgment shall be taken at the time of payment.

Cadet College Razmak incurred an expenditure of Rs.7.687 million on entertainment of different functions like during the years 2015-18.

Audit observed that supporting vouchers, detail of activities, list of participants and invitation letters were not available besides honorarium of Rs.316,000 was also paid from entertainment fund.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends regularization from Finance Division.

10.5.47 Non-adjustment of advance paid to contractor - Rs.5.152 million

Para 228-229 of CPWA code states that advances to contractors as a rule are prohibited, and every endeavor should be made to maintain a system under which no payments are made for except for work actually done. Exceptions are, however, permitted in following cases on the certificate of responsible officers:

i. On the security of material brought at site at the rate of 75% of the value of material.

ii. For work actually executed to the effect that not less than the quantity of work paid for has actually been done.

iii. Recoveries of advances should be made from the bills of contractors.

Cadet College, Razmak made advance payment of Rs.5,152,084 during 2009-10 to contractors for construction of building. Details are as under:

(Rupees)

S. No.	Contractor	Amount
1	Ali Muhammad	3,642,096
2	Muhammad Anwar	1,509,988
Total		**5,152,084**

Audit observed that neither the amount was adjusted against the cost of work done nor the recovery was made from the contractors.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends recovery of the amount from contractor.

Sports and Culture Department KPK

10.5.48 Non-transfer of land title to the Government - Rs.203.314 million

Section 16 of the Land Acquisition Act states that when land collector has made an award under section 11, he may, (subject to the provision of section 31), take possession of land which shall there upon (vest absolutely in the) (Government)) free from encumbrances.

The Director Sports, Culture and Youth Affairs FATA through its sub-offices purchased total land of 416 Kanals at the cost of Rs.203.314 million for sports complexes under different ADP Schemes in various Merged Tribal Districts during the financial year 2018-19.

Audit observed that the management had paid a total amount of Rs.203.314million; however, the land had not been taken free from encumbrances according to the available record and no transfer of land had been made till date of audit.

The management replied that the concerned authorities were being approached for transfer /vesting of land in the name of this Directorate.

The management accepted the view point of audit.

DAC was not convened till finalization of report.

Audit recommends early transfer of title of the land in the name of Government.

10.5.49 Irregular disbursement of cash through DDO - Rs.2.045 million

Rule 157(1) of Federal Treasury Rules (FTR) states that Cheque drawn in favor of Government officers and departments in settlement of Government dues shall always be crossed Account payee only not negotiable and Rule 157(2) states that Cheques drawn in favor of corporate or local bodies, firms or private persons for payment of Rs.200 and above shall be crossed.

Director Sports, Culture and Youth Affairs FATA through its Agency Sports Offices purchased sports equipment during financial year 2018-19 amounting to Rs.2,045,036 from various suppliers for the execution of various development schemes

Audit observed that payments in cash through Drawing and Disbursing Officer (DDO) instead of cross cheques in the name of vendors was irregular. Furthermore, acknowledgement receipts of cash payments obtained from the concerned suppliers were also not available on record.

The management replied that due to late releases, payment was made through DDO.

The management accepted the view point of audit.

DAC was not convened till finalization of report.

Audit recommends verification of record of disbursements and actual payee receipt.

Local Government Department KPK

10.5.50 Overpayment of salaries - Rs.2.093 million

According to Para-116 of GFR Vol-I, the actual or the assumed date of birth once recorded in the service book cannot be altered except in case of clerical error.

According to Para-9.4 of the Drawing and Disbursing Officer hand book, superannuation pension is granted to a Govt. Servant who is entitled or completed, by rule to retire at a particular age.

In terms of Civil servants (amendment) act, 1976 a civil servant is required to retire on completion of 60 years of age.

Assistant Director Local Government Bajaur appointed Mr. Saeed-ur-Rehman as peon on 01.06.1975. At the time of appointment, his date of birth was recorded as 19.05.1956 in his service book. However, he passed his Secondary School Certificate examination in 1979 and accordingly date of birth was recorded as 01.05.1959 in his matric certificate.

Audit observed that the said official was required to be retired on 18.05.2016 from Government service, as per his date of birth in Service Book, which was 19.05.1956, but he was still drawing salary from Government exchequer on the basis of his SSC date of birth i.e. 01.05.1959 resulting in over payment of Rs.2,093,152.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends recovery of overpayment.

CHAPTER 11

FEDERAL EDUCATION AND PROFESSIONAL TRAINING DIVISION

11.1 Introduction

As per Schedule II [Rule 3 (3)] Distribution of Business among the Divisions read with Schedule III [rule-4(4)] Rules of Business 1973 (As amended up to 23rd April, 2019) following main business have been assigned to the Division amongst the other functions.

1- National Vocational and Technical Education Commission (NAVTEC).

2- Academy of Educational Planning and Management (AEPAM), Islamabad.

3- Federal Board of Intermediate and Secondary Education (FBISE), Islamabad.

4- National Education Assessment Centre, Islamabad.

5- National Talent Pool, Islamabad.

6- Youth Centres.

7- All matters relating to National Commission for Human Development (NCHD) and National Education Foundation (NEF).

8- Pakistan National Commission for UNESCO (PNCU).

9- Higher Education Commission.

10- External examination and equivalence of degrees and diplomas.

11- Commission for standards for higher education.

12- National Institute of Science and Technical Education, Islamabad.

13- National College of Arts, Lahore and Rawalpindi.

14- Pakistan Chairs Abroad.

15- Selection of Scholars against Pakistan Chairs Abroad by the Special Selection Board.

16- Boy Scouts and Girl Guides; Youth Activities and Movement.

17- International exchange of students and teachers, foreign studies and training and international assistance in the field of education.

18- Social Welfare, Special Education, Welfare, development and rehabilitation of children and disabled in the Federal area.

19- Federal College of Education, Islamabad.

20- Federal Directorate of Education and education in the Capital.

21- Federal Government Polytechnic Institute of Women, Islamabad.

22- Sir Syed School and College of Special Education, Rawalpindi.

23- Training, education and rehabilitation of disabled in Islamabad.

24- Private Educational Institutions Regulatory Authority.

25- Dealing and agreements, with other countries and international organizations in the fields of social welfare.

26- Relationship with UNESCO and participation in its activities, liaison with other international agencies and organizations in educational programs.

ATTACHED DEPARTMENTS / AUTONOMOUS BODIES

i. National Training Bureau.

ii. Pakistan Manpower Institute.

iii. Federal Directorate of Education Islamabad.

iv. Directorate General of Special Education.

v. Academy of Educational Planning and Management, Islamabad

vi. Federal Board of Intermediate and Secondary Education, Islamabad

vii. National Education Assessment Centre, Islamabad

viii. Pakistan National Commission for UNESCO (PNCU)

ix. Inter-Board Committee of Chairmen

x. National College of Arts Rawalpindi & Lahore.

xi. Private Educational Institution Regulation Authority.

Sr. No.	Description	Total No.	Audited	Expenditure Audited (FY-2018-19) Rs. in million	Revenue / Receipt Audited (FY 2018-19) Rs. in million
1	Formations	495	19	23,997.702	-
2	Assignment Accounts (Excluding FAP)	16	2	107.920	-
3	Authorities / Autonomous Bodies etc. under the PAO	5	2	52.847	-
4	Foreign Aided Project (FAP)	-	-	-	-

11.2 Comments on Budget & Accounts (Variance Analysis)

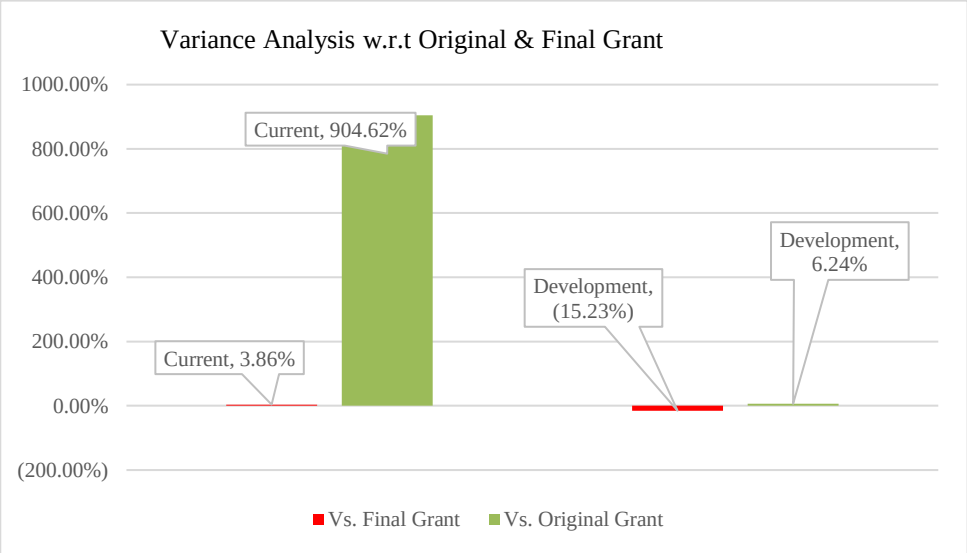
Final budget allocated to the Federal Education and Professional Training Division for the financial year 2018-19 was Rs.19,712.143 million, out of which the Division expended an amount of Rs.19,435.341 million. Grant-wise detail of current and development expenditure is as under:

(Rupees in million)

Type of Grant	Grant No.	Original Grant	Supply Grant	Surrender (-)	Final Grant	Actual Expenditure 2018-19	Excess / (Savings)	Excess / (Savings) % age
Current	32	1,476.000	12,974.872	-173.458	14,277.414	14,828.211	550.797	3.86%
Development	120	4,336.508	3,825.219	-2,726.998	5,434.729	4,607.130	-827.599	(15.23%)
Grand Total		**5,812.508**	**16,800.091**	**-2,900.456**	**19,712.143**	**19,435.341**	**-276.802**	**(1.40%)**

Audit noted that there was an overall savings of Rs.276.802 million, which was due to savings in the Development Grant.

According to Para 71 of General Financial Rules (Volume I), while framing budget estimates, the authorities should exercise utmost foresight. Rules of good governance demand that budget processes are carried out in accordance with clearly defined expectations, assumptions and a coordinated calendar of activity. As shown in the chart below, bifurcating total allocation into current and development expenditure it was observed that, in case of development expenditure, there was 6.24% of excess w.r.t Original grant which reduced to 15.23% savings w.r.t Final Grant and in case of current expenditure 904.62% of excess expenditure reduced to 3.86% of excess expenditure, as depicted in the graph below:



11.3 Classified Summary of Audit Observations

Audit observations, amounting to Rs.1,540.691 million, were raised in this report during the current audit of Federal Education and Professional Training Division. Summary of the audit observations classified by nature is as under:

(Rupees in million)

S. No	Classification	Amount
1	Non-production of record	46.073
2	Reported cases of fraud, embezzlement and m misappropriation	113.280
3	Irregularities	
A	*HR/Employees related Irregularities*	189.831
B	*Procurement related irregularities*	873.291
C	*Management of account with commercial banks*	78.125
D	*Recovery*	-
E	*Internal Control*	53.473
4	Value for money and service delivery	113.868
5	Others	72.750

11.4 Status of compliance with PAC Directives

Name	Audit Year	Total No. of Audit Paras	No. of Actionable Points Issued	Compliance	Non/Partial Compliance	% of Compliance
Federal Education and Professional Training Division	1988-89	4	4	4	0	100%
	1989-90	8	8	3	5	38%
	1990-91	6	6	6	0	100%
	1991-92	11	11	6	5	55%
	1992-93	22	22	22	0	100%
	1993-94	18	18	11	7	61%
	1994-95	8	8	6	2	75%
	1995-96	6	6	5	1	83%
	1996-97	3	3	0	3	0%
	1998-99	37	37	14	23	38%
	2000-01	11	11	7	4	64%
	2005-06	17	17	12	5	71%
	2006-07	3	3	1	2	33%
	2007-08	6	6	4	2	67%
	2009-10	4	4	1	3	25%
	2010-11	44	8	2	6	25%
	2013-14	24	24	17	7	71%
	2017-18	13	1	0	1	0%
	Total	**245**	**197**	**121**	**76**	**61%**

The Draft Audit Reports including following Paras was issued to the PAO on 10.01.2020 and 16.01.2020 with the request to reply and also arrange the DAC meeting to discuss the Paras.

11.5 AUDIT PARAS

Federal Education and Professional Training

11.5.1 Allocation of Budget to defunct NISTE and expenditure thereof - Rs.110.48 million

Para 5 (a) of Finance Division Letter No.F.3(2) Exp.III//2006 dated 13.09.2006 provided that the Principal Accounting Officer shall consider budgetary proposals submitted to him and shall, after careful scrutiny, forward the proposals to Financial Adviser's Organization for budgetary allocations.

Para 5(b) of Finance Division Letter No.F.3(2) Exp.III//2006 dated 13.09.2006 provided that the Principal Accounting Officer shall ensure that the funds allotted to a Ministry/Division, etc. are spent for the purpose for which these are allotted.

The National Institute of Science and Technical Education (NISTE) became defunct w.e.f. 14.03.2018. However, an amount of Rs.110,483,000 was allocated to the NISTE (Defunct) (ID No.9183), Islamabad during the financial year 2018-19.

Audit observed that allocation of budget in financial year 2018-19 to a defunct organization was irregular and incurring of expenditure of Rs.118,335,814 resulted in excess expenditure of Rs.7,852,814 than the allocation.

The Ministry replied that the funds were allocated to NISTE during 2018-19 with the approval of Finance Division in order to avoid embarrassment for the Federal Government in light of decision by Honorable Supreme Court of Pakistan.

Reply was not tenable as incurring expenditure by defunct organization in excess of allocated amount was unauthorized.

DAC held on 17.02.2020 directed to get the record verified and regularization of amount by Finance Division.

No progress was reported to audit till finalization of the report.

Audit recommends that the amount be regularized alongwith transferring of employees surplus pool or better utilization of employees as they are being regularly paid on order of Supreme Court.

11.5.2 Illegal transfer/posting of Ex-Cadre officers against Cadre posts on deputation in the Ministry - Rs.6.970 million

Para-08 of Supreme Court of Pakistan Judgment dated 12.06.2013 states that the officers who are either performing their duties as deputationist or have been posted by way of transfer to a cadre post do not have the required qualification nor the eligibility to hold such office. In law a civil servant can only be appointed against the cadre post if he has passed the competitive examination or his appointment was made through competitive process which means either he is a PCS Officer or CSS officer or he is officer from APUG (All Pakistan Unified Grade) group.

Twelve (12) Officers of ex-cadre position were posted against cadre posts in the Ministry of Federal Education and Professional Training, Islamabad on deputation/attachment basis. The Ministry paid pay & allowances amounting to Rs.6,971,245 to the officers during the period from May,2016 to June,2019.

Audit observed that:

i. The ex-cadre officers performed their functions and signed official instrument as Deputy Secretary, Deputy Chief, and Section Officers in the Ministry.

ii. There were no sanctioned posts of Deputy Director, System Analyst and Education Officer as per Budget Order (2018-19).

iii. As per pay slips Mr. Muhammad Kamran & Mr. Irfan Ullah Section Officers drew pay and allowances from defunct NISTE including Instruction Allowance amounting to Rs.180,000 during the financial year 2018-19, which was not admissible to them.

The Ministry replied as under:

a. Mr. Yasir Irfan Senior Programmer (BS-18) transferred/posted on deputation as Deputy Chief (BS-19) against ex-cadre post.

b. Mr. Ashraf Nadeem Deputy Secretary (BS-19) was posted under Section 10 of Civil Servant Act,1973.

c. The officers who were working in the CA&DD (abolished) were transferred /posted along with ex-cadre posts and budget.

d. Four officers were posted in the Ministry as Section Officers on attachment basis. The Establishment Division was requested to post

Mr. Babar Ali Deputy Director (BS-18) at S.No.08 on regular basis against ex-cadre post.

The reply is not correct as all the officers belong to ex-cadre post of attached department. The Ministry did not reply regarding sanctioned posts of Deputy Director, System Analyst and Education Officer.

DAC held on 17.02.2020 directed to stop payment of allowance and recover the amount from concerned employees.

No progress was reported to audit till finalization of the report.

Audit recommends that ex-cadre officers may be repatriated to their parent departments along with recovery of Instruction Allowance amounting to Rs.180,000 and regularization of unauthorized expenditure of Rs.6,971,245 from Finance Division.

Federal Directorate of Education

11.5.3 Non-appointment of regular Director General, Federal Directorate of Education (FDE) for last four years

Section 5 of Civil Servant Act, 1973 states that appointments to an All-Pakistan Service or to a civil service of the Federation or to a civil post in connection with the affairs of the Federation, including any civil post connected with defense, shall be made in the prescribed manner by the President or by a person authorized by the President in that behalf.

Following six (06) officers were allowed Additional Charge of the post of Director General (BPS-20) in Federal Directorate of Education (FDE), Islamabad:

S. No.	Name & Designation	Period
1.	Moinud Din, Additional Collector, Model Custom Collectorate, Peshawar	27.01.2015 to 02.02.2016
2.	Prof. Dr. Ali Ahmed Kharal, Principal ICB, G-6/3 Islamabad	16.03.2016 to 02.04.2016
3.	Ms. Ayesha Farooq, Joint Secretary, M/o FE&PT	22.12.2016 to 24.02.2017
4.	Mr. Hasnat Ahmed Qureshi, Director General PEIRA, Islamabad	14.04.2017 to 10.10.2017
5.	Prof. Dr. Ali Ahmed Kharal, Principal ICB, G-6/3 Islamabad	20.11.2018 to 19.02.2019
6.	Syed Umair Javed, Joint Secretary, M/o FE & PT	01.04.2019 to date

Audit observed that four and half years had lapsed but no regular Director General had been appointed in FDE, Islamabad to run the official business smoothly.

Audit is of the view that non-appointment of Director General is a serious lapse on the part of Ministry.

DAC held on 17.02.2020 directed to expedite the matter.

No progress was reported to audit till finalization of the report.

Audit recommends inquiry to fix responsibility besides stopping the practice.

11.5.4 Un-authorized expenditure on procurement of 130 Isuzu Busses - Rs.842.00 million

Rule-42 (c) of PPRA Rules, 2004 states that a procuring agency shall only engage in direct contracting if the following conditions exist, namely:

(i) The same vehicles are not available from alternative sources;

(ii) Only one manufacturer or supplier exists for the required procurement:

(iii) In case of an emergency:

Finance Division's OM No.7(1) Exp.IV/2016-540 dated 26.07.2017 states that there will be a complete ban on purchase of all types of vehicles both for current as well as development expenditure except operational vehicles of law enforcing agencies for which NOC from Finance Division would be required.

Federal Directorate of Education, Islamabad procured 130 Isuzu Buses amounting to Rs.842,400,129 from M/s Ghandarah Industries (Ltd), Karachi through Direct Contracting Method during 2017-18. Besides, 70 busses amounting to Rs.479,150,000 were also purchased in 2016-17 without obtaining NOC from Finance Division. Out of those 70 busses, 30 remained unregistered as the funds for registration were surrendered.

Audit observed as under:

i. Director General was not competent to sanction the expenditure.

ii. The buses were purchased without calling open tender during the ban period.

iii. Supplementary grant amounting to Rs.19,500,000 for registration was obtained during 2017-18 but surrendered and buses remained unregistered.

iv. Approval of Finance Division for creation of posts of Drivers / Conductors was not obtained.

v. Handing over/Taking Report of Bus bearing No. 133, 135, 136, 151, 154, 161, 162, 164, 165, 180 to 186, 185, 197, 200 was missing.

DAC held on 17.02.2020 apprised that the case is in NAB.

Audit recommends fixing of responsibility for the irregularities.

11.5.5 Unnecessary retention of Government Funds into Current Account at NBP - Rs.29.000 million

Para -07 of GFR Vol-I states that moneys may not be removed from the Public Account for investment or deposit elsewhere without the consent of the Ministry of Finance.

Federal Directorate of Education, Islamabad was maintaining Current Account No.4018033260 titled Examination Fund Account at NBP, G-9 Markaz Branch Islamabad. The purpose of opening of Bank Account was to disburse the amount amongst the merit scholarship holders receiving education in recognized schools at Islamabad/Rawalpindi through crossed cheques. Besides, payment on accounts of conduct of examinations, remuneration of Supervisory Staff, Examiners and printing charges was made out of this account.

Audit observed that as per bank statement, there was a closing balance of Rs.29,510,899.13 as on 30.06.2019 which was neither disbursed as merit scholarship nor paid as remuneration to the Supervisory Staff and Examiners. The same was retained irregularly instead of depositing into Government Treasury.

The management replied that the payment of daily wagers was deposited in the Examination Fund Account with the approval of the Secretary and will be disbursed before 30.09.2019.

Reply is not acceptable being irrelevant.

DAC held on 17.02.2020 directed to obtain approval of accounts from Finance Division.

No progress was reported to audit till finalization of the report.

Audit recommends inquiry to fix the responsibility.

11.5.6 Irregular purchase of physical assets - Rs.17.920 million

According to Rule-4 of PPRA Rules,2004 Procuring agencies, while engaging in procurements, shall ensure that the procurements are conducted in a fair and transparent manner, the object of procurement brings value for money to the agency and the procurement process is efficient and economical.

The Federal Directorate of Education Islamabad purchased physical assets amounting to Rs.17,920,366 for different educational institutions during the financial year 2015-16. The tender was floated during April, 2016. Last date for submission of bids was 25.04.2016.

Audit observed that no Technical Committee was constituted to carry out technical evaluation. Further, financial bids were opened without technical evaluation; certificate regarding quantities and quality of materials and the firms were not registered with FBR.

DAC held on 17.02.2020 directed to verify the record from audit.

No record was produced to audit till finalization of the report.

Audit recommends fixing of responsibility for the irregularities.

11.5.7 Non-receipt of furniture & fixture - Rs.2.450 million

Rule-148 of GFR states that all materials received should be examined, counted, measured or weighed as the case may be, when delivery is taken, and they should be taken in charge by a responsible Government officer who should see that the quantities are correct and their quality good, and record a certificate to that effect. The officer receiving the stores should also be required to give a certificate that he has actually received the materials and recorded them in the appropriate stock register".

Federal Directorate of Education incurred an expenditure of Rs.2,457,895 on purchase of furniture & fixture for Model School for Girls, PAF Complex, E-9 and Model School for Boys, Mangial (FA) Islamabad under Demand No.120-Development Expenditure of Ministry of Federal Education and Professional Training, Islamabad during the financial year 2018-19.

Audit observed that the expenditure was incurred only to avoid lapse of funds. Furniture & fixture purchased for above mentioned Model Schools had not been handed over to the Federal Directorate of Education, Islamabad by the Pak PWD as no certificate regarding quality & quantity of material was recorded on the invoice and the material received had not been recorded in the stock register.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry for non-receipt of furniture from Pak.PWD.

11.5.8 Un-authorized expenditure out of bus fund - Rs.21.476 million

According to Rule 7(1) of FTR Volume-I, states that all moneys received by or tendered to Government officers on account of the revenue of the Federal Government shall without undue delay be paid in full into Treasury or into the bank. No department of the Government may require that any moneys received by it on account of the revenue of the Federal Government be kept out of Federal Consolidated Fund of the Federal Government.

Islamabad Model Postgraduate College of Commerce (IMPCC) received a sum of Rs.51.295 million from the students on account of bus funds and examination fee during financial years 2014-18.

Audit observed that instead of depositing the amount into Government Treasury, an expenditure of Rs.21.476 million was incurred by the college management for departmental purposes despite having regular budget of Rs.268.867 million during the said period. Utilization of Government receipt for departmental purposes was unauthorized.

The management replied that Bus fund has been utilized for the maintenance of buses and payment of POL due to shortage of budget allocation.

Reply is not acceptable as separate budget was allocated by the government to meet the expenditure on POL and maintenance of transport.

DAC was not convened till finalization of report.

Audit recommends to stop the practice besides deposit of receipts in Government Treasury.

11.5.9 Amount deposited with FTO on fake challans - Rs.2.078 million

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

The Management of FG College for Home Economics and Management Sciences, F-7/2, Islamabad withdrew Rs.2,078,390 from the Tuition fee account.

Audit observed that the management provided bogus treasury challans for a total amount of Rs.1,258,990 which were not owned by FTO. For the balance amount of Rs.819,400 the management could not even provide the treasury challan.

Audit is of the view that depositing amount on bogus challans and non-existence of challans is an embezzlement which needs to be inquired.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends investigation into the matter.

Pakistan Girl Guides Association

11.5.10 Non-production of record - Rs.41.659 million

Section 14 (2) of Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 states that the officer in-charge of any office or department shall afford all facilities and provide record for audit inspection and comply with requests for information in as complete a form as possible and with all reasonable expedition.

Section 14 (3) of Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 states that any person or authority hindering the auditorial functions of the Auditor General regarding inspection of accounts shall be subject to disciplinary action under relevant Efficiency and Discipline Rules, applicable to such person.

Pakistan Girl Guides Association, Islamabad incurred an expenditure of Rs.16,048,600 under different heads of repair and maintenance and made investment of Rs.25,610,723 during financial year 2015-16 to 2017-18.

The management did not provide the expenditure record of civil works, repair of vehicles, and furniture & fixture and status of invested amount.

Audit is of the view that in absence of record audit could not authenticate the expenditure and investment.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry to fix the responsibility besides production of record.

11.5.11 Un-authorized investment of reserve funds - Rs.20.000 million

In terms of Section 3.2 of the Article VII and Section-1 of the Article XIV of the Constitution of the Pakistan Girl Guides Association and Clause-1 of the Property Policy in Bye-Law VII of the Pakistan Girl Guides Association the National Executive Committee shall exercise powers to manage all the property of the Association and invest any amount of the funds of the Association in any securities.

The Executive Committee of Pakistan Girls Guides Association in its meeting held on 23.04.2017 had decided to regularize its previous investment, approved investment plan and closure of Construction and & Endowment Accounts.

Pakistan Girl Guides Association, Islamabad invested an amount of Rs.20.00 million, from the closing balances of both construction and endowment accounts together with running balance of TDR Account and remaining from Reserve Account, at an interest/profit rate of 5.9% for one-year w.e.f. 07.09.2017 to 07.09.2018 in Habib Bank Limited (HBL), I-9 Industrial Area Branch, Islamabad.

The management issued letters on 21.07.2017 and 31.07.2017 to banks for quotation/financial proposal for the interest rates for 1 month, 3-month, 6-month, 1-year and 2-year TDR account on the Procurement Committee's decision taken in the meeting held on 18.07.2017 for investment of Rs.20.00 million.

Audit observed that the management did not adhere to the decisions of the Executive Committee dated 23.04.2017 regarding closure of the construction and endowment accounts.

Audit further observed that the management neither constituted in house investment committee nor hired the services of professional fund managers for prudent investment.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends that the matter may be probed to fix the responsibility for the irregularities.

11.5.12 Un-authorized and un-secured deposits of working balances - Rs.10.236 million

Para 3 of the Finance Division (Budget Wing)'s O.M. No.F.4(1)/2002-BR. II dated 02.07.2003 and No.F.4(1)/2000-BR. II dated 22.09.2005 states that under the new policy, public sector enterprises and local/autonomous bodies can deposit their working balances required for their operations with any public or private bank subject to the following requirements:

(a) For the sake of the safety and security of deposits, the banks/financial institutions taking a deposit should have a minimum "A" rating as appearing on the web-site of the Credit Rating Agency.

(b) The risk associated with keeping deposits should be diversified. Therefore, in cases where total working balance of an enterprise exceeds Rs.10 million, not more than 50% of such balance shall be kept with one bank;

(c) The working balance limit of each organization should be determined with the approval of the administrative ministry in consultation with Finance Division. The account of this working balance may be maintained in a current or savings bank account.

Pakistan Girl Guides Association, Islamabad deposited the entire amount of Rs.10,236,874 of its working balances in different bank accounts of a single bank branch of HBL since long.

Audit observed that the management did not adhere to the above policy and kept entire deposits in a single bank instead of 50% of the total balance. Further, the limit of these working balances was not found approved from the Finance Division.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends that the matter may be probed to fix the responsibility for the irregularities.

11.5.13 Purchase of mess items without calling open tender - Rs.4.974 million

Rule 9 of the Public Procurement Rules 2004 states that "a procuring agency shall announce in an appropriate manner all proposed procurements for each financial year and shall proceed accordingly without any splitting or regrouping of the procurements so planned. The annual requirements thus determined would be

advertised in advance on the Authority's website as well as on the website of the procuring agency in case the procuring agency has its own website".

Pakistan Girl Guides Association, Islamabad incurred an expenditure of Rs.4,974,386 on mess items during financial year 2015-18.

Audit observed that the management made procurement of all mess items on quotation basis obtained from different firms instead of open competition. Hence, all procurements without calling open tender were irregular.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends that the matter may be probed to fix the responsibility for non-calling of open tender.

Pakistan Boy Scouts Association

11.5.14 Non-adherence to investment policy - Rs.60.000 million

In terms of Finance Division (Budget Wing)'s O.M. No. F.4(1)/2002-BR-11 date 02.07.2003, investment of working balance/surplus funds may be made subject to fulfillment of various requirements including competitive bidding process.

Pakistan Boy Scouts Association, Islamabad invested an amount of Rs.60.00 million (i.e. Rs.30.00 million in National Investment Trust income fund (IF Unit) including Rs.20.00 million matured amount of previous investment plus Rs.10.00 million fresh investment) at an interest/profit rate ranging from 11% to 16% for three year and remaining Rs.30.00 million @ of Rs.7.32% (payable on maturity) in Term Deposit Receipt (TDR) of the National Bank of Pakistan (NBP), Islamabad for three years w.e.f 11.06.2015 to 10.06.2018.

The management issued letters on 14.04.2015 to 07 branches of different financial institution(s)/bank(s) e.g. NIT, NBP, UBL, Askari Bank, Meezan Bank, Bank Al-Habib Limited, National Saving Centre etc. for quotation/financial proposal for the interest rates on investment of Rs.10.00 to Rs.20.00 million for 3 or 5 years duration.

Audit observed that;

i. The management did not set up in-house professional treasury management functions and Investment Committee (IC) for investment of Rs.60.00 million resulting in investment in banks not having A rating.

ii. Bids, comparative statement, approval for investment of Rs.30.00 million and details of investments in TDR and profit was not shared with audit.

The management replied that the Association had to invest the balance amount in the Government Scheme / Bank with prior approval of Chief Commissioner, PBSA.

Reply is not acceptable as investment of funds on the approval of Chief Commissioner instead of constituting an investment committee is irregular. Non-sharing of record has left the recovery of investment and profit unauthentic.

DAC was not convened till finalization of report.

Audit recommends inquiry to fix the responsibility.

11.5.15 Irregular maintenance of bank accounts and retention of public funds therein without framing rules - Rs.49.125 million

Rule-7(i) of FTR states that all money received by or tendered to Government Officers on account of the revenues of the Federal Government shall without undue delay be paid in full into a treasury or into the Bank and shall be included in the Federal Consolidated Fund of the Federal Government.

Section 3 of the Pakistan Boy Scouts Association Ordinance 1959 states that Constitution, powers and function of the Association shall be such as may be prescribed by rules to be made by the Association, with the previous approval in writing of the Central Government.

Pakistan Boys Scouts Association was maintaining five (05) Bank Accounts as per detail given below.

(Rupees)

S. No.	Bank Name	Title	Account No.	Balance as at 30.06.2018
1	NBP, Aabpara Branch Islamabad	Grant in Aid Account	4007923597	3,487,174
2	Do	General Fund Account	3007897699	28,427,703
3	Do	Scout Shop Account	3007873133	3,650,361
4	Do	CP Fund Account	3007873142	10,115,855
5	UBL Avari Tower Karachi	International Scout Hostel Karachi	10734535	3,443,943
			Total	**49,125,036**

Audit observed that the Pakistan Boys Scouts Association was maintaining the bank accounts and retaining fund therein without approved rules of the Federal Government.

The management replied that according to rule 55 of Policy Organization Rules (P.O.R) all funds shall be kept in scheduled banks under the advice of the Finance Sub-Committee and the accounts shall be operated by the office bearers.

Reply is not acceptable in absence of approved financial rules the opening of various bank accounts without prior approval of Finance Division and retention of huge funds of Rs.49,125,036 is irregular.

DAC was not convened till finalization of report.

Audit recommends regularization of accounts from Finance Division.

National College of Arts

11.5.16 Inordinate delay of 12 years due to non-appointment of Project Director

Para 3.17 of the Guidelines for Project Management states that as per ECNEC decision dated 18th February,2004 an independent (full time) Project Director should be appointed for the project costing Rs.100 million and above. Project Director can be appointed on additional charges basis, if the cost of the Project is below Rs.100 million.

As per administrative approval of the CDWP, the cost of the project titled Establishment of the National College of Arts, Rawalpindi Campus was Rs 453.444 million. The post of independent Project Director and its cost was also included in the PC-1. Mr. Zahid Usman, Associate Professor of Architecture, based in Lahore was given additional charge of the post of the Project Director of a project during the financial years 2015-16 &2017-18.

Audit observed that independent Project Director was not appointed by the executing agency. The absence of a full time Project Director was one of the major reasons for the 12 years delay in the completion of project.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends that responsibility for non-appointment of independent Project Director be fixed.

11.5.17 Irregular payment of salary, rental ceiling and commutation to a Professor - Rs.6.011 million

Article 465B (1) of the Civil Service Regulations (C.S.R) States that a retiring pension is granted to an officer who exercises his right to retire from service any time after completing twenty-five years' qualifying service.

Para 06 of the appointment letter dated 28.04.2017 issued to Mr. Zafar Iqbal for the appointment to the post of professor (BPS-21) Faculty of Design, NCA Rawalpindi Campus, on Permanent basis states, that he would not accept any other employment (without prior approval from the competent authority in writing) whether part time or otherwise with any other organization, nor engage in any business activity directly or indirectly during his service with college.

Mr. Zafar Iqbal was appointed as Lecturer in BPS-17 on 06.02.1994 in NCA Lahore National College of Arts Rawalpindi Campus and he retired as Professor (BPS-21) on 06.02.2019 (i.e. 25 years). He was paid salaries, rental ceiling and commutation amounting to Rs.6,011,425 on his retirement from the fund of NCA, Rawalpindi.

Audit observed that Mr. Zafar Iqbal did not attend NCA Rawalpindi since his appointment as Professor w.e.f. 28.04.2017 till retirement on 06.02.2019 but was paid salaries and rental ceiling amounting to Rs.395,040 irregularly. He was also absent from duties since August, 2018 and his salary was stopped in September 2018. Since the professor did not fulfill qualifying service period of 25 years at the time of his retirement therefore, payment of commutation was unauthorized.

Audit further observed that Mr. Zafar Iqbal was drawing 03 salaries simultaneously from three different organizations since November, 2017, as per his bank statement.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry to fix responsibility for irregular payment besides effecting recovery.

11.5.18 Loss due to delay in completion of the project - Rs.53.473 million

Higher Education Commission Islamabad vide letter No. P&D/12(156/CDWP/2006/62 dated 09.05.2006 conveyed administrative approval of the CDWP to the execution of the Development scheme tilted Establishment of National College of Arts Rawalpindi Campus at capital cost of Rs.453.444 million

within a period of 48 months. Rs.237.566 million were allocated for civil works including Rs.85.089 million for construction of New Academic Block.

National College of Arts Rawalpindi awarded contract of the construction of New Academic Block to M/s Pir Muhammad & Co. Jamrud at the total cost of Rs.173.276 million on 27.02.2015 which was completed at the cost of Rs.138,473,165 on 31.08.2017.

Audit observed that:

i. The work, construction of New Academic Block was approved at a cost of Rs.85.089 on 09.05.2006 but the work was awarded at a contract cost of Rs.173.276 million on 27.02.2015 after a lapse of almost 9 years.

ii. The work was completed at total cost of Rs.138.473 million on 31.08.2017 after a lapse of 12 years with additional cost of Rs.53.473 million due to delay in completion of the Construction of New Academic Block.

iii. All the administrative and financial management of the project rested with the Principal stationed at Lahore, but he did not delegate any managerial or supervisory authority to staff working at NCA Rawalpindi.

iv. The HEC in its Inspection Visit Report dated 30.12.2015 pointed out serious issues in civil works carried out and governance issues in implementation. However, the measures taken by the management in response to this report are not on record.

v. The Chairman, HEC, the agency that provided funds for the project, was required to take serious action against NCA management for its failure to complete the project in time but he ignored this imperative. Simultaneously, he was also the Chairman of Board of Governors of NCA in terms of Section 10(1)(i) of the National College of Arts Ordinance, 1985, and this was conflict of interest with NCA.

vi. Third floor of New Academic Block costing Rs.20.258 million was not constructed in violation of the provision contained in Bill of Quantities and Tender Documents. The management did not impose any penalty upon the contractor for not finishing the contractual work.

vii. The management did not disclose that the construction work was incomplete in PC-IV submitted to the HEC.

viii. Rs.61.741 million were surrendered as unspent balance to Government of Pakistan / HEC, which actually resulted from incompletion of third floor of the building.

ix. M/s The Signature, Lahore was appointed as consultant for the civil works despite existence of a conflict of interest situation. Mr. Muhammad Asif Ibrahim, Principal Consultant and owner of the consultancy firm was a visiting faculty of NCA Lahore.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends that responsibility be fixed for the irregularities.

11.5.19 Irregular appointment of visiting faculty - Rs.27.371 million

Cabinet Secretariat Establishment Division Notification No F.53/l/2008-SP dated 22.10.2014 for recruitment in Ministries/Divisions/Attached / Departments/Subordinate Offices/Autonomous Bodies/semi-Autonomous envisages that vacancies as per the Provincial/Regional quota etc. shall be advertised through widely published National/Provincial/Regional newspapers.

NCA Rawalpindi appointed various visiting faculty on part time basis and paid them salaries worth Rs.27,371,476 during financial years 2017-18 and 2018-19.

Audit observed that the appointments were made without advertising the vacancies in the newspapers and framing of rules. Appointments were made against non-sanctioned posts. Income Tax was also not deducted from their salary bills.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry to fix the responsibility besides effecting recovery of income tax.

11.5.20 Non-realization of outstanding college dues from the students - Rs.23.632 million

Rule 1.02 of the College Academic Rules states that tuition fee, fines, etc. must be paid by the dates notified by the college office. If a student fails to pay the dues by the dates notified, the student will have to pay a fine of Rs.50 per day. Students whose

fees are in arrears by more than fifteen days after the date notified, shall be struck off the college rolls without any notice.

Audit observed that as per the National College of Arts, Rawalpindi record, an amount of Rs.23,631,823 was outstanding against students on account of college and hostel fee for the period July, 2015 to June, 2019. The defaulting students graduated from the College and received their detailed marks sheets without clearance of dues.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends recovery of outstanding college dues from the students.

11.5.21 Unauthorized payment of pay & allowances to an absent teacher - Rs.1.019 million

Finance Division's Notification No. S.R.O. 923(I)/85, dated 08.09.1985 provides that 'Study leave should not ordinarily be granted to Government servants of less than five years' service.

Under Rule 3(1) of the Revised Leave Rules, 1980, a civil servant shall earn leave only on full pay which shall be calculated at the rate of four days for every calendar month of the period of duty rendered and credited to the leave account as "Leave on Full Pay".'

Ms. Zahra Hussain was appointed as Assistant Professor (BPS-19), Department of Architecture, NCA Rawalpindi Campus, on Permanent basis on 04.05.2017.

Audit observed that Ms. Zahra Hussain was a regular student of Ph. D in Architecture at Durham University of UK from 01.10.2015 to 30.09.2018 and did not attend her duty at the College for a period of eleven months immediately after her appointment that is from 04.05.2017 to 31.03.2018. There was no evidence in the College record about her presence in the College. However, the College continued to pay her pay and allowances amounting to Rs.1,019,188 for the period from 04.05.2017 to 31.03.2018.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry to fix responsibility besides recovery of unauthorized payment.

11.5.22 Unauthorized payment of 15th running bill without supporting vouchers - Rs.4.414 million

Rule 205 of the Federal Treasury Rules states that a Government officer entrusted with the payment of money shall obtain for every payment he makes, including repayment of sums previously lodged with the government, a voucher setting forth full and clear particulars of the claim and all information necessary for its proper classification and identification in the accounts. Every voucher must bear, or have attached to it, an acknowledgment of the payment signed by the person by whom, or in whose behalf, the claim is put forward. The acknowledgment shall be taken at the time of payment.

The National College of Arts Rawalpindi withdrew an amount of Rs.4,414,440 against 15th running bill of the contractor M/s Pir Muhammad & Co. Jamrud for the construction of new academic block at Rawalpindi Campus. Payment to the contractor was made vide cheque No. 40958351 dated 29.08.2017 amounting to Rs.3,879,189 after deducting income tax @ 7.5% and withholding 5% security as indicated in sanction of expenditure.

Audit observed that an amount of Rs.4.414 million was withdrawn from Development Fund Account without any supporting vouchers. Even the contractor had not submitted an invoice/bill to the client, NCA specifying the amount due. Payment without supporting vouchers was unauthorized.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry to fix responsibility.

11.5.23 Procurement of solar solutions without provision in PC-I - Rs.8.397 million

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

The Higher Education Commission conveyed the administrative approval of the project 'Establishment of NCA Rawalpindi campus' at the cost of Rs.453.444 million vide letter dated 9.5.2006. The completion period of the project was 48 months.

NCA Rawalpindi Purchased Solar solutions from M/s Dynamic Green (Private) Ltd Lahore amounting to Rs.8,396,627 vide their Invoice No. NCA-DGL-80-2017 dated 23.06.2017 out of development fund.

Audit observed that there was no provision for the solar solution in the cost component of approved PC-I of the project.

Audit is of the view that the expenditure without approved provision was unauthorized.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry to fix responsibility besides regularization of expenditure.

11.5.24 Fraudulent appointment of Assistant Professors - Rs.0.722 million

Finance Division's Notification No. S.R.O. 923(I)/85, dated 08.09.1985 published in gazette of Pakistan, Extraordinary, dated 1-10-1985, provides that 'Study leave should not ordinarily be granted to Government servants of less than five years' service.

Ms. Nadia Rahat and Ms. Mehrbano Khattak were appointed as Assistant Professors (BPS-19) on 19.05.2017 vide NCA Rawalpindi Office Order No. NCA/6104 dated 14.06.2017 and were placed on probation for a period of one year. NCA-Rawalpindi paid salary to these newly appointed Assistant Professors w.e.f. 19.05.2017 to 30.09.2017 amounting to Rs.722,612.

Audit observed that the Assistant Professors did not join their duty till 30.09.2017 and remained in London, UK w.e.f. 05.05.2017 to 30.09.2017 as reflected in their email correspondence with NCA management but were paid salaries for their absence period.

Audit is of the view that payment of salary without joining is irregular and accepting their joining after expiry of offer of appointment is illegal as neither study leave, nor ex-Pakistan leave on full-pay was admissible to them prior to joining and even during probationary period.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry to fix the responsibility besides recovery of pay.

11.5.25 Irregular payment of salary of Tenure Track System to an existing faculty - Rs.1.585 million

Section 2.4.1(a)of the Tenure Track Statutes (TTS) issued by the Higher Education Commission states that if the faculty member is approved by the institution for appointment on tenure track, as per process outlined in section 2.1, as an existing faculty member, and wishes to obtain the higher tenure track salary from his/her first day of appointment, then it is necessary that his case has been evaluated and approved by an independent panel of experts of international repute approved by the HEC.

Ms. Nadia Batool Hussain was appointed as Assistant Professor (BPS-19) in NCA, Rawalpindi with probation period of one year. Immediately after her recruitment, she was shifted from Assistant Professor (Regular) to Tenure Track System (TTS) and paid salary of Rs.80,838 per month over and above her actual salary of Assistant Professor w.e.f. 04.05.2017 to 30.09.2018 which come to the tune of Rs.1,366,423. Simultaneously, she was granted 75 days earned leave w.e.f. 01.03.2018 to15.05.2018 during the probationary period. She also continued to draw TTS salary during the leave period.

Audit observed that payment of TTS salary valuing Rs.1,366,423 to Ms. Nadia Batool Hussain was unauthorized because she neither applied for the appointment on TTS nor her appointment was approved by an independent panel of experts of international repute approved by the HEC. The grant of leave on full pay to Ms. Nadia Batool Hussain for 75 days from 01.03.2018 to 15.05.2018 was also irregular because she did not have any leave available at her credit.

Neither the management replied nor DAC was convened till the finalization of the report.

Audit recommends inquiry to fix responsibility besides recovery of salary of TTS and leave period.

11.5.26 Unauthorized expenditure on account of international training of a private person out of development fund - Rs.0.875 million

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

NCA Rawalpindi Campus drew an amount of Rs.875,000 out of development Fund, under the head, International Training Program, for payment to Mr. Jabir Hussain.

Audit observed that Mr. Jabir Hussain was neither a Government employee nor on the strength of NCA, therefore, award of foreign scholarship and payment out of development fund was illegal and unauthorized.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry to fix responsibility besides recovery.

Federal Board of Intermediate & Secondary Education Islamabad

11.5.27 Non-establishment of Provident Fund and non-framing of Rules/Regulations

Section 16 of Federal Board of Intermediate and Secondary Education Act, 1975, states that the Board may establish a Provident Fund for the benefit of its employees and when it established such fund, the provisions of the Provident Funds Act,1975 shall apply to Such Fund.

Section 17(1) of said Act 1975 states that the Board may with the approval of the Federal Government, make rules/regulations for carrying out the purposes of this Act.

The management was responsible to establish the Provident Fund and frame following Rules / Regulations.

S. No.	Section of Act	Establishment of Provident Fund and Framing of Rules & Regulations.	Action taken
1.	Section 16 of Board Act,1975	Establishment of Provident Fund	No action was taken by the Management
	Section 17 (I) of Board Act, 1975	Financial Rules / Regulations framed and vetted by Finance Division.	Not notified by the Ministry.
2.	Section 17 (I) of Board Act, 1975	1. Pension Rules 2. Staff Car Rules 3. Leave Rules 4. TA Rules 5. Accommodation Allocation Rules 6. Medical Attendant Rules	No action was taken by the Management

Audit observed that despite lapse of 44 years neither the Provident Fund was established nor the Rules/ Regulations framed.

The management replied that an account of GP Fund was opened at HBL, FBISE Branch and its requisite fund approved from BOG. Financial Rules were not approved from Finance Division. Financial Regulations and other Rules/Regulations at S.No.3 were not framed as yet.

Management has accepted the audit view point.

DAC was not convened till finalization of report.

Audit recommends that the Provident Fund may be established and Financial Rules got approved from Finance Division.

11.5.28 Unauthorized payment of Dearness Allowance - Rs.65.000 million

Para 41 of FBISE Employees (Services) Regulations, 2005 states that National Pay Scale and Allowances shall be admissible to the employees of the Board as revised by Government from time to time.

Para-42 further states that in all matters not specifically provided for in these Regulations, the rules and procedures applicable to Federal Servants shall, as far as possible, apply to the employees of the Board provided that no financial benefits shall thereby become admissible automatically unless specifically sanctioned by the Federal Government (Finance Division).

The Federal Board paid Dearness Allowance of Rs.65,167,078 to the officers / officials during the financial year 2017-19.

Audit observed that Dearness Allowance was not allowed in any Ministry / Division / Department or subordinate office. The payment of Dearness Allowance without approval of Finance Division was unauthorized.

The management replied that Board of Governor (BOG) being competent forum approved the Dearness Allowance in its meeting held on 30.04.2013.PAC while discussing audit paras of Public Sector Companies, formed a committee to resolve conflict between powers of Board of Directors and Finance Division and on the recommendation of the committee, the BODs were competent authority for taking decisions.

Reply was not tenable as per Para 41 of FBISE Employees (Services) Regulations, 2005, National Pay Scale and Allowances shall be admissible to the

employees of the Board as revised by the Government from time to time. Dearness Allowance is not admissible to the employees of the Board.

DAC was not convened till finalization of report.

Audit recommends recovery of Dearness Allowance besides stoppage of further payment of the allowance forthwith.

11.5.29 Unauthorized payment of Leave Encashment - Rs.53.00 million

Section 17 (1)(ii) of FBISE Act 1975 states that the Board may with the approval of the Federal Government, make regulations for carrying out the purposes of Act. The regulation may provide the appointment of the employees of board and conditions of their services.

Rule 18 (amended) of Revised Leave Rules, 1980 states that "encashment of leave preparatory to retirement (LPR) not exceeding three hundred and sixty five days shall be effective from the first day of July, 2012 and shall, for the entire period of leave refused or opted for encashment, be applicable to a civil servant retired or, as the case may be, retiring on or after the first day of July, 2012, provided such leave is available at his credit subject to a maximum of three hundred and sixty five days".

Audit observed that the Federal Board had made payment of Rs.5,312,438 to its employees without framing their own leave rules. As per Leave Rules 1980 of Federal Government, the payment of leave encashment against unearned leave during service was not admissible.

The management replied that Board of Governor (BOG) being competent forum approved the Dearness Allowance in its meeting held on 30.04.2013. PAC while discussing audit paras of Public Sector Companies, formed a committee to resolve conflict between powers of Board of Directors and Finance Division and on the recommendation of the committee admitted that BODs are competent authority for taking decisions.

Reply is not acceptable as Board has not framed their own leave rules.

DAC was not convened till finalization of report.

Audit recommends that unauthorized payment of leave encashment amounting to Rs.53,124,381 may be recovered.

11.5.30 Unauthorized payment of Eid Allowance - Rs.28.000 million

Para-42 of Federal Board of Intermediate and Secondary Education Employees (Service) Regulations, 2005 states that in all matters not specifically provided for in these Regulations, the rules and procedures applicable to Federal Servants shall, as far as possible, apply to the employees of the Board provided that no financial benefits shall thereby become admissible automatically unless specifically sanctioned by the Federal Government (Finance Division).

The Board paid Eid Allowance amounting to Rs.27,930,000 to the officers/officials on occasion of Eid-ul-Fatar and Eid-ul Azha during the year 2017-19.

Audit observed that no provision exists in the Board's Employees (Service) Regulations, 2005 for grant of Eid Allowance.

The management replied that Board of Governor (BOG) being competent forum approved the Dearness Allowance in its meeting held on 30.04.2013.PAC while discussing audit paras of Public Sector Companies, formed a committee to resolve conflict between powers of Board of Directors and Finance Division and on the recommendation of the committee admitted that BODs are competent authority for taking decisions.

Reply is not acceptable as in the absence of provision of Eid Allowance in the Board's Regulations, the payment of Eid Allowance is unauthorized.

DAC was not convened till finalization of report.

Audit recommends recovery of Eid Allowance besides stoppage of practice in future.

11.5.31 Unauthorized occupation of Auditorium by Overseas Employment Corporation - Rs.48.824 million

Para 286 of GFR states that except as expressly provided otherwise in any rule or order made by Government, no land/building belonging to Government may be sold or made over to a local authority, private party or institution for public, religious, educational or any other purpose, except with the previous sanction of Government.

Pakistan Manpower Institute (PMI) had constructed an Auditorium in 2007 on plot measuring 27750 sq. ft of 430 seats capacity with a library, syndicate rooms, prayer hall cafeteria, and underground parking, for holding activities for bigger

gathering. The Overseas Employment Corporation (OEC) occupied the auditorium when both PMI and OEC were part of Ministry of Labor and Manpower & Overseas Pakistanis.

According to utilization report of Pak PWD, Islamabad for the month of March,2007 the expenditure of Rs.48.824 million up to 28.02.2007 on construction of Auditorium of Pakistan Manpower Institute Islamabad was incurred.

Audit observed that after 18th Amendment, PMI became an attached department of Ministry of Federal Education & Professional Training (FE&PT) but the OEC did not return the Auditorium to PMI till the date of audit. Occupation of PMI auditorium by the OEC without payment of rent was unauthorized.

The management replied that several requests have been made to the Ministry of FE&PT and OEC for vacation of said portion of the auditorium.

Reply was not tenable as the auditorium is still under occupation of the OEC without payment of rent.

DAC was not convened till finalization of report.

Audit recommends vacation of PMI auditorium besides recovery of rent.

CHAPTER 12

FEDERAL JUDICIAL ACADEMY

12.1 Introduction

Federal Judicial Academy was established under a Government Resolution in September, 1988. A legal cover to the organization and functioning of the Academy was provided with the enforcement of Federal Judicial Academy Act, 1997. For general supervision of the affairs of the Academy and the achievement of its aims and objects, a Board of Governors has been constituted under the chairmanship of the Chief Justice of Pakistan.

Following are the aims and objectives of the academy:

i. Orientation and training of new judges, magistrates, law officers and court personnel;

ii. In- service training and education of judges, magistrates, law officers, court personnel;

iii. Holding of conferences, seminars, workshops and symposia for improvement of the judicial system and quality of judicial work; and

iv. Publishing of journals, memoirs, research papers and reports;

Sr. No.	Description	Total No.	Audited	Expenditure Audited (FY-2018-19) Rs. in million	Revenue / Receipt Audited (FY 2018-19) Rs. in million
1	Formations	1	1	140.151	-
2	Assignment Accounts (Excluding FAP)	-	-	-	-
3	Authorities / Autonomous Bodies etc. under the PAO	-	-	-	-
4	Foreign Aided Project (FAP)	-	-	-	-

12.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Federal Judicial Academy for the financial year 2018-19 was Rs.140.513 million out of which the Academy utilized Rs.140.151 million. Audit noted that there was an overall saving of Rs.0.361 million, which was 0.26% of total Final Grant.

(Rupees in million)

Grant No.	Type of Grant	Original Grant	Supplementary Grant	Surrender (-)	Final Grant	Actual Expenditure	Excess/ (Saving)	% age Excess/ (Saving)
78	Current	144.660	-	-4.146	140.513	140.151	(.361)	(.26)

Variance analysis could not be performed due to non-existence of a separate grant for Federal Judicial Academy. The expenditure was incurred from Grant No. 78 - Other Expenditure of Law and Justice Division

12.3 Classified Summary of Audit Observations

Audit observations, amounting to Rs.114.965 million, were raised in this report during the current audit of Federal Judicial Academy. Summary of the audit observations classified by nature is as under:

(Rupees in million)

S. No	Classification	Amount
1	Non-production of record	-
2	Reported cases of fraud, embezzlement and m misappropriation	-
3	Irregularities	
A	*HR/Employees related Irregularities*	3.465
B	*Procurement related irregularities*	-
C	*Management of account with commercial banks*	111.500
D	*Recovery*	-
E	*Internal Control*	-
4	Value for money and service delivery	-
5	Others	-

12.4 Status of compliance with PAC Directives

Name	Audit Year	Total No. of Audit Paras	No. of Actionable Points Issued	Compliance	Non/Partial Compliance	% of Compliance
Federal Judicial Academy	1999-00	6	6	2	4	33%
	2005-06	2	2	1	1	50%
	Total	**8**	**8**	**3**	**5**	**38%**

The Draft Audit Report including following Paras was issued to the PAO on 24.12.2019 followed by reminder 09.01.2020 with the request to reply and also arrange the DAC meeting to discuss the Paras.

12.5 AUDIT PARAS

12.5.1 Irregular retention & investment of funds released for establishing Federal University of Law & Judicial Administration - Rs.111.50 million

Clause 8 of Finance Division (Expenditure Wing), dated 23rd September, 2008, regarding procedure for maintenance of assignment account states that it shall not be permissible to draw the whole amount authorized or part thereof and to place it in a separate account at the treasury or in a Commercial Bank.

Federal Judicial Academy decided in its 36th Board of Governors meeting held on 07.01.2012 to establish Federal University of Law and Judicial Administration (FULJA). Finance Division released an amount of Rs.111.50 million for the establishment of University during financial year 2012-13. In 37th Board of Governors meeting held on 15.12.2012, it was decided to allow seed money and seed money may be transferred from assignment account to academy account to avoid the lapse of the money.

In the 40th meeting of Board of Governors, which was held on 03.03.2016 Board of Governors FJA dropped the idea for establishment of Federal University of Law and Judicial Administration.

The seed money was kept in current account from 2012 till 2016 instead of returning it bank to the government. Later on, 16.06.2016 it was decided to invest the seed money in a maximum profit bearing savings scheme in consultation with the Finance Division to avoid loss in value for money.

Audit observed as under:

i. Transfer of seed money (Rs.111.500 million) from assignment account to current account of a commercial Bank was irregular.

ii. Despite a lapse of seven years Seed money was not being used for the purpose it was released for. All the money was kept in a single bank.

iii. The seed money was invested instead of surrendering back to Government treasury.

DAC on 29.01.2020 directed the management to expedite the approval of rules from Government in this regard.

No progress was reported till finalization of this report.

Audit recommends implementation of DAC decision.

12.5.2 Unauthorized GP Fund Scheme for Academy's employees - Rs.3.465 million

Section-11 (1) of the Federal Judicial Academy Act 1997 states that the members of the Academy shall be appointed by the direct recruitment or transfer, or deputation or on contract basis or otherwise in such manner and on such terms and conditions as may be approved by the Board.

Section 15 of the Federal Judicial Academy Act, 1997 provides that the Board may, with the approval of the Federal Government, make rules for carrying out the purposes of the Act.

Federal Judicial Academy, Islamabad has been maintaining GP Fund in a bank account No.3135340145 National Bank of Pakistan, Main Branch, Islamabad since September, 2016 after having approval of Chairman, BoG, Academy. The closing balance was Rs.3,573,931 at the end of June, 2019.

Audit observed as under:

i. The Federal Judicial Academy, without framing Rules for Employees Services and retiring benefits, unlawfully started deductions and maintained GP Fund accounts.

ii. The deducted amount of GP Fund was placed in current bank account instead of interest bearing account or investment.

DAC on 29.01.2020 directed the management to expedite the approval of rules from Government in this regard.

No progress was reported till finalization of this report.

Audit recommends implementation of DAC decision.

CHAPTER 13

MINISTRY OF FINANCE

13.1 Introduction

Following functions are main functions assigned to the Finance Division under the Rules of Business, 1973 amongst the other functions:

1. Finances of the Federal Government and financial matters affecting the country as a whole.
2. The Annual Budget Statement and the Supplementary and Excess Budget Statements to be laid before the Parliament, the Schedules of Authorized Expenditure.
3. Allocation of share of each Provincial Government in the proceeds of divisible Federal Taxes; National Finance Commission.
4. Public debt of the Federation both internal and external; borrowing money on the security of the Federal Consolidated Fund.
5. Currency, coinage and legal tender, Pakistan Security Printing Corporation and Pakistan Mint.
6. Banking, investment, financial and other Corporations:
   i) State Bank of Pakistan;
   ii) Other banking (not including co-operative banking) and investment and financial corporations with objects and business not confined to one Province;
   iii) Incorporation, regulation and winding up of corporations including banking, insurance and financial corporations not confined to or controlled by or carrying on business in one Province.
7. Company Law: Accountancy, Matters relating to the Partnership Act, 1932.
8. Investment policies: Capital Issues (Continuance of Control) Act, 1947; statistics and research work pertaining to investment and capital.
9. Financial settlement between Pakistan and India and division of assets and liabilities of the Pre-Independence Government of India.
10. International Monetary Fund.
11. Competition Commission of Pakistan and anti-Cartel Laws.

12. Administration of Economic Reforms Order, 1978.
13. Negotiations with international organizations and other countries and implementation of agreements thereof.

ATTACHED DEPARTMENTS

1. Office of the Auditor General of Pakistan
2. Office of the Controller General of Accounts
3. Central Directorate of National Savings (CDNS)
4. Competition Commission of Pakistan
5. Pakistan Mint
6. Securities & Exchange Commission of Pakistan

Sr. No.	Description	Total No.	Audited	Expenditure Audited (FY-2018-19) Rs. in million	Revenue / Receipt Audited (FY 2018-19) Rs. in million
1	Formations	58	9	5,954.434	-
2	Assignment Accounts (Excluding FAP)	1	1	515.490	-
3	Authorities / Autonomous Bodies etc. under the PAO	14	2	6,770.038	-
4	Foreign Aided Project (FAP)	5	3	9,180.000	-

13.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Finance Division for the financial year 2018-19 was Rs.24,092.620 billion, out of which the Division expended an amount of Rs.45,645.560 billion. Grant-wise detail of current and development expenditure is as under:

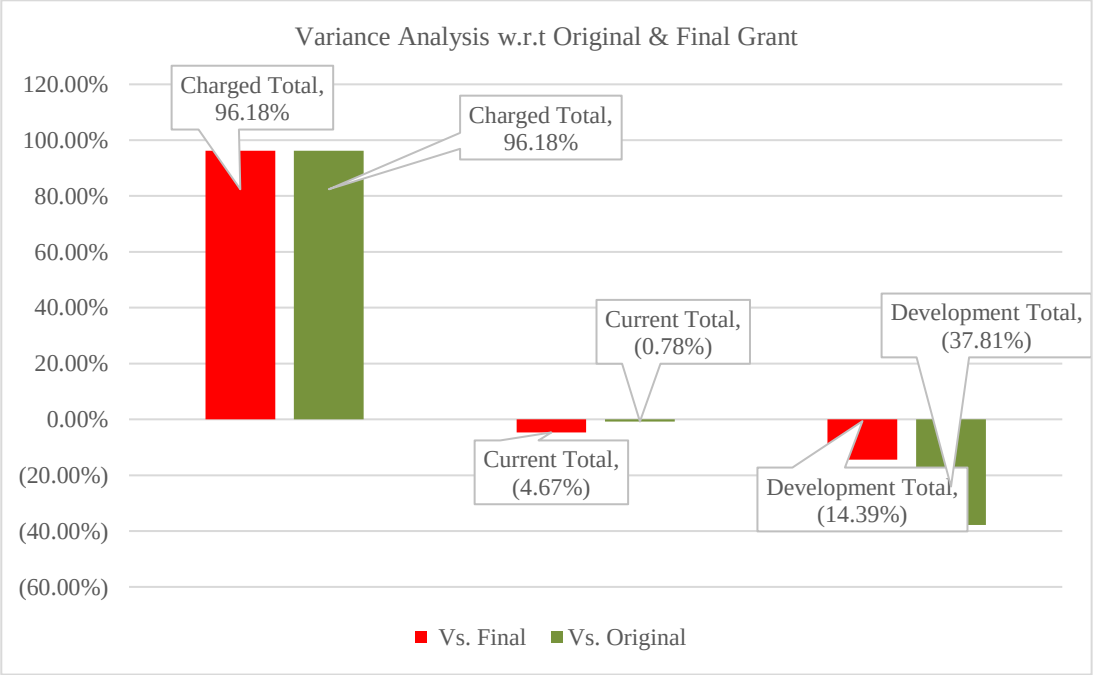
(Rs. in Billion)

Type of Grant	ID	Original Grant	Supplementary Grant	Surrender (-)	Final Grant	Actual Expenditure	Excess / (Savings)	Excess / (Savings) %age
Charged	C	1,391.000			1,391.000	1,829.443	438.443	31.52%
Charged	D	21,129.748			21,129.748	42,352.672	21,222.924	100.44%
Charged Total		**22,520.748**	**0.000**	**0.000**	**22,520.748**	**44,182.115**	**21,661.367**	**96.18%**
Current	33	1.809	0.020	-0.056	1.773	1.794	0.021	1.17%
Current	37	17.061	0.180	-0.005	17.236	16.834	-0.403	(2.34%)
Current	38	342.000	58.585		400.585	407.265	6.680	1.67%
Current	39	106.500	0.200	-0.000008	106.700	105.863	-0.837	(0.78%)
Current	40	563.190	9.013	-25.190	547.013	490.894	-56.119	(10.26%)
Current	41	65.000	2.593		67.593	67.592	-0.001	(0.00%)
Current	106	19.436	0.100	-18.000	1.536	1.533	-0.003	(0.17%)

Type of Grant	ID	Original Grant	Supplementary Grant	Surrender (-)	Final Grant	Actual Expenditure	Excess / (Savings)	Excess / (Savings) %age
Current	107	49.076	20.505	-0.406	69.175	63.248	-5.926	(8.57%)
Current Total		**1,164.072**	**91.197**	**-43.657**	**1,211.611**	**1,155.023**	**-56.588**	**(4.67%)**
Development	121	143.987	7.973	-74.116	77.844	28.815	-49.028	(62.98%)
Development	122	13.795	0.000	-9.752	4.043	4.043		0.00%
Development	123	180.238	27.464	-30.467	177.235	174.810	-2.425	(1.37%)
Development	144	1.561		-1.094	0.467	0.096	-0.370	(79.31%)
Development	145	156.315	6,000.00	-55.642	100.673	100.657	-0.016	(0.02%)
Development Total		**495.895**	**35.437**	**-171.071**	**360.260**	**308.422**	**-51.839**	**(14.39%)**
Total		**24,180.715**	**126.633**	**-214.728**	**24,092.620**	**45,645.560**	**21,552.940**	**89.46%**

Audit noted that there was an overall excess of Rs.21,552.940 billion, which was due to excess in 2 Charged Grants for Repayment of Domestic debt and Servicing of Domestic debt. In Grant No. 121 and 123 supplementary grants was surrendered 100%.

According to Para 71 of General Financial Rules (Volume I), while framing budget estimates, the authorities should exercise utmost foresight. Rules of good governance demand that budget processes are carried out in accordance with clearly defined expectations, assumptions and a coordinated calendar of activity. As shown in the chart below, bifurcating total allocation into charged, current, development and charged expenditure it was observed that, in case of current expenditure savings of 0.78% of savings increased to savings of 4.67%, in case of development expenditure there was 37.81% of savings w.r.t Original grant which reduced to 14.39% savings w.r.t Final Grant. Furthermore, in charged grants relating to Domestic Debt and its servicing there was 96.18% of excess expenditure, as depicted in the graph below:



13.3 Classified Summary of Audit Observations

Audit observations, amounting to Rs.41,495.974 million, were raised in this report during the current audit of Ministry Of Finance. This amount also includes recoveries of Rs.31,550.919 million as pointed out by the audit. Summary of the audit observations classified by nature is as under:

(Rupees in million)

S. No	Classification	Amount
1	Non-production of record	187.424
2	Reported cases of fraud, embezzlement and m misappropriation	148.503
3	Irregularities	
A	*HR/Employees related Irregularities*	922.136
B	*Procurement related irregularities*	-
C	*Management of account with commercial banks*	15.358
D	*Recovery*	31,550.919
E	*Internal Control*	0.000
4	Value for money and service delivery	7,924.000
5	Others	747.634

13.4 Status of compliance with PAC Directives

Name	Audit Year	Total No. of Audit Paras	No. of Actionable Points Issued	Compliance	Non/Partial Compliance	% of Compliance
Finance Division	1989-90	4	4	0	4	0%
	1990-91	1	1	1	0	100%
	1991-92	7	7	6	1	86%
	1992-93	12	12	12	0	100%
	1993-94	7	7	3	4	43%
	1994-95	5	5	0	5	0%
	1995-96	1	1	1	0	100%
	1996-97	2	2	2	0	100%
	2000-01	25	25	21	4	84%
	2005-06	6	6	4	2	67%
	2006-07	6	6	1	5	17%
	2007-08	4	4	2	2	50%
	2008-09	5	5	2	3	40%
	2009-10	3	3	0	3	0%
	2010-11	9	9	8	1	89%
	2013-14	19	19	6	13	32%
	2016-17	8	4	0	4	0%
	2017-18	9	9	3	6	33%
	Total	**133**	**129**	**72**	**57**	**56%**

The Draft Audit Report including following Paras was issued to the PAO on 03.01.2020 followed by reminder 10.01.2020 with the request to reply and also arrange the DAC meeting to discuss the Paras.

13.5 AUDIT PARAS

Ministry of Finance (Main)

13.5.1 Non-production of record

Section 14 (2) of Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 states that the officer in-charge of any office or department shall afford all facilities and provide record for audit inspection and comply with requests for information in as complete a form as possible and with all reasonable expedition.

Ministry of Finance (Main), Islamabad did not provide the following auditable record and information for the FY 2018-19 to audit team despite constant verbal requests and written requisitions.

1. ID wise functions and copies of reconciled expenditure statement(s) for June final 2018-19.
2. Detail of all types of investment of Ministry of Finance (Main) with approval files.
3. The detail of consultant, technical advisors.
4. Copy of approved PC-I / Revised PC-I (where required), PC-II, PC-IV/V (Monthly Progress Report / Completion Report) of projects.
5. Certificate regarding non-occurring of incidents/loss/fraud etc. during the period under audit.
6. Detail of individuals appointed on contingent basis during the FY 2018-19
7. Detail of temporary advances allowed during the period under audit.
8. Files of buildings hired for the office accommodation of Finance Division or its wings, if any, along-with lease agreement(s) and NOC /approval of competent authority.
9. Detail of outstanding recoveries.
10. Detail of bonds both National and International along with interest rate, date of maturity etc. issued during the period under audit.

11. Detail of loans both National and International along with interest rate, date of maturity etc. for the period under audit.
12. Total amount(s) of loans and interest paid during the period under audit.
13. Detail of refunds of taxes to exporter/importer(s) during the FY 2018-19.

Audit is of the view that in absence of record, audit could not authenticate the expenditure and receipts for the FY 2018-19.

DAC held on 10.02.2020 directed the management to produce the record for verification to audit.

No record was provided to audit till finalization of this report.

Audit recommends inquiry to fix the responsibility besides production of record to audit.

13.5.2 High Public Debt to GDP ratio of 74% instead of maximum 60%

As per Section 3(2) and 3(3)(b) of the Fiscal Responsibility and Debt Limitation Act, 2005(Act VI of 2005) as amended in 2016 as a part of Finance Bill, the Federal Government shall take all appropriate measures to reduce the Federal fiscal deficit excluding foreign grants and ensure that within a period of two financial years, beginning from the financial year 2016-17, the total public debt shall be reduced to sixty percent of the estimated gross domestic product.

As per the recently published Economic Survey of Pakistan, total public debt stood at Rs.28,607.00 billion at the end of March, 2019 whereas the provisional GDP at the end of March, 2019 stood at Rs.38,558.80 billion.

Audit observed that as per data available, Public debt on 31.03.2019 was 74.19% of GDP which was much higher than 60% to be achieved as per Fiscal Responsibility in Debt Limitation Act, 2005.

DAC held on 10.02.2020 took serious notice of non-submission of reply by the DPCO and directed the DPCO to furnish reply to the audit within 24 hours.

No progress was shown to audit till finalization of the report.

Audit recommends strenuous efforts to bring the debt within the limits prescribed.

13.5.3 Over deduction of collection charges and less payment to the provinces under NFC - Rs.7.259 billion

Section 2(a) of the Presidential orders & Regulation of the Distribution of Revenue and Grant in Aid Order 2010 states that the net proceeds of the Divisible Pool Taxes shall be derived after deducting 1 % as collection charges.

Ministry of Finance through fax advices directed the State Bank of Pakistan to credit into the Non-Food Accounts of the provinces their shares of the tax revenues as per NFC after deduction of collection charges as detail at Annexure 13-A.

Audit observed that Rs.12,752.05 million were deducted more on account of collection charges. Thereby, provinces were deprived of Rs.7,259.09 million.

DAC held on 10.02.2020 directed the management to take up the case with the FBR for provision of exact figures/ details of income tax deducted from the Federal Government employees.

No progress was shown to audit till finalization of the report.

Audit recommends that the less payment than the actual share of NFC award may be justified besides payment of the over-deducted amount to the provinces forthwith.

13.5.4 Irregular expenditure on POL and repair & maintenance of Vehicles other than Ministry of Finance - Rs.1.315 million

Para 2 of the Cabinet Division's U.O. No. 2/82/2013-CPC dated 31.07.2019 state that the Vehicles Authorization Committee of Cabinet Division approved the authorization of 28 x vehicles for Finance Division for protocol/operational and general duties

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

Ministry of Finance (Main), Islamabad maintained 32 vehicles including 04 vehicles allocated to Finance Minister, Parliamentary Secretary, Special Secretary Finance and EDG (IERU). However, the management also incurred expenditure of Rs.1,315,032 on account of repair/maintenance and POL charges of 25 vehicles not

belonging to Ministry of Finance during the financial year 2018-19. Detail is at Annexure 13-B.

Audit observed that the expenditure incurred on 25 vehicles over and above the authorization is irregular.

DAC held on 10.02.2020 directed the management to produce to audit the authorization of vehicles obtained from the Cabinet Division.

No progress was reported to audit till finalization of the report.

Audit recommends inquiry to fix the responsibility.

13.5.5 Irregular payment of Honorarium- Rs.264.302 million

Rule 157(1) of FTR-Vol-I states that cheques drawn in favor of government officers and department in settlement of government dues shall always be crossed, A/C payee only. Not negotiable.

In terms of Column No.3 against Sl. No. 17 of Annex-I of Para 8 (a) of the New System of Financial Control & Budgeting issued vide Finance Division's O.M. No.F.3(2) Exp.III/2006 dated 13.09.2006 full powers up to the level of Section Officer and equivalent is delegated to the Ministries/Divisions. The amount should not exceed one month's pay of the government servant concerned on each occasion. In the case of recurring honoraria, this limit applies to the total of recurring payments made to an individual in a financial year.

Ministry of Finance (Main), Islamabad paid honorarium of Rs.264,302,297 to the officers/officials of Finance Division and others during the financial year 2018-19.

Audit observed that;

i. The Secretary Finance and Adviser to the PM on Finance, Revenue and Economic Affairs/Chairman ECC had no power to approve more than one honorarium in a financial year.

ii. An amount of Rs.21,286,270 was paid to the employees of other Ministries / Divisions / Departments / Offices / Autonomous Bodies / Corporations etc.

iii. An amount of Rs.65,600,335 was paid to the employees of different wings of Finance Division in addition to the withdrawal of honorarium from their own budgets.

iv. This huge payment was made in cash whereas no acknowledgement of recipients was available in record.

DAC held on 10.02.2020 was apprised that similar nature of audit paras printed in the Audit Report (Civil) for the Audit Year 2017-18 have been settled by the PAC Sub-Committee-I with the direction to improve the financial / disbursement system. DAC directed the management to share minutes of said PAC meeting with the audit for consideration/ review of audit observation.

No progress on improvement in financial / disbursement system, as directed by PAC, was produced to Audit for verification.

Audit recommends inquiry to fix the responsibility.

Finance Division Military

13.5.6 Non-production of record of Honorarium - Rs.187.424 million

Section 14(2) of Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 states that the officer in-charge of any office or department shall afford all facilities and provide record for audit inspection and comply with requests for information in as complete a form as possible and with all reasonable expedition.

Section 14(3) of Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 states that any person or authority hindering the auditorial functions of the Auditor General regarding inspection of accounts shall be subject to disciplinary action under relevant Efficiency and Discipline Rules, applicable to such person.

Finance Division Military, Rawalpindi incurred an expenditure of Rs.187.424 million on payment of honorarium to the officers and officials during the period from 2011-12 to 2018-19.

Management was requested to provide the files regarding the approval and payment of honorarium for the period under audit but same was not provided.

Audit is of the view that due to non-production of record, the authenticity of the expenditures could not be ascertained.

DAC held on 10.02.2020 directed the management to provide record to audit for verification within two days.

No record was provided to audit till finalization of the report.

Audit recommends inquiry to fix the responsibility besides provision of record to audit.

National Savings

13.5.7 Unauthorized execution of project for technology up-gradation - Rs.150.00 million

Para 6.8 of project guidelines set forth by the Planning Commission provides that Central Development Working Party (CDWP) is a body for approving development projects/ programs for Federal Ministries/Divisions/ Departments according to their approved financial limits (exceeding 60 million and up to 1000 million).

CDNS Islamabad undertook the Project "Technology Up-gradation and support service of existing business software / system solution at CDNS, Islamabad". Request for Proposal (RFP) was approved by the Director General on 17.02.2017 and the contract was awarded to M/s Grand Thornton Technologies (Pvt.) Ltd. on 21st June, 2017 for a total project cost of Rs.149,710,000.

Audit observed that the project was executed without the approval of Central Development Working Party (CDWP) and it was initiated parallel to the Phase – II of the project Automation of CDNS with an estimated cost of Rs.879.750 million.

Management replied that the process of hiring of the services of M/s Grand Thornton Technologies (Pvt.) Ltd (M/s Access Consulting) was undertaken by Central Directorate of National Savings from its regular budget not by the management of Automation Project of CDNS, Phase-II.

Reply of the management is not satisfactory as the management executed the project without the approval of CDWP in violation of rules.

DAC was not convened till finalization of report.

Audit recommends inquiry to fix the responsibility.

13.5.8 Non-Imposition of Penalty on delayed supply of items - Rs.3.500 millions

Article IX of the agreement, dated 19th May 2016, with the supplier of 97 Generators, Power Zone states that in case of delay in delivery of equipment with completion of job (fully functional Generator), the customer reserves the right to impose 1% (one percent) per month penalty of value of delayed equipment / incomplete job to vendor. The customer reserves the right to relax the penalty clause in case of satisfactory written justification / evidence provided by the vendor for delay.

Para 3(ii) of the supply order dated 08.02.2016 required the supply/provisioning, installation, testing and commissioning of diesel generators at National Savings Centers within 8-10 weeks of issuance of the supply order.

CDNS, under the project "Automation of CDNS – Phase II", procured various items like 10 KVA generators, routers and workstations during the years 2013-14 to 2016-17 through tender. Management vide its supply order set a time limit for supply items and failing which a penalty clause of 1% per month of the cost of the item to be levied was agreed upon in the contract agreement.

Audit observed that in most of the cases the qualified firms did not deliver the tendered items in time. Most of the delivery challans from the supplier were undated. Receiver of the items did not write the date of delivery while signing the delivery challans.

Audit further observed that management did not impose penalty amounting to Rs.3.510 million as required under penalty clause of the agreement.

Management replied that all imported equipment was shipped from foreign country which carry three-year comprehensive guarantee. To maintain good working relationships with vendor for three years of warranty period, CDNS did not exercise the right of imposing of penalty to vendor.

Management accepted the view point of Audit.

DAC was not convened till finalization of report.

Audit recommends inquiry to fix the responsibility besides recovery of LD charges.

13.5.9 Non-recovery of loss due to dacoity, fraud, theft and forgery - Rs.25.690 million

Serial No. 7 of Appendix-2 Rule 23 of GFR Volume-I states that in all cases of fraud, embezzlement or similar offences, departmental proceedings should be instituted at the earliest possible moment against all the delinquents and conducted with strict adherence to the Rules. There is no legal bar to the holding and finalizing of such proceedings even against a Government servant who is being prosecuted in a criminal court also.

The incidents of dacoity, embezzlement, fraud and forgery etc. had occurred in different branches of National Saving Centers. Total amount involved in all such cases was Rs.27,399,382. Out of this, Rs.1,708,965 had so far been recovered.

Audit observed that a sum of Rs.25.690 million was outstanding at the close of fiscal year 2019. Detail is at Annexure 13-C.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends recovery of outstanding amount besides disciplinary action against the persons at fault.

13.5.10 Wasteful expenditure on account of bank draft charges - Rs.15.358 million

Para 12 of General Financial Rules Vol-I states that a controlling office must see not only that the total expenditure is kept within the limits of the authorized appropriation but also that the funds allotted to spending units are expended in the public interest and upon objects for which the money was provided.

Regional Directorate of National Savings, Faisalabad incurred an expenditure of Rs.15.358 million on account of bank draft charges.

Audit observed that the bank charged Rs.15.358 million for issuance of demand drafts. In this way a heavy expenditure was incurred in the presence of alternate economical means of transferring funds for which banks charge a nominal amount.

The department replied that the expenditure on draft charges was incurred as a policy matter. However, CDNS Islamabad vide memo dated 30.09.2018 demanded proposal for online transfer of cash and eventually the recommendations were sent but could not be finalized due to administrative reason.

Reply of the department is not satisfactory as reasons for non-implementation of proposal for online transfer of cash were not communicated.

DAC was not convened till finalization of the report.

Audit recommends inquiry to fix the responsibility besides stoppage of this uneconomical and outdated means of transferring money.

13.5.11 Irregular retention of 05 vehicles without authorization - Rs.10.514 million

Para-XV of the Transport Monetization Policy circulated by the Cabinet Division vide letter dated 12.12.2011 states that the Ministries/ Divisions/ Departments needing operational vehicles shall get their authorization of such vehicles fixed from the Vehicle Committee of Cabinet Division.

Regional Directorate of National Savings Karachi incurred expenditures of Rs.7,964,000 and Rs.2,550,000 respectively on account of purchase of POL and repair & maintenance of 05 vehicles during the financial years 2014-18.

Audit observed that the management was maintaining 05 vehicles without authorization of Cabinet Division. Therefore, expenditure on POL and Repair/Maintenance of vehicles was irregular.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry to fix the responsibility.

13.5.12 Non-deduction of Sales tax - Rs.1.943 million

Rule 2(2) of Sales Tax Special Procedure (Withholding) Rules, 2007 states that the withholding agent shall deduct an amount equal to 1/5th of the total sales tax shown in the sales tax invoice.

Management of RDNS hired M/s Askari Pvt. Ltd. for security of branches and paid an amount of Rs.70.458 million including the sales tax of Rs.9.718 million during 2017-18 & 2018-19.

Audit observed that Askari Pvt. Ltd had provided exemption certificate of non-deduction of Income tax by FBR, however, management failed to deduct the sales tax up to 1/5 of total sales tax claimed by the supplier which comes to be Rs.1.943 million.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends that sales tax be recovered and deposited into the Government treasury.

13.5.13 Irregular hiring of office building and payment of rent - Rs.146.963 million

O.M No. F.12(65/2011-Policy) dated 27th March, 2017 of Ministry of Housing & Works provides that the rates of office accommodation have been revised as under:

S No.	Station	Area	Type of Building	Existing rates per Sq. ft.	Revised Rates per Sq. ft.
1.	Islamabad/Rawalpindi	Blue Area, Super/Jinnah Super Market, F-8 Markaz, F-10 Markaz& E-7	Basement	Rs.25	Rs.50
			Other floors	Rs.40	Rs.80
		Other Areas	Basement	Rs.20	Rs.40
			Other floors	Rs.30	Rs.60

Management of RDNS, Islamabad/Rawalpindi hired 17 buildings for office use and for National Savings Centers during the period 2014-15 to 2018-19.

Audit observed that RDNS hired the above-mentioned buildings on higher rates than specified by the Ministry of Housing and Works and paid an amount of Rs.146.963 million.

Audit is of the view that management hired the building on higher rates without the approval of Finance Division.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry to fix responsibility.

13.5.14 Irregular expenditure on Contingent paid staff - Rs.92.116 million

Para 11(A) (vi) of System of Financial Control and Budgeting 2006 provides that Financial Adviser shall submit proposals for appointment of contingent paid staff to AFS(E) for approval.

Serial 3(a) Column 5 of System of Financial Control and Budgeting 2006 provides that the contingent paid staff may be appointed for a short period not exceeding a financial year subject to availability of budget. Appointment of Contingent Paid Staff in large number, which are later sought to be continued for indefinite period, may not be made.

Regional Directorate of National Savings hired the services of Contingent paid staff for National Saving Centers and paid an amount of Rs.92,116,228 during the Financial years 2014-2019.

Audit observed that the management appointed the contingent paid staff without the approval of Additional Secretary (Expenditure), Finance Division.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry to fix responsibility besides regularization of Finance Division.

Pakistan Mint

13.5.15 Irregular payment of overtime allowance - Rs.294.58 million

Clause (v) of Para-10 of GFR Volume-I provides that the amount of allowances granted to meet expenditure of a particular type should be so regulated that all allowances are not on the whole a source of profit to the recipients.

Pakistan Mint incurred an expenditure of Rs.294.358 million on account of overtime allowance during 2014-19 to its employees.

Audit observed that the sanction of overtime allowance was normally accorded before commencement of extra work whereas no such sanction was found during the audit and it was revealed that the payment of overtime to the workers was a regular feature.

DAC held on 03.02.2020 directed the management to improve the system of payment of overtime allowance in future and ensure proper maintenance and transparent monitoring of overtime performed by the workers during the overtime hours.

No progress was reported to audit till finalization of the report.

Audit recommends inquiry to fix the responsibility besides maintenance of effective biometric system for the employees for transparent monitoring of extra work.

13.5.16 Less recovery of utility bills from the residents of Mint Colony - Rs.47.677 million

Para 11 of GFR Vol-I states that each head of a department is responsible for enforcing financial order and strict economy at every step. He is responsible for observance of all relevant financial rules and regulations both by his own office and by subordinate disbursing officers.

Pakistan Mint incurred an expenditure of Rs.47.677 million on account of electricity & gas charges during 2018-19. The detail is as under

(Rupees)

S. No.	Financial Year	Nature of Bill	Total Amount of Bill paid	Amount Recovered from the Mint Resident	Amount Recovered from the Mint Factory	Difference
1	2018 -19	Electricity	40,695,764	12,596,274	25,240,000	2,859,490
2	2018 -19	Sui Gas	46,207,950	1,390,577	-	44,817,373
Total			**86,903,714**	**13,986,841**	**25,240,000**	**47,676,863**

Audit observed that residents of colony were paying their electricity and gas bills on domestic rates while the management was being charged with commercial/industrial tariff. This caused loss of Rs.47,676,863 to public Exchequer. Similarly, management has been supplying water to the residential colony free of cost since inception of Pakistan Mint which caused loss of millions of Rupees to the public exchequer. Furthermore, during load shedding, Mint Colony was also provided electricity by using generator incurring huge expenditure on POL.

DAC held on 03.02.2020 directed to take up the case with the concerned Ministries/ Divisions to resolve the issue and to avoid further loss to the public exchequer.

No progress was reported to audit till finalization of the report.

Audit recommends recovery from the residents besides installation of separate meters for Mint colony.

13.5.17 Non-recovery of stamp duty - Rs.5.998 million

Clause (vi) of the Government of Punjab Board of Revenue Memorandum No. 471-95/505-ST-1, dated 27th August, 1995 states that on the procurement of stores and material, stamp duty @ twenty-five paisa for every Rs.100 or part there of the amount of contract shall be paid by every contractor while entering into a contract

agreement with the organization set up or controlled by the Federal or Provincial Government.

Pakistan Mint Lahore made procurement of goods, stores & materials costing Rs.2,399,552,833.10 from the private firms, suppliers during the financial year 2014-15 to 2018-19.

Audit observed that stamp duty of Rs.5,998,881 i.e. 0.25% of the amount of procurement of metal/machinery equipment was not recovered from the private firms.

DAC held on 03.02.2020 directed to provide the record for verification.

No record was provided to audit till finalization of the report.

Audit recommends recovery of the amount involved.

Securities & Exchange Commission of Pakistan

13.5.18 Unauthorized payment of bonus to outsourced staff and service charges to the service provider - Rs.11.181 million

Annexure-A of the service agreement between the SECP and M/s Outriders Pvt. Ltd (OPL) Islamabad for the services of outsourced resources dated 17.05.2017 states that service charges @ 1.89% of the gross invoice amount including salaries, overtime, incentives of the employees and all payments made to or on behalf of the employees shall be paid by the Commission to M/s Outriders Pvt. Ltd Islamabad.

An addendum No.3 was made in the agreement on 08-06-2018 wherein M/s Outriders shall pay bonus, honorarium, increase in salary or any other perks and benefits to its employee's subject to prior approval of the SECP.

Security & Exchange Commission of Pakistan (SECP) paid bonus to outsourced staff amounting to Rs.10,973,732 for the financial years 2017-19.

Audit observed that payment of bonus to the outsourced employees of M/s Outriders Pvt. Ltd in violation of contract agreement. Moreover, the Commission paid service charges @ 1.89 % of the bonus amounting to Rs.207,404 to the contactor i.e. OPL.

DAC held on 10.02.2020 was apprised that addendum to the contract was made with the approval of Policy Board of SECP, being the competent authority to grant bonuses to its employees.

Reply is not acceptable as the terms and conditions of the agreement once settled cannot be altered. Hence payment of bonus to outsourced staff through addendum in the agreement and accordingly payment of services charges @ 1.89% of the bonus were irregular.

Audit recommends inquiry to fix the responsibility.

13.5.19 Unauthorized subsidy to cafeteria from the Commission fund - Rs.13.810 million

Clause 3.1.2 of the Human Resource Manual of the Security and Exchange Commission of Pakistan states that all SECP grade employees will be entitled to pay, allowances and benefits as per Annex-IV of SECP schedule of entitlements and all CPS grade employees will be entitled to pay, allowances and benefits as per Annex V of SECP schedule of entitlements.

Security & Exchange Commission of Pakistan (SECP) hired the services of Fiji's Grill, Islamabad for provision of cafeteria services at the SECP head office and paid Rs.13.81 million as subsidy for cafeteria services and office refreshment charges for the financial years 2017-19.

Audit observed that subsidy for the officers and staff of the SECP was unauthorized because such payments of subsidy on foods was not covered as per schedule of entitlements.

DAC held on 10.02.2020 was apprised that subsidy was approved by Policy Board of SECP, being the competent authority.

Reply is not acceptable as cafeteria was to be given on contract instead of giving subsidy to the contractor.

Audit recommends inquiry to fix the responsibility.

13.5.20 Payment of rent of office building without lease agreement - Rs.148.331 million

Clause-2 of the lease agreement signed between SECP and National Insurance Company Ltd. Islamabad for the lease of entire portion i.e. from 1st to 12th floor of the building states that this agreement will become effective on 01.04.2015 and will remain in effect for a period of three years that is up to 31.03.2018. Prior to expiry of the term, this agreement may be extended or modified by written mutual agreement

between parties. When used in this agreement, the phrase "the Term" shall refer to the entire duration of the agreement.

Security & Exchange Commission of Pakistan (SECP) hired the office building measuring 70,320 sq. ft. @ Rs.140.625 per sq. ft. per month for a period of three years w.e.f 01.04.2015.

Audit observed that the management of SECP paid rent of the office building @ Rs.9,888,750 per month for the period 01.04.2018 to 30.06.2019 which comes to Rs.148,331,250 without any lease agreement or extension of the previous lease agreement in violation of clause-2 of the lease agreement.

DAC held on 10.02.2020 was apprised that negotiations are in progress to finalize the extension of the lease agreement.

Reply is not acceptable as the amount paid after expiry of lease agreement remains irregular till the extension of the lease agreement.

Audit recommends early finalization of agreement and regularization of the amount paid as rent.

13.5.21 Non-remittance of surplus fund into the Federal Consolidated Fund- Rs.148.503 million

Section 24 (3A) of Securities and Exchange Commission of Pakistan Act, 1997 states that any surplus of receipts over the actual expenditure including budgeted capital expenditure in the year shall be remitted to the Federal Consolidated Fund and any deficit from the actual expenditure shall be made up by the Federal Government.

Securities and Exchange Commission of Pakistan (SECP), Islamabad generated revenues of Rs 3,002,104,000 on account of fees, recoveries and other income against an expenditure of Rs.2,853,601,000 during the FY 2018-19.

Audit observed that surplus funds worth Rs.148.503 million were not remitted into Federal Consolidated Fund. Audit further observed that allocation of Rs.115.890 million was made in expenditure statements under the head of "Depreciation and Amortization" which was a non-cash expenditure. This allocation was made merely to avoid the necessity of surrendering surplus receipts to Federal Consolidated Fund.

DAC held on 10.02.2020 directed the SECP management to share the record of the Capital investments and remittances to the Federal Consolidated Fund for the last 5 years.

Reply is not acceptable as the surplus receipts are to be deposited into the government treasury.

Audit recommends inquiry to fix the responsibility.

13.5.22 Non-approval of pay package from Federal Government

Clause (iii) of Para-10 of GFR Volume-I provides that no authority should pass any order which will be directly or indirectly to his own benefit.

The Policy Board of the Security & Exchange Commission of Pakistan (SECP) approved pay and allowances of its Chairman in its 85th meeting held on 19.12.2018 and pay and allowances of the employees from time to time.

Audit observed that the pay package of the Chairman was unjustified as the Chairman was approving authority being member of the policy board.

DAC held on 10.02.2020 apprised that the pay packages of the Chairman, Commissioners and employees is approved by the Policy Board.

Audit is of the view that the pay package of the Chairman and Commissioners is to be approved by the Federal Government.

Audit recommends approval of pay package

13.5.23 Non-mutation of plot purchased in 2012 - Rs.415.723 million

Section 23(3) of the Securities and Exchange Commission of Pakistan Act 1997 states that it shall be the duty of the Commission to conserve the Fund by performing its function and exercising its powers under this act or any administered legislation so as to ensure that the total revenues of the Commission are sufficient to meet all sums properly chargeable to its revenue account.

SECP incurred an expenditure of Rs.415,723,100 on purchase of a plot measuring 2100 sq. yards situated at I.I. Chundrigar Road, Karachi for a lease term of 99 years from Railway Estate Development and Marketing Company (REDAMCO), Rawalpindi on 15.11.2012.

Audit observed that plot purchased on lease deed dated 15.11.2012 had not been registered and mutated in favour of SECP even after a lapse of seven years.

DAC held on 10.02.2020 apprised that the Supreme Court has made restriction that Railways cannot lease land owned by Centre and Province for more than five

years where the land is not required for railway operations, as such SECP may not purchase this land and decided to recover the amount from Railway.

No recovery was affected till finalization of report.

Audit recommends recovery of the amount.

Financial Monitoring Unit

13.5.24 Irregular payment on account of consultancy charges - Rs.11.100 million

Rule 12(2) of PPRA states that all procurement (goods and services) opportunities over two million rupees should be advertised on the Authority's websites as well as in other print media or newspaper having vide circulation. The advertisement in the newspaper shall principally appear in at least two national dallies one in English and other in Urdu.

Financial Monitoring Unit (FMU) Karachi incurred an expenditure of Rs.11.10 million on hiring the services of Muneeb Zia as legal advisor during the financial year 2018-19.

Audit observed that the services of the legal advisor were hired without the open competition and consultation of Law & Justice Division.

The management replied the FMU urgently required services of qualified and experienced resource in view of commencement of Pakistan's mutual evaluation and new challenges coming up at FATF/ICRG. Such experts were not available in the market.

The reply is not acceptable as the legal advisor was hired without the open competition and consultation of the Law & Justice Division.

DAC held on 03.02.2020 directed to refer the case to Law & Justice Division for further clarification.

Audit recommends inquiry to fix the responsibility.

Competition Commission of Pakistan

13.5.25 Non-Recovery of fees and charges levied by regulatory agencies - Rs.10,084.149 million

Section 20(2) (f) of the Competition Commission of Pakistan Act, 2010 states that the fund shall consist of a percentage of the fees and charges levied by other regulatory agencies in Pakistan as prescribed by the Federal Government in consultation with the Commission and the percentage so prescribed shall not be varied to the disadvantage of the Commission.

Finance Division vide S.R.O No. (1)/2008 dated 23.08.2008 prescribed a charge of 3% on the fees and charges levied by the regulatory authorities during financial year 2008-09 to meet the charges in connection with the Commission.

Audit observed that the outstanding amount of Rs.10,084.149 million was due to the Commission @ 3% of the fees and charges levied by the regulatory authorities for the period 2008-19. The amount has not yet been recovered from the authorities despite a lapse of ten years and has resulted into a loss to the Commission. Details are as under:

(Rupees)

Sr #	Name of regulatory Agencies	Amount Due
1	The Pakistan Telecommunication Authority	9,185,229,607
2	The Securities and Exchange Commission of Pakistan	344,803,474
3	The National Electronic Power Regulatory Authority	230,039,753
4	The Pakistan Electronic Media Regulatory Authority	182,749,881
5	The Oil and Gas Regulatory Authority	141,326,542
Total		**10,084,149,257**

DAC held on 10.02.2020 directed CCP to expedite the recovery.

Audit recommends that recovery amounting to Rs.10,084,149,257 may be made effective under intimation to the audit.

13.5.26 Non-recovery of long outstanding penalties - Rs.21,441.080 million

Section 40(8) of Competition Commission of Pakistan Act, 2010 states that all penalties and fines shall be credited to the Public Account of the Federation.

Audit observed that the Competition Commission of Pakistan imposed penalties of Rs.21,471.830 million on different companies during the period 2007-19.

However, only Rs.30.750 million were recovered and Rs.21,441.080 million were outstanding till June, 2018. Detail is at Annexure 13-D.

Audit is of the view that accumulation of large sum of outstanding penalties proves that Competition Commission does not have a proper and effective procedure to ensure the realization of the penalties imposed.

DAC held on 10.02.2020 directed CCP to expedite the recovery.

Audit recommends to recover the outstanding amount.

13.5.27 Irregular payment of Monetization Allowance along with payment of POL - Rs.33.491 million

In terms of Finance Division OM, no.F.3-(2) R-4/2011 dated 24.12.2012 monetization of transport facility shall be admissible to all future appointments against MP Scales in lieu of present facility of Chauffer Driven Car maintained at Government's/Corporation's expense for official and private use and petrol limit as provided in Finance Division's O.M No.3 (7) R-4/98 dated 18.08.1998

Para 25 of GFR Volume-I states that all departmental regulations in so far as they embody orders or instructions of a financial character or have important financial bearing should be made by, or with the approval of, the Ministry of Finance.

Competition Commission of Pakistan paid Rs.1.178 million on account of payment of monetization of fuel and Rs.14.774 million on account of Monetization Allowance against fuel entitlement respectively to entitled officers of the Commission during the period 2018-19.

In addition to the above the CCP paid monetization allowance to Directors General and Directors along with cost of POL for the period under audit. The detail is as under:

(Rupees)

S. No.	Designation	Grade	POL Monetized	Amount of Allowance	No. of employees	Total Amount/Annum
1	Director General	9	48,663	63,000	6	8,039,736
2	Senior Director	8	28,293	58,000	1	1,035,516
3	Director	8	28,293	58,000	8	8,284,128
					Total	17,359,380

Audit observed that:

i. Fuel monetization allowance was paid against the commission's vehicles which was irregular and paid through salary without any invoice on account of purchase of POL.

ii. Log books and Movement registers for the period in which fuel monetization allowance was paid were not maintained.

iii. Grade-9 was paid cost of 430 litters POL and Grade-8 cost of 250 litters POL along with Monetization Allowance.

Audit is of the view that payment of monetization allowance and cost of POL simultaneously is in conflict with Monetization Policy.

The management on a similar para was directed by DAC on 03.12.2018 to refer the case to the Ministry of Finance for review of the Monetization Policy but the same was not done yet.

DAC held on 10.02.2020 directed CCP to get clarification from Cabinet Division.

Audit recommends that payment of POL be stopped besides recovery of already paid amount.

13.5.28 Irregular investment of funds - Rs.665.00 million

According to Finance Division's O.M. No. F.4(1)/2002-BR-11 dated 02.07.2003, investment of working balances/surplus funds be made subject to fulfillment of various requirements such as investment in A rating banks, competitive bidding process, investment exceeding Rs.10 million shall not be kept in one bank, setting up of in-house professional treasury management functions, formation of Investment Committee, employment of qualified investment management staff, utilization of services of professional fund managers approved by SECP, annual certificate of the Chief Executive of the organization, etc.

CCP, Islamabad invested Rs.665,000,000 in NBP during 2018-19 as per following details:

(Rupees)

S. No	Bank	Date of Investment	Amount	Rate of Interest	Date of Maturity
1	NBP	04.07.2018	60,000,000	5.70%	05.01.2019
2	NBP	18.07.2018	50,000,000	5.75%	19.01.2019
3	NBP	17.09.2018	50,000,000	6.00%	16.03.2019
4	NBP	10.12.2018	150,000,000	7.50%	11.05.2019
5	NBP	10.12.2018	45,000,000	7.50%	18.07.2019
6	NBP	10.01.2019	60,000,000	5.70%	11.07.2019
7	NBP	23.01.2019	50,000,000	7.50%	24.07.2019
8	NBP	02.04.2019	50,000,000	8.00%	03.10.2019
9	NBP	30.05.2019	150,000,000	11.40%	01.12.2019
			665,000,000		

Audit observed as under:

i. No Investment Committee was constituted and there existed no in-house professional treasury management function.
ii. Competitive bidding process was not carried out which resulted in low interest rates fluctuating from 5% to 11.4% during same year.
iii. All the money was kept in a single bank.

DAC held on 10.02.2020 directed CCP to get the record verified.

No record was produced for verification till finalization of the Report.

Audit recommends to stop the practice besides fixing of responsibility.

13.5.29 Appointment of legal consultant without consultation of Law Division - Rs.14.565 million

In terms of Rule 14(1) (g) of Rules of Business 1973, the Law, Justice and Human Rights Division shall be consulted before the appointment of a legal adviser in any Division or any office or corporation under its administrative control and the Law, Justice and Human Rights Division will make its recommendations after consultation with the Attorney General.

the Competition Commission of Pakistan during financial year 2018-19 sanctioned an expenditure of Rs.14,565,000 on account of Professional fee and charges.

Audit observed that the management appointed the legal adviser without obtaining the consent of Law Division.

DAC held on 10.02.2020 directed CCP to get the record verified.

No record was produced for verification till finalization of the Report.

Audit recommends that appointment be regularized by Law Division.

13.5.30 Irregular payment of Security Guard Allowance - Rs.1.224 million

Section 57(1) of the Competition Commission of Pakistan Act 2010 states that the Commission may, by notification in the official Gazette and with the approval of Federal Government, make rules for all or any of the matters in respect of which it is required to make rules or to carry out the purpose of this Act.

the Competition Commission of Pakistan incurred an expenditure of Rs.1,224,000 on account of payment of Security Guard Allowance to the Director General during financial year 2018-19.

Audit observed that the allowance was paid without approved rules of allowance by the Federal Government and same allowance is not admissible under Federal Government.

DAC held on 10.02.2020 directed to refer the case to the Finance Division for clarification.

Audit recommends to stop payment of Security Guard Allowance besides recovery.

13.5.31 Irregular appointment of consultant - Rs.5.117 million

As per Office Order dated 30.01.2017 Dr. Shahzad Ansar former Member of the Commission was appointed as Consultant on Ad-hoc basis for a period of three months i.e. 30.01.2017 to 29.04.2017. Later on, his extension period was extended up to 29.11.2017.

Dr. Shahzad Ansar was appointed as Member of the CCP for 2nd term on 28.01.2014 to 27.01.2017. After end of his tenure as Member, he was appointed as a consultant on 30.01.2017 at a fixed salary of Rs.400,000. He remained on this post up to 29.11.2017.

Audit observed that the officer was appointed as a consultant after expiry of the second term as a Member without advertising the post and observing codal formalities at the monthly salary of Rs.400,000 along with monetized value of car and

petrol equal to CCP Grade-9. It was also observed that later on, the officer was appointed as a Member of the CCP for third term as on 04.12.2017.

Audit is of the view that appointment of consultant without fulfilling the codal formalities and approval of Finance Division was irregular.

DAC held on 10.02.2020 directed to conduct a fact-finding inquiry.

Audit recommends implementation of DAC decision.

CHAPTER 14

HIGHER EDUCATION COMMISSION

14.1 Introduction

Higher Education Commission (HEC) was set up through an Ordinance in September, 2002 to facilitate the development of indigenous universities to be world-class centers of higher education, research and development.

To address the challenges of higher education a comprehensive strategy has been defined by HEC that identifies the core strategic aims for reform as (i) Faculty development, (ii) Improving access, (iii) Excellence in learning and research, and (iv) Relevance to national priorities. These strategic aims are supported by well-integrated cross-cutting themes for developing leadership, governance and management, enhancing quality assessment and accreditation and physical and technological infrastructure development.

ATTACHED DEPARTMENTS/ AUTONOMOUS BODIES

- All Public-Sector Universities

Sr. No.	Description	Total No.	Audited	Expenditure Audited (FY-2018-19) Rs. in million	Revenue / Receipt Audited (FY 2018-19) Rs. in million
1	Formations	27	6	5,774.867	-
2	Assignment Accounts (Excluding FAP)	37	11	23,210.886	-
3	Authorities / Autonomous Bodies etc. under the PAO	21	8	17,920.254	-
4	Foreign Aided Project (FAP)	1	-	-	-

14.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to Higher Education Commission for the financial year 2018-19 was Rs.67,593.000 million out of which HEC utilized Rs.67,592.457 million. Audit noted that there was an overall saving of Rs.0.542 million. The expenditure was incurred from Grant No.41 – Finance Division.

(Rupees in million)

Grant No.	Type of Grant	Original Grant	Supplementary Grant	Surrender (-)	Final Grant	Actual Expenditure	Excess/ (Saving)	% age Excess/ (Saving)
41	Current	65,000.00	2,593.000	-	67,593.000	67,592.457	(.542))	04%

14.3 Classified Summary of Audit Observations

Audit observations, amounting to Rs.26,596.031 million, were raised in this report during the current audit of Higher Education Commission. This amount also includes recoveries of Rs. 5.020 million as pointed out by the audit. Summary of the audit observations classified by nature is as under:

(Rupees in million)

S. No	Classification	Amount
1	Non-production of record	-
2	Reported cases of fraud, embezzlement and m Misappropriation	-
3	Irregularities	
A	*HR/Employees related Irregularities*	793.673
B	*Procurement related irregularities*	25,790.959
C	*Management of account with commercial banks*	0.000
D	*Recovery*	5.020
E	*Internal Control*	-
4	Value for money and service delivery	6.379
5	Others	-

14.4 Status of compliance with PAC Directives

Name	Audit Year	Total No. of Audit Paras	No. of Actionable Points Issued	Compliance	Non/Partial Compliance	% of Compliance
Higher Education Commission	1991-92	1	1	0	1	0%
	1992-93	2	2	0	2	0%
	1993-94	4	4	0	4	0%
	1996-97	1	1	0	1	0%
	1997-98	24	24	9	15	38%
	1998-99	43	43	5	38	12%
	1999-00	11	11	11	0	100%
	2000-01	26	26	14	12	54%
	2003-04	24	24	13	11	54%
	2005-06	8	8	5	3	63%
	2006-07	15	15	12	3	80%
	2007-08	8	8	8	0	100%
	2009-10	2	2	0	2	0%
	2013-14	70	46	16	30	35%
	2015-16	22	22	2	20	9%
	2016-17	113	20	3	17	15%
	Total	**374**	**257**	**98**	**159**	**38%**

The Draft Audit Report including following Paras was issued to the PAO on 03.08.2019, 04.12.2019 and 14.01.2020 followed by reminder 31.12.2019 and 21.01.2020 with the request to reply and also arrange the DAC meeting to discuss the Paras.

14.5 AUDIT PARAS

Higher Education Commission

14.5.1 Non-establishment of assembly plant locally and irregular purchase of 500,000 laptops from foreign company - Rs.25.771 Billion

As per Acquisition Proposed Model of PC-I the acquisition of laptops/tablets PCs was made with the concept to establish assembly plant within the country in due course as to meet the ever-increasing need of the country and have a sustainable model for long term economic benefits.

Prime Minister's Laptops Scheme under Higher Education Commission entered into an agreement with M/s Haier Electrical Appliances Corp. Ltd, who had to establish the assembly plant locally for manufacturing of Laptop and accessories as per provisions of PC-I. M/s Haier Electrical Appliances Corp. Ltd provided 100,000 laptops on 05.05.2014, 200,000 laptops on 12.08.2015 and remaining 200,000 laptops on 15.05.2017 for the Scheme "Prime Minister's Scheme for Provision of Laptops. The details of expenditure for purchase of laptops during financial years 2013-18 are as under:

S. No.	Financial Year	Phases	Expenditure
1	2013-14	Phase-I	3,838,964,952
2	2014-15	Phase-I	1,259,651,896
3	2015-16	Phase-II	10,582,373,915
4	2016-17	Phase-II	4,940,858,917
5	2017-18	Phase-II	5,148,924,678
		Total	**25,770,774,358**

Audit observed that:

i. The HEC signed agreements with M/s Haier Electrical Appliances Corporation, China without having sufficient certificates/documents for having registered local manufacturing facilities.

ii. The management entered into agreement with the foreign company who did not establish plant in Pakistan, thereby causing loss to local industry and out flow of foreign exchange.

The management replied that they had floated the tender for interested Original Equipment Manufacturing (OEM). As there is no local OEM for laptops so M/s Haier Electrical Appliance Corporation, China participated in the said tender and HEC signed agreement with M/s Haier Electrical Appliance Corporation, China after technical compliance. The M/s HNR identified by M/s Haier as local partner in RFP has legal coverage to manufacture goods.

The reply of the management is not acceptable as the management entered into agreement in violation of PC-I and provided no evidence of establishing the local laptops assembling plant in Pakistan.

DAC held on 09.12.2019 directed to provide Memorandum & Article of Association of HNR and Agreement which provides HNR as the local partner of M/s Haier Electrical Appliance Corp. Ltd. for manufacturing of Laptops in Pakistan.

The management provided the Memorandum of Association and agreement which does not include HNR as the local manufacturer of Laptops.

Audit recommends inquiry to fix responsibility.

COMSATS University Islamabad

14.5.2 Irregular appointment of advisors / consultants - Rs.16.570 million

Rule 8(a) of the Employees Services statues 2009 of COMSATS states that appointments to all posts shall be made by initial recruitment on the basis of merit and fitness after due publicity of the vacancies in the national press in accordance with the conditions of education professional qualifications and experience.

COMSATS University Islamabad, Lahore Campus incurred an expenditure of Rs.2.469 million on hiring of consultants during financial year 2018-19. Further, the management made appointments in various cadres / pay scales without advertising the posts with financial implication of Rs.14.100 million, that comes to Rs.16.570 million.

Audit observed that the management hired the services of consultants without advertising the vacancies in the national press, without sanctioned posts and without the approval of Board/ Senate.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends the irregularity be condoned from competent authority.

Federal Urdu University

14.5.3 Irregular payment of 20% Special Allowance - Rs.35.081 million

Finance Division O.M No.F.10(2) R-3/2012 dated 06.03.2013 conveyed approval of the Prime Minister to the grant of Special Allowance @ 20% of running Basic Pay with effect from 01.03.2013 to all the officers and staff working in the Federal Ministries/Divisions only.

HEC Regional Centre Peshawar and Federal Urdu University for Arts, Science & Technology Karachi paid Rs.35.080 million as Special Allowance @ 20% of Basic Pay to all the employees. Details are as under:

(Rupees)

S. No.	Formations	Financial Years	Amount
1.	HEC Regional Centre Peshawar	2013-19	2,907,072
2.	Federal Urdu University for Arts, Science & Technology Karachi	2017-19	32,173,449
		Total	**35,080,521**

Audit observed that Special Allowance was paid to the employees in violation of the instruction of the Finance Division.

the HEC Regional Centre, Peshawar replied that all the service matters of HEC employees are dealt with centralized manner by Human Resource Management (HRM) Department of HEC Headquarters Islamabad.

The reply of the management is not acceptable as the allowance was paid in violation of the rules.

DAC was not convened till finalization of report.

Audit recommends to stop the practice besides recovery.

14.5.4 Irregular payment of Special Science & Technology Allowance over and above the prescribed rates - Rs.32.173 million

The Finance Division vide O. M. No. F.1 (9) Imp. I / 2000-543, dated 09.08.2011 revised the rates of Special Science & Technology Allowance from Rs.5,000 pm to Rs.7,500 pm which is admissible to all Ph. D degree holders working in R&D Organizations, Universities / Colleges and Science & Technology Institutions / Centers.

Para 25 of GFR Volume-I states that all departmental regulations in so far as they embody orders or instructions of a financial character or have important financial bearing should be made by, or with the approval of the Ministry of Finance.

Federal Urdu University, Karachi paid an amount Rs.32,173,449 as Special Science & Technology Allowance to Ph. D degree holders @ Rs.10,000 per month during 2017-18 to 2018-19.

Audit observed that the management of the Federal Urdu University Karachi paid the Special Science & Technology Allowance at the rate Rs.10,000 pm instead of Rs.7,500 pm which was irregular.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends to fix the responsibility.

14.5.5 Irregular payment of evening / night duty allowance - Rs.28.409 million

Para 25 of GFR Volume-I states that all departmental regulations in so far as they embody orders or instructions of a financial character or have important financial bearing should be made by, or with the approval of the Ministry of Finance.

Federal Urdu University of Arts, Science & Technology, Karachi paid Rs.28,408,799 as Evening/ Night Duty Allowance.

Audit observed that Evening Shift Allowance was paid without the approval of the Finance Division.

Neither the management replied nor DAC was convened till finalization of this report.

Audit recommends to stop the practice besides recovery.

14.5.6 Irregular appointment of Contract teachers/staff over sixty years - Rs.162.772 million

Establishment Division vide letter No. 7/3/89-OMG-II dated 28.01.1989 has laid down the following criteria for re-employment of government servants:

i. Non-availability of suitably qualified or experienced officers to replace the retiring officer.

ii. The officer is a highly competent person with distinction in his profession / field.

iii. The re-employment does not cause a promotion block; and

iv. Retention of the retiring officer, for a specified period, is in the public interest.

The O.M. further states that re-employment beyond the age of superannuation in all cases requires the approval of the Prime Minister.

As per Section-11(5) (C) of Federal Urdu University of Arts, Science and Technology, Islamabad 2002 Act, Vice-Chancellor shall have the power to make appointments of such categories of employees of the University and in such manner as may be prescribed by the Statues.

Federal Urdu University of Arts, Science and Technology, Karachi appointed retired officers on contract basis on different positions and paid an amount of Rs.162.772 million for the period 2017-18 to2018-2019.

Audit observed as under:

i. No provision existed in the Code of the University approved by the Senate regarding appointment on contract basis for a long time.

ii. The positions were not advertised as required under the rules.

iii. The appointments were made without approval of the Senate.

iv. In all cases date of appointment and appointment letters were not provided.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry to fix the responsibility.

14.5.7 Recovery due to non-return of Ph. D candidates from abroad - Rs.45.753 million

The Faculty Development Program (FDP) had been designed for capacity enhancement of selected universities by Higher Education Commission (HEC) to encourage and reward existing faculty for developing their teaching skills in key areas of their expertise.

The program provides an opportunity of learning abroad for research and development as non-PhD faculty members of selected universities to pursue their Ph. D degree abroad. The Program offers PhD scholarships in specific disciplines for each participating university.

During the scrutiny of records, it was observed that professors were sent abroad for Ph. D and fee/stipend was paid from FDP program amounting to Rs.38,042,000 in addition to salary of Rs.3,244,997 but they did not return to Pakistan to serve in their respective field, resulting in loss to public money amounting to Rs.45,753,149. Detail is at Annexure 14-A.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends that the amount be recovered.

14.5.8 Irregular appointment of Assistant Professors on Tenure Track Systems - Rs.49.453 million

During the review of minutes of 21st meeting of Finance and Planning Committee held on January 12, 2018, it was observed that various Assistant Professors were appointed on Tenure Track System (TTS) and were paid as per TTS as well as regular pay.

Federal Urdu University of Arts, Science & Technology Karachi, paid Rs.49,452,768 during the audit period from July 2017 to June 2019 from HEC Contribution Grant for Tenure Track System (TTS) Teachers to various Assistant Professors, details at Annexure 14-B

Audit observed that the above professors were appointed on Tenure Track System (TTS) and were drawing pay of BPS as well, in the capacity of regular employees which is clear violation of government rules.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends that responsibility be fixed for irregularity and amount be recovered.

14.5.9 Unauthorized payment of pay and allowances to Ex-Vice Chancellor - Rs.1.310 million

F.R 17 states a government servant draws the pay and allowances of a post from the date he assumes the charge of that post and cease to draw them as soon as he relinquishes the charge of that post.

Audit observed that the management of Federal Urdu University paid Rs.1,310,400 to Dr. Zafar Iqbal from Oct 2017 to Dec 2017 @ Rs.436,800 per month even after his termination as evident from the minutes of the Senate meeting.

This resulted in irregular overpayment due to management's negligence.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends to fix responsibility besides recovery.

14.5.10 Irregular appointment of Associate Professors, Assistant Professors and Lecturers

As per section 9 of Employee Service Rules provided in the University Code When Vice Chancellor believes it is necessary to fill the vacancy in the interest of the University while nominations through selection Committee is delayed, he may fill the vacancy on ad-hoc basis for the period of six months.

Federal Urdu University of Arts, Science & Technology appointed 11 employees vide office order No. DRA/2626/2017 dated 26th September 2017 details at Annexure 14-C.

Audit observed that the appointments were made without advertisement of post, conducting of test and interview by Vice Chancellor Mr. Zafar Iqbal.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry to fix responsibility.

National Centre of Excellence in Physical Chemistry University of Peshawar

14.5.11 Irregular appointment and expenditure on salaries to contractual staff - Rs.1.915 million

According to University of Peshawar statutes-2016 S.No.7 (i), Initial recruitment shall be made on merit through open competition after advertisement of the vacancies in prescribed manner.

National Centre of Excellence in Physical Chemistry University of Peshawar appointed various Officials on contractual basis and incurred an expenditure of Rs.1,914,576 on account of their salaries. Details given at Annexure 14-D.

Audit observed that:

i. The Contractual staff was hired against regular vacant posts.
ii. The appointments were made without sanction of the competent authority.

iii. The appointments were carried out without open competition and advertisement.

Audit is of the view that the appointment of contractual staff against regular posts and without open competition was misuse of powers by the Director, hence the appointment(s) and the expenditure incurred thereafter, was held irregular.
Neither management replied nor was DAC convened till finalization of report.

Audit recommends to fix responsibility.

Allama Iqbal Open University

14.5.12 Irregular hiring of Security Guards without open competition - Rs.22.212 million

Rule 20 of Public Procurement Rules 2004, states that save as otherwise provided hereinafter, the procuring agencies shall use open competitive bidding as the principal method of procurement for the procurement of goods, services and works.

Allama Iqbal Open University, Islamabad entered into contract with M/s Askari Guard (PVT) LTD, Rawalpindi for hiring the services of Security Guards for initially a period of three months from 01.04.2015 to 31.07.2015 for main and regional campus which was extended up to 30th April, 2019 and paid Rs.22, 212,000 during the financial year 2018-19.

Audit observed that the contract for hiring the services of the security guards was awarded to M/s Askari Guard (Pvt.), Rawalpindi without open competition in violation of Rule 20 of the Public Procurement Rules, 2004.

Audit is of the view that hiring of the services of the Security Guards was irregular which deprived the university from the benefit of competitive rates.

The management replied that the services of Askari Guards (Pvt.) Ltd a leading security company and a subsidiary of Ministry of Defense was engaged. Their contract was extended from time to time upon their satisfactory performance and approval of the statutory bodies. During this period the University published an advertisement in the daily Jang on 18.08.2018. After technical & financial evaluation, the successful company i.e. M/S Rehman Security Systems (Pvt.) Ltd was awarded the job. Later on, in May 20, 2019 again a tender notice was published in the print media for hiring of Security Services and after due process of evaluation of bid of the companies, the tender was given to Security Organizing System Pakistan (Pvt.) Ltd

and an agreement was signed with them for providing services with effect from 01.11.2019 which they have implemented accordingly.

The management accepted the view point of audit.

DAC was not convened till finalization of report.

Audit recommends inquiry to fix the responsibility.

14.5.13 Irregular award of space to various firms for commercial activities.

Rule 20 of Public Procurement Rules, 2004 states that save as otherwise provided hereinafter, the procuring agencies shall use open competitive bidding as the principal method of procurement for the procurement of goods, services and works.

Allama Iqbal Open University, Islamabad allotted 1000 to 1500 Sq. ft area to following banks for opening their branches.

1 National Bank of Pakistan.

2 Allied Bank Ltd.

3 First Women Bank Ltd.

4 Muslim Commercial Bank Ltd.

In addition to the above the management also provided space to the firms for establishment of cafeteria, tuck shops, canteen, Utility Store in Academic Blocks and in AIOU residential colony.

Audit observed as under:

i. The allotment of space was awarded without open competition and lease agreements.

ii. AIOU bore the electricity, gas and water charges as no recovery to this effect was available on record.

iii. The space was allotted without rent.

Management replied that four banks namely NBP, ABL, MCB and FWBL are working within the premises of AIOU but no rent was charged to any bank as bank provided many services free of cost for AIOU, however utility charges have been deducted from all banks regularly through sub-meter which were already installed. Record regarding deduction of utility charges is available for verification please.

The reply was not accepted because land was allocated without open competition. Further, the management accepted that the rent was not recovered and some shops management received less rent as compared to market.

DAC held on 12.02.2020 was apprised that banks and other firms are provided exclusive facilities to the employees and students of the university.

DAC did not agree with the contention of the university.

Audit recommends inquiry to fix the responsibility besides recovery of previous rents/utility charges as well as execution of agreements with banks and other firms for future.

14.5.14 Irregular Printing of Books from Private Printers - Rs.5.349 million

Rule 15(1) of Public Procurement Rules, 2004 states that a procuring agency, prior to the floating of tenders, invitation to proposals or offers in procurement proceedings, may engage in pre-qualification of bidders in case of services, civil works, turnkey projects and in case of procurement of expensive and technically complex equipment to ensure that only technically and financially capable firms having adequate managerial capability are invited to submit bids

Rule 10 of Public Procurement Rules, 2004 states that specifications shall allow the widest possible competition and shall not favour any single contractor or supplier nor put others at a disadvantage.

Allama Iqbal Open University (AIOU), Islamabad incurred an expenditure of Rs.5,349,995 on printing from private printers during 2018-19.

Audit observed as under:

a. The pre-qualified private printers were assigned printing on the basis of rates approved by AOIU instead of getting competitive rates from the private printers.

b. The services of the printing firms were not obtained through wide competition.

Audit is of the view that the procurement of books without competition was irregular which deprived the University from the benefit of open competitive rates.

The management replied that the printing rates were approved by AIOU Executive Council in 2013 and Private Printers were registered/prequalified throughout the country.

The reply was not tenable as the printing was made in violation of PPRA rules.

DAC held on 12.02.2020 was apprised that the books are being printed from private printers because printing facilities in the university are insufficient and sometimes unexpected increase in work load arises.

DAC did not agree with the contention of the university.

Audit recommends to fix responsibility.

14.5.15 Unauthorized purchase of vehicles without obtaining NOC from Finance Division - Rs.14.610 million

Clause (i) of Finance Division Expenditure Wing O.M 7(1) Exp.IV/2016-577 dated 03.12.2018 stats that there will be a complete ban on purchase of all types of vehicles both for current as well as development expenditure and vehicles can be purchase after obtaining NOC from Finance Division.

NUML purchased following vehicles during 2018-19:

(Rupees)

S. No	Type of Vehicle	Quantity	Amount
1.	Hino Bus	01	9,250,000
2.	Suzuki Cultus	04	5,360,000
		Total	**14,610,000**

Audit observed that above vehicles were purchased without obtaining NOC from Finance Division.

The management replied that all the vehicles were purchased before the issuance of notification regarding ban. The vehicles were booked/purchased in the month of August 2018 and the notification date is 03.12.2018.

The reply is not acceptable as ban was imposed for procurement of vehicles.

DAC was not convened till finalization of report.

Audit recommends to fix the responsibility.

14.5.16 Irregular appointment of Professor, Associate Professor and Transport officer

According to the NUML Statutes for appointment of Professor and Associate Professor the candidate required having Ph.D with 15 years and 10 years teaching/research experience in a recognized university or a post graduate institution or Professional experience in relevant field in a National & International organization plus 8 research publications in general of international repute.

National University of Modern Languages university appointed following officer as Professor, Associate Professor and Transport officer. Details are as under:

S No.	Name of Designation	BPS	Qualification	Required Experience	Actual Experience
1	Dr. Naveed Akhtar as Professor	21	Ph.D	15 years	10 years
2	Dr. Nadeem Talib as Associate Professor	20	Ph.D	10 years	01 year
3	Dr. Gulfam Khan Khalid as Associate Professor	20	Ph.D	10 years	01 year
4	Mr. Muhammad Ejaz Akhtar	Transport Officer.	Bachelor of Arts and MBA	Nil	Nil

Audit observed that the above mentioned officers obtained Ph.D degrees from NUML University and did not possess 15 years and 10 years of teaching and research experience as required for the posts. Further, the transport officer was required to have had Degree/Diploma in Automobile Engineering.

The management replied that individual has degree of Ph.D in Management Sciences and vast experience of teaching and research. Individual have more than 36 research publications at National and International level.

The reply is not satisfactory as the officers do not possess required post qualification experience.

DAC was not convened till finalization of report.

Audit recommends to fix the responsibility.

Quaid-i-Azam University

14.5.17 Overpayment of Medical Allowance - Rs.199.605 million

In terms of Section 27(1) of the Quaid-i-Azam University Act, 1973, Statutes may be made to regulate:

(a) The constitution of pension, insurance, gratuity, provident fund and benevolent fund for University employees.

(b) The scales of pay and other terms and conditions of service of officers, teachers and other employees of the University.

Section 27(2) of the Quaid-i-Azam University Act, 1973 states that Syndicate shall frame and approve the Statutes.

Provided that the draft of Statutes concerning any of the matters mentioned in clauses (a) and (b) of sub-section (1) shall be forwarded to the Chancellor and shall not be effective until it has been approved by the Chancellor.

Islamabad High Court in W.P. No. 768/2011 gave its verdict on 11.11.2016 that Rule 12 of the Rules of Business, 1973, inter-alia requires that every order made by a Division, autonomous or otherwise, functioning under the control of federal government; varying terms and conditions of service of government servants having financial implications would be subject to previous consultation with the Finance Division.

Quaid-i-Azam University, Islamabad paid Rs.252,166,278 million instead of due amount of Rs.52,561,408 as Medical Allowance from July, 2017 to June, 2019 to its employees resulting in over payment of Rs.199,604,870.

Audit observed as under:

i. Rates of monthly Medical Allowance were approved/revised by the Syndicate without assent of the Chancellor.
ii. Medical Allowance was paid over and above the rates applicable to the civil servants.

Audit is of the view that the grant of Medical Allowance in excess of the rates approved by the Finance Division without assent of the Chancellor was irregular and unauthorized.

DAC was held on 02.01.2020 and it was decided that a committee would be constituted at HEC to devise a uniform policy for all universities.

No progress has been intimated to audit till finalization of this report.

Audit recommends to stop the practice or get it regularized from the competent forum.

14.5.18 Irregular payment of House Rent Ceiling to employees - Rs.198.420 million

Serial 28 (Part-VI) of Quaid-i-Azam University Service Statutes assented by the Chancellor states that in exceptional and justified cases, employees of the University shall be allowed hiring of accommodation in accordance with the rules and orders applicable to the Federal Government employees. However, this facility will be subject to availability of funds.

Para 2(vi) of Ministry of Housing and Works O.M. No. F.2(3)/2003-Policy dated 31.07.2004 states that all payment will be made through cross cheques, which will be forwarded to the manager of the bank for depositing in account of the owner.

Quaid-i-Azam University, Islamabad paid Rs.198,420,467 to its employees on account of House Rent Ceiling during 2017-19.

Audit observed that the payment was made to the employees instead of the owners of the houses without assessing the residential premises and observing the rental ceiling for different stations.

Audit further observed that the lease agreements were signed between the owners of the houses and the employees, instead of the owners and the University.

DAC held on 02.01.2020 directed the management to present the case of payment of House Rent Celling with the salary for approval of the Chancellor.

No such approval has been provided to audit till finalization of this report.

Audit recommends to stop the practice besides fixing of responsibility.

14.5.19 Loss due to less recovery of profit on investments - Rs.6.379 million

Para 23 of GFR Volume-I states that every Government officer should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any

other Government officer to the extent to which it may be shown that he contributed to the loss by his own action or negligence.

Quaid-i-Azam University, Islamabad invested an amount of Rs.160.00 million with Dubai Islamic Bank, G-9, Islamabad @ 7.35% per annum for 3 years on 29.12.2015 with maturity date of 31.12.2018.

Audit observed that an amount of Rs.6.379 million was less received by the University on account of profit on investments. Details are as under:

(Rupees)

S. No.	Investment Volume	Profit Rate	Profit Due after 3-years	Profit Received	Difference
1	50,000,000	7.35	11,025,000	9,031,591	1,993,409
2	10,000,000	7.35	2,205,000	1,806,278	398,722
3	100,000,000	7.35	22,050,000	18,062,784	3,987,216
Total	**160,000,000**		**35,280,000**	**28,900,653**	**6,379,347**

DAC held on 02.01.2020 directed the management to conduct the inquiry and share the report with audit besides initiating legal action against the bank.

No inquiry report has been shared with audit till finalization of this report.

Audit recommends fixing of responsibility besides recovery of amount.

14.5.20 Penalty imposed for enrollment of students in Pharm-D Programme without obtaining NOC from Pharmacy Council of Pakistan - Rs.5.020 million

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

Section 17(1)(d) of the Pharmacy Act, 1967 states that the functions of the Central Council shall be to prescribe the conditions and procedure for admission of candidates to an approved examination.

Quaid-i-Azam University, Islamabad started Pharm-D Program in July, 2011 and enrolled 81 students for session 2011-16 and 89 students for session 2012-17.

Audit observed that enrollment of students was made without NOC from Pharmacy Council of Pakistan (PCP) as the NOC was issued on 18.11.2013 due to which penalty of Rs.5.020 million was paid by the University.

DAC held on 02.01.2020 directed the HEC management to fix the responsibility.

Audit recommends inquiry to fix responsibility for the loss to University.

14.5.21 Non-framing of Financial Statutes, Regulations, Rules and accounting procedures, and maintenance of 78 bank accounts

Section 32 (1) of the Quaid-i-Azam University Act, 1973 states that the accounts of the University shall be maintained in such manner as may be prescribed.

Section 2(k) of the Quaid-i-Azam University Act, 1973 states that "prescribed" means prescribed by Statutes, Regulations and Rules.

Quaid-i-Azam University, Islamabad was required to frame its Financial Statutes, Regulations and Rules.

Audit observed that the management did not framed its Financial Statutes, Regulations and Rules since inception resulting in opening of 61 bank accounts by the Treasurer Branch and 17 bank accounts by different departments of the university in addition to the bank accounts of boys/girls hostel wardens, research projects and student's scholarship programs.

DAC held on 02.01.2020 directed the management to frame the rules.

Neither the unnecessary accounts were closed nor any rules were framed till finalization of this report.

Audit recommends implementation of DAC decision.

CHAPTER 15

HOUSING AND WORKS DIVISION

15.1 Introduction

Following functions have been assigned to the Ministry of Housing and Works as per Rules of Business, 1973 amongst the other functions:

i. Acquisition and development of sites, construction, furnishing and maintenance of Federal Government buildings, except those under the Defence Division.

ii. Provision of Govt owned office accommodation and residential accommodation for officers and staff of the Federal Government.

iii. Coordination of Civil Works Budget;

iv. Execution of Federal Government works.

v. Provision of Government owned office accommodation and residential accommodation for officers and staff of the Federal Government; acquisition; requisitioning and hiring of residential accommodation and payment of compensation or rent.

vi. Land and buildings belonging to the Federation wherever situated, and revenues derived therefrom.

vii. Administration of the Federal Government Lands and Buildings (Recovery of Possession) Ordinance, 1965.

viii. Matters relating to the National Construction (Domestic) Limited.

ix. Administrative control of the National Housing Authority.

ATTACHED DEPARTMENTS/ AUTONOMOUS BODIES

1. Estate Office.
2. National housing Authority
3. Office of the Director General, Pakistan Public Works Department.

Sr. No.	Description	Total No.	Audited	Expenditure Audited (FY-2018-19) Rs. in million	Revenue / Receipt Audited (FY 2018-19) Rs. in million
1	Formations	2	1	275.807	-
2	Assignment Accounts (Excluding FAP)	-	-	-	-
3	Authorities / Autonomous Bodies etc. under the PAO	-	-	-	-
4	Foreign Aided Project (FAP)	-	-	-	-

15.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Housing and Works Division for the financial year 2018-19 was Rs.303.015 million, out of which the Division expended an amount of Rs.307.489 million. Grant-wise detail of current and development expenditure is as under:

(Rupees in million)

Type of Grant	Grant No.	Original Grant	Supply Grant	Surrender (-)	Final Grant	Actual Expenditure	Excess / (Savings)	Excess / (Savings)% age
Current	50	160.000	0.012	-0.002	160.010	158.732	-1.278	(0.80%)
	52	143.000	0.005	0.000	143.005	148.757	5.752	4.02%
Grand Total		**303.000**	**0.017**	**-0.002**	**303.015**	**307.489**	4.474	1.48%

Audit noted that there was an overall excess of Rs.4.474 million, only 1.48% of the Final grant. There was no major variance in excess and savings w.r.t Original and Final grant.

15.3 Classified Summary of Audit Observations

Audit observations, amounting to Rs.2.148 million, were raised in this report during the current audit of Housing And Works Division. This amount also includes recoveries of Rs.2.148 million as pointed out by the audit. Summary of the audit observations classified by nature is as under:

(Rupees in million)

S. No	Classification	Amount
1	Non-production of record	-
2	Reported cases of fraud, embezzlement and m misappropriation	-
3	Irregularities	
A	*HR/Employees related Irregularities*	-
B	*Procurement related irregularities*	-
C	*Management of account with commercial banks*	-
D	*Recovery*	2.148
E	*Internal Control*	-
4	Value for money and service delivery	-
5	Others	-

15.4 Status of compliance with PAC Directives

Name	Audit Year	Total No. of Audit Paras	No. of Actionable Points Issued	Compliance	Non/Partial Compliance	% of Compliance
Housing and Works	2003-04	10	10	9	1	90%
	2009-10	2	2	0	2	0%
	2011-12	3	3	0	3	0%
	2015-16	1	1	0	1	0%
	2017-18	2	2	0	2	0%
	Total	**18**	**18**	**9**	**9**	**50%**

The Draft Audit Report including following Paras was issued to the PAO on 30.10.2019 followed by reminder 13.12.2019 with the request to reply and also arrange the DAC meeting to discuss the Paras.

15.5 AUDIT PARAS

15.5.1 Non-recovery of outstanding rent of Lodges- Rs.2.148 million

Rule 7 (1) of Federal Treasury rules states that all moneys received by or tendered to Government officers on account of the revenues of the Federal Government shall without undue delay be paid in full into a treasury or into the Bank. No department of the Government may require that any moneys received by it on account of the revenues of the Federal Government be kept out of the Federal Consolidated Fund of the Federal Government.

Section 9 (1) of allotment of accommodation in the hostels rules dated 14th May,1983 Ministry of Housing and Works states that the rent of the accommodation shall be paid in cash by the residents in advance on fortnightly basis for actual period of reservation if the period is less than fortnight to the receptionist against the signed receipt.

Ministry of Housing and Works allotted rooms of Federal Lodges as detailed below:

(Rupees)

S. No.	Name of Lodge	No. of Allotees	Amount
1	Shah Abul latif Bhitti lodge 1 Old Block	53	586,828
2	Shah Abul latif Bhitti lodge 1 New Block	50	304,873
3	Lal Shabaz Qalandar Lodge (Federal Lodge II)	45	277,431
4	Fatima Jinnah Hostel, Islamabad	81	274,548
5	Federal Govt Chummary Lodge, G-8/1, Islamabad	36	48,400
6	48-Family suits complex, G-5/1, Islamabad	48	656,500
		Total	**2,148,580**

Audit observed that rent was not recovered from the allotees and receipts recovered were not reconciled with Federal treasury.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends that outstanding amount may be recovered.

CHAPTER 16

HUMAN RIGHTS DIVISION

16.1 Introduction

As per Schedule II [Rule 3 (3)] Distribution of Business among the Divisions read with Schedule III [rule-4(4)] Rules of Business 1973 (As amended up to 23rd April, 2019) following main business have been assigned to the Division amongst the other functions.

i. Review of human rights situation in the country including implementation of laws, policies and measures.

ii. Coordination of activities of Ministries, Divisions and Provincial Governments in respect of human rights, and facilitation functions relating to human rights.

iii. Initiatives for harmonization of legislation, regulations and practices with the international human rights covenants and agreements to which Pakistan is a party and monitoring their implementation.

iv. Obtaining information, documents and reports, on complaints and allegations of human rights violations, from Ministries, Divisions, Provincial Governments and other agencies.

v. Pursuing or defending issues, complaints, representations and matters for and against Pakistan relating to human rights before any official or non-Governmental organizations, body or forum in Pakistan and, in consultation with Foreign Affairs Division, before any international organization and foreign Government or non-Governmental organization.

vi. Representation of Pakistan in international bodies, organizations and conferences relating to human rights in consultation and conjunction with Foreign Affairs Division.

vii. Formulating programmes for teaching of human rights at educational institutions.

viii. Administrative control of the Tribunal for disadvantaged persons.

ix. Human rights NGOs

x. Administration of the National Commission on the status of Women Act, 2012

xi. Administration of the National Commission for Human Rights Act, 2012.

xii. 16. Administration of the National Commission for Child Welfare and Development Resolution, 1981.

Sr. No.	Description	Total No.	Audited	Expenditure Audited (FY-2018-19) Rs. in million	Revenue / Receipt Audited (FY 2018-19) Rs. in million
1	Formations	14	3	169.815	-
2	Assignment Accounts (Excluding FAP)	1	-	-	-
3	Authorities / Autonomous Bodies etc. under the PAO	-	-	-	-
4	Foreign Aided Project (FAP)	-	-	-	-

16.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Human Rights Division for the financial year 2018-19 was Rs.464.057 million, out of which the Division expended an amount of Rs.441.668 million. Grant-wise detail of current and development expenditure is as under:

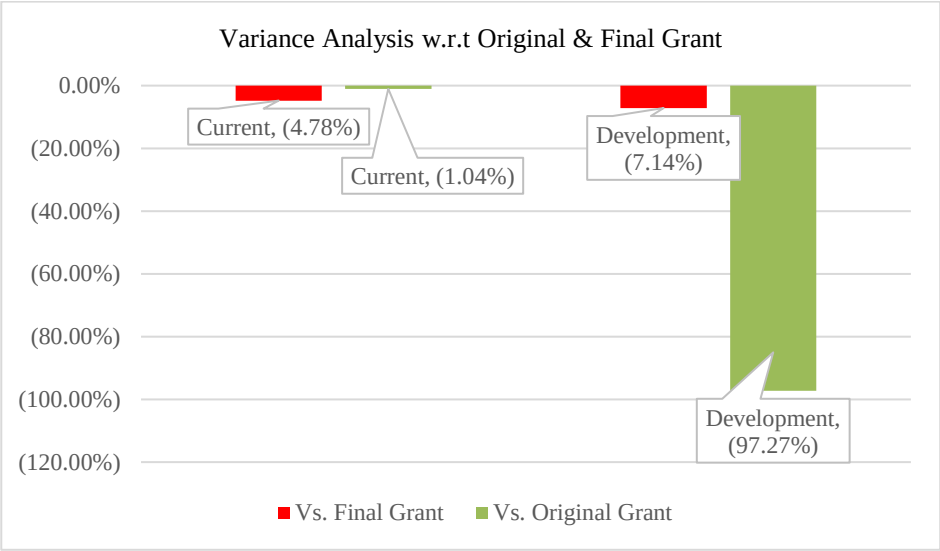
(Rupees in million)

Type of Grant	Grant No.	Original Grant	Supply Grant	Surrender (-)	Final Grant	Actual Expenditure 2018-19	Excess / (Savings)	Excess / (Savings) % age
Current	54	438.000	26.566	-9.345	455.221	433.463	-21.758	(4.78%)
Development	126	300.000	0.000	-291.164	8.836	8.205	-0.631	(7.14%)
Grand Total		**738.000**	**26.566**	**-300.509**	**464.057**	**441.668**	**-22.389**	**(4.82%)**

Audit noted that there was an overall savings of Rs.22.389 million, which was due to savings in the Current Grant.

According to Para 71 of General Financial Rules (Volume I), while framing budget estimates, the authorities should exercise utmost foresight. Rules of good governance demand that budget processes are carried out in accordance with clearly defined expectations, assumptions and a coordinated calendar of activity. As shown in the chart below, bifurcating total allocation into current and development expenditure it was observed that, in case of development expenditure, there was 97.27% of savings w.r.t Original grant which reduced to 7.14% savings w.r.t Final Grant and in case of current expenditure 1.04% of savings increased to 4.78% of

savings, as depicted in the graph below:



16.3 Classified Summary of Audit Observations

Audit observations, amounting to Rs. 9.012 million, were raised in this report during the current audit of Human Rights Division. Summary of the audit observations classified by nature is as under:

(Rupees in million)

S. No	Classification	Amount
1	Non-production of record	-
2	Reported cases of fraud, embezzlement and m misappropriation	-
3	Irregularities	
A	*HR/Employees related Irregularities*	-
B	*Procurement related irregularities*	7.952
C	*Management of account with commercial banks*	-
D	*Recovery*	-
E	*Internal Control*	-
4	Value for money and service delivery	-
5	Others	1.060

16.4 Status of compliance with PAC Directives

Name	Audit Year	Total No. of Audit Paras	No. of Actionable Points Issued	Compliance	Non/Partial Compliance	% of Compliance
Human Rights Division	2009-10	1	1	0	1	0%
	Total	**1**	**1**	**0**	**1**	**0%**

The Draft Audit Report including following Paras was issued to the PAO on 30.10.2019 followed by reminders 19.11.2019, 12.12.2019 and 03.01.2020 with the request to reply and also arrange the DAC meeting to discuss the Paras.

16.5 AUDIT PARAS

16.5.1 Non-production of record

Section 14 (2) of Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 states that the officer in-charge of any office or department shall afford all facilities and provide record for audit inspection and comply with requests for information in as complete a form as possible and with all reasonable expedition.

The Family Protection and Rehabilitation Centre for Women, Islamabad regularized services of two BPS 18 and six BPS 17 employees in 2012.

Audit requisitioned the record of these regularization which was not provided despite repeated requisitions. Due to non-production of record the authenticity of regularization of the above posts could not be ascertained.

DAC on 06.02.2020 directed to produce the record to audit.

No progress was reported to audit till finalization of report.

Audit recommends to fix responsibility for non-production of record.

16.5.2 Irregular procurements without tenders - Rs.7.952 million

Rule 12 (1) of Public Procurement Rules 2004, provides that procurements over one hundred thousand rupees and up to the limit of two million rupees shall be advertised on the Authority's website in the manner and format specified by regulation by the Authority.

Ministry of Human Rights incurred an expenditure of Rs.7,952,078 from the funds of Action Plan for Human Rights on different occasions. Details are at Annexure 16-A.

Audit observed that the above items and services were procured without calling open tender and the Government was deprived of the competitive rates.

DAC on 06.02.2020 directed to hold fact finding inquiry and share the report with audit in 10 days.

No progress was reported to audit till finalization of report.

Audit recommends to fix responsibility.

16.5.3 Unauthentic expenditure on seminars and conferences - Rs.1.060 million

Para-10(i) & (ii) of GFR states that every public officer is expected to exercise the same vigilance in respect of expenditure incurred form public moneys as a person of ordinary prudence would exercise in respect of expenditure of his own money and the expenditure should not be prima facie more than the occasion demands.

Human Rights Division incurred an expenditure of Rs.1.060 million on refreshment and other items of seminars from the funds of Action Plan of Human Rights during financial year 2016-17.

Audit observed that the payment was made to vendors in Islamabad for stationery and food items while the seminars/conferences were shown held at Quetta, Lahore, Peshawar, Haripur and Rahim Yar khan.

DAC on 06.02.2020 directed to produce the record to audit.

No progress was reported to audit till finalization of report.

Audit recommends inquiry to fix responsibility.

16.5.4 Irregularities in the appointments in PSDP project

Para 1 (b) of Establishment Division letter dated 16.01.2015 provided as under:

The short-listed applicants, as a result of screening test, would be interviewed after verification of academic/professional credentials and testimonial. The Department Selection Committee (DSC) constituted vide Rule 2(e) of the Civil Servants (Appointment, Promotion, Transfer) Rules 1973 would adjudge the applicant on the following criteria for selection:

- Score to the test would have 70% weightage.
- The rest of 30% weightage would be allocated by the members of the DSC.

Ministry of Human Rights, Islamabad appointed 31 officers/official for running of the Help Line Project.

Audit observed that the management appointed the officers/officials without screening test.

DAC on 06.02.2020 was apprised that the appointments were made as per rules and directed to verify record from audit including relevant rules.

No progress was reported to audit till finalization of report.

Audit recommends that inquiry be held to fix the responsibility.

CHAPTER 17

MINISTRY OF INDUSTRIES AND PRODUCTION

17.1 Introduction

As per Schedule II [Rule 3 (3)] Distribution of Business among the Divisions read with Schedule III [rule-4(4)] Rules of Business 1973 (As amended up to 23rd April, 2019) following main business have been assigned to the Division amongst the other functions.

1. National industrial planning and coordination.
2. Industrial policy.
3. Employment of foreign personnel in commercial and industrial enterprises.
4. Federal agencies and institutions for:
   i. promoting industrial productivity;
   ii. promoting of special studies in the industrial fields; and iii. testing industrial products.
5. Keeping a watch, from the national angle, over general price trends and supply position of essential commodities; price and distribution control over items to be distributed by statutory orders between the Provinces.
6. Import and distribution of white oil.
7. Explosive (excluding the administration of Explosive Substances Act, 1908) and safety measures under the Petroleum Act, 1934 and Rules made thereunder.
8. Prescription and review of criteria for assessment of spare parts and raw materials for industries.
9. Administration on law on Boilers.
10. Administrative, financial, operational, personnel and commercial matters of Pakistan Garments Corporation.
11. Ghee Corporation of Pakistan Limited, and Pakistan Edible Oils Corporation Limited.
12. National Fertilizer Corporation, Lahore.
13. Development of Industries (Federal Control) (Repeal) Ordinance, 1979.
14. Economic Reforms (Protection of Industries) Regulation, 1972.

15. All matters relating to state industrial enterprises, especially, in basic and heavy industries, namely:

(a) State Engineering Corporation, Karachi.

(b) State Cement Corporation, Lahore.

(c) Automobile Corporation, Karachi.

(d) State Petroleum Refining and Petrochemical Corporation, Karachi. (e) Federal Chemical and Ceramics Corporation, Karachi.

(f) Pakistan Steel Mills Corporation, Karachi.

(g) Pakistan Industrial Development Corporation (PIDC);

16. Any other industrial enterprises assigned to the Division.

ATTACHED DEPARTMENTS/ AUTONOMOUS BODIES

i. Department of Explosives.

ii. Pakistan Industrial Technical Assistance Centre, Lahore

iii. Engineering Development Board

Sr. No.	Description	Total No.	Audited	Expenditure Audited (FY-2018-19) Rs. in million	Revenue / Receipt Audited (FY 2018-19) Rs. in million
1	Formations	10	4	2,266.485	-
2	Assignment Accounts (Excluding FAP)	2	-	-	-
3	Authorities / Autonomous Bodies etc. under the PAO	-	-	-	-
4	Foreign Aided Project (FAP)	-	-	-	-

17.2 Comments on Budget & Accounts (Variance Analysis)

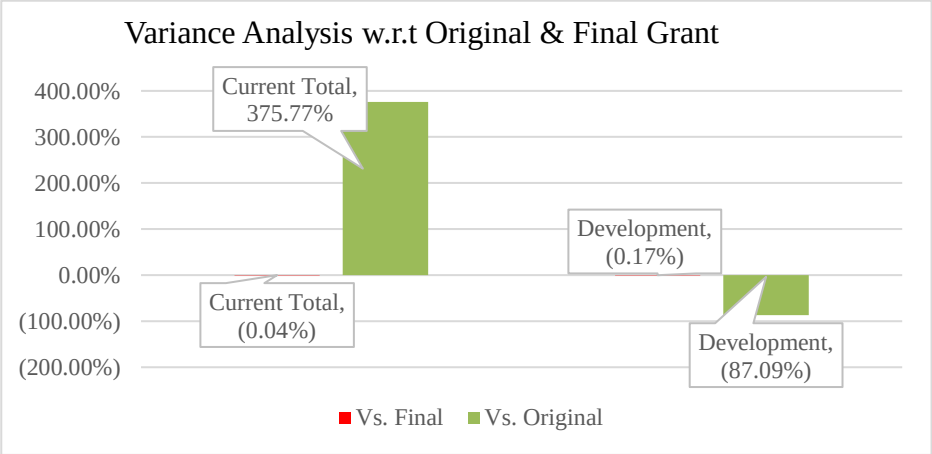
Final budget allocated to the Industries and Production Division for the financial year 2018-19 was Rs.6,288.411 million, out of which the Division expended an amount of Rs.6,285.715 million. Grant-wise detail of current and development expenditure is as under:

(Rupees in million)

Type of Grant	Grant No.	Original Grant	Supply Grant	Surrender (-)	Final Grant	Actual Expenditure	Excess / (Savings)	Excess / (Savings) % age
Current	55	331.000	4,810.003	-10.179	5,130.824	5,129.576	-1.247	(0.02%)
Current	56	6.000	0.001	-4.309	1.692	1.724	0.032	1.90%
Current	57	936.000	5.515	-15.219	926.296	925.208	-1.088	(0.12%)
Current Total		**1,273.000**	**4,815.519**	**-29.707**	**6,058.812**	**6,056.508**	**-2.304**	**(0.04%)**
Development	149	1,775.205	0.000	-1,545.606	229.599	229.207	-0.392	**(0.17%)**
Grand Total		**3,048.205**	**4,815.519**	**-1,575.313**	**6,288.411**	**6,285.715**	**-2.696**	**(0.04%)**

Audit noted that there was an overall savings of Rs.2.696 million, which was due to savings in 3 Nos. of Current Grants.

According to Para 71 of General Financial Rules (Volume I), while framing budget estimates, the authorities should exercise utmost foresight. Rules of good governance demand that budget processes are carried out in accordance with clearly defined expectations, assumptions and a coordinated calendar of activity. As shown in the chart below, bifurcating total allocation into current and development expenditure it was observed that, in case of development expenditure, there was 87.09% of savings w.r.t Original grant which reduced to 0.17% savings w.r.t Final Grant and in case of current expenditure 375.77% of excess expenditure reduced to 0.04% of savings, as depicted in the graph below:



17.3 Classified Summary of Audit Observations

Audit observations, amounting to Rs.275.116 million, were raised in this report during the current audit of Industries And Production Division. This amount also includes recoveries of Rs.107.341 million as pointed out by the audit. Summary of the audit observations classified by nature is as under:

(Rupees in million)

S. No	Classification	Amount
1	Non-production of record	-
2	Reported cases of fraud, embezzlement and m Misappropriation	12.296
3	Irregularities	
A	*HR/Employees related Irregularities*	-
B	*Procurement related irregularities*	-
C	*Management of account with commercial banks*	6.969
D	*Recovery*	107.341
E	*Internal Control*	-
4	Value for money and service delivery	-
5	Others	148.510

17.4 Status of compliance with PAC Directives

Name	Audit Year	Total No. of Audit Paras	No. of Actionable Points Issued	Compliance	Non/Partial Compliance	% of Compliance
Industries and Production	1987-88	2	2	0	2	0%
	1988-89	1	1	0	1	0%
	1989-90	8	8	2	6	25%
	1990-91	4	4	0	4	0%
	1991-92	4	4	4	0	100%
	1992-93	2	2	0	2	0%
	1993-94	20	20	11	9	55%
	1994-95	4	4	1	3	25%
	1995-96	2	2	0	2	0%
	1996-97	1	1	1	0	100%
	1998-99	18	18	4	14	22%
	1999-00	14	14	14	0	100%
	2000-01	4	4	4	0	100%
	2001-02	5	5	3	2	60%
	2003-04	10	10	4	6	40%
	2006-07	1	1	1	0	100%
	2010-11	3	3	0	3	0%
	2014-15	5	5	0	5	0%
	2015-16	1	1	1	0	100%
	Total	**109**	**109**	**50**	**59**	**46%**

The Draft Audit Report including following Paras was issued to the PAO on 07.11.2019 followed by reminder 07.01.2020 with the request to reply and also arrange the DAC meeting to discuss the Paras.

17.5 AUDIT PARAS

Ministry of Industries and Production

17.5.1 Irregular payment to International Court for Al-Tuwariqi Steel - Rs.148.510 million

Under Clause 7 of agreement between M/O Industries & Production and Twairiqi steel mill Ltd the parties expressly consent that any dispute or difference between the Parties arising out of or in connection with this Agreement shall be settled by arbitration in accordance with the Rules of Arbitration of the International Chamber of Commerce by one or more arbitrators appointed in accordance with the rules. The venue of arbitration shall be Islamabad, Pakistan.

Clause 9 of agreement states that this agreement shall be governed by and construed in accordance with the laws of the Islamic Republic of Pakistan.

Ministry of Industries & Production signed a Memorandum of Understanding (MOU) with Al-Tuwairiqi Steel Mills Limited for production of steel.

Audit observed that a dispute occurred between the two parties and matter was brought into International Court of Justice, resultantly the management paid Rs.148.51 million to foreign law firm in violation of agreement which provided for Arbitration in Islamabad, Pakistan.

The management replied that MOIP requested Finance Division for release of funds.

The reply does not address the issue involved.

DAC held on 22.01.2020 was apprised that responding to International Court was obligatory and done through Attorney General of Pakistan. Audit asked for verification of obtaining legal opinion from Law & Justice Division at the time of finalizing the agreement.

Audit recommends to probe the matter to find the deficiencies left in the agreement which resulted in litigation and that too in international court despite Clause -7 of the agreement.

17.5.2 Non-recovery of 5% on net profit from M/s Al-Tuwariqi Steel

Clause 4(4.1) of agreement between M/O Industries & Production and Twairiqi steel mill Ltd states that annually allocate minimum 5% of its net profits (after taxes) derived from complex for the benefit of social welfare projects in Pakistan.

Ministry of Industries & Production signed a Memorandum of Understanding (MOU) with Al-Tuwairiqi Steel Mills Limited for production of steel. According to the agreement the management was required to recover 5% of net profit from the company for the benefit of social welfare in Pakistan.

Audit observed that the management did not recover 5% of Net Profit from Al-Tuwariqi Steel. Balance Sheet of the company was also not provided to Audit to determine the net profit of company.

The management replied that the company due to financial loss went to International Court. 5% is not under jurisdiction of the Ministry.

The reply is not acceptable and 5% share on net profit is due.

DAC held on 22.01.2020 was apprised that the matter is subjudice in International Court.

Audit recommends recovery of 5% net profit from the company.

Pakistan Industrial Technical Assistance Centre (PITAC)

17.5.3 Non-recovery of rent and utility charges - Rs.107.341 million

Para 26 of GFR Vol-I states that it is the duty of the departmental Controlling Officers to see that all sums due to Government are regularly and promptly assessed, realized and duly credited in the Public Account they should accordingly arrange to obtain from their subordinate's monthly accounts and returns in suitable form claiming credit for so much paid into the treasury.

Pakistan Industrial Technical Assistance Centre (PITAC), Lahore leased out space for office accommodation. Details are at Annexure 17-A.

Audit observed that the management did not recover the rent and utility charges from the tenants.

Audit further observed that management did not execute lease agreement with Pakistan Standards & Quality Control Authority (PSQCA) which resulted into non-recovery of rent.

The management replied that efforts are being made for recovery of rent and utility charges.

The management accepted the view point of audit.

DAC held on 22.01.2020 directed to recover the amount.

Audit recommends early recovery of outstanding dues.

17.5.4 Irregular payment in cash and open cheques - Rs.8.086 million

Rule 157(1) of Federal Treasury Rules Volume -1 states that Cheques drawn in favor of Government officers and departments in settlement of Government dues shall always be crossed "A/c payee only not negotiable".

Pakistan Industrial Technical Assistance Centre (PITAC), Lahore incurred an expenditure Rs.8.086 million through DDO in cash.

Audit observed that an amount of Rs.4.380 million was encashed by DDO to make payments to employees/trainees instead of issuing cross cheques to them. Payment of Rs.3.706 million was made through open cheques.

DAC held on 22.01.2020 directed to stop this practice besides verification of all these payments from audit.

Audit recommends implementation of the DAC decision.

17.5.5 Irregular transfer of funds to welfare fund account - Rs.6.969 million

Rule 42 of PITAC Rules & Regulations 1962 prescribes that "the Federal Government may require the Centre to furnish the Government with Reports, return, statements, estimate, and statistics or other information or documents regarding any matter with which the Center is concerned"

Rule 43 of PITAC Rules & Regulations 1962 further prescribes that "the Federal Government may issue directives on matters of policy which shall be compiled with by the Centre"

Pakistan Industrial Technical Assistance Centre (PITAC), Lahore was maintaining a receipt account pertaining to revenues realized from various sources. Out of receipt an amount of Rs.6.969 million was transferred to welfare account.

Audit observed that creation of a welfare fund account in presence of facilities being availed from Federal Government Employees Group Insurance & Benevolent Fund is irregular.

Audit further observed that management transferred an amount of Rs.6.969 million from receipt account to welfare account without approval from the Finance Division.

DAC held on 22.01.2020 directed to stop the transfer of money to welfare fund and send case to Finance Division through the Ministry of Industries and Production for regularization of previous expenditure.

Audit recommends implementation of DAC directives.

17.5.6 Irregular payment of advances out of receipt account - Rs.4.210 million

Para 253 A (a) & (b) of GFR Vol-I states that "before receiving the amount of the advance or payment of the amount to the construction agency direct (vide para 2 below), the Government servant concerned shall be required to execute an agreement

in the prescribed form attached; and after the purchase in the prescribed form as security for repayment of the amount advances with interest;" and

Satisfactory evidence shall have to be produced within 3 months of the drawal of the advance to show that the amount has been spent on the purchase of flat. This can be done by showing the valid legal receipt issued by the Construction Agency concerned in token of the purchase deed.

Pakistan Industrial Technical Assistance (PITAC), Lahore incurred an expenditure of Rs.4.210 million on payment of long term advances i.e. HBA / MCA out of receipt account.

Audit observed that the management paid Rs.4.210 million out of receipt account No.10027-7 for the grant of long term advance i.e. HBA, Motor Car Advance. The payment from receipt account is irregular.

The management replied that Executive Committee in its 49th meeting dated 20.07.2012 approved to increase the revolving fund for House Building Advance (HBA) / Motorcycle & Car Advance gradually from the saving for implementation of revised rates of HBA / MCA for PITAC Employees.

The reply is not satisfactory as expenditure was incurred out of receipt account.

DAC held on 22.01.2020 directed for record verification and authority by which the advances are made from the receipt account.

No verification was conducted till finalization of this report.

Audit recommends implementation of DAC decision.

CHAPTER 18

INFORMATION TECHNOLOGY AND TELECOMMUNICATION DIVISION

18.1 Introduction

As per Schedule II [Rule 3 (3)] Distribution of Business among the Divisions read with Schedule III [rule-4(4)] Rules of Business 1973 (As amended up to 23rd April, 2019) following main business have been assigned to the Division amongst the other functions.

Preparation of an overall integrated plan as well as formulation of policy for the development and improvement of Information Technology and Telecommunications, including related infrastructure, in Pakistan.

i. Co-ordination with the Provincial Governments, autonomous bodies, private sector, international organizations and foreign countries in respect of information technology and telecommunications.

ii. Human resource development in the field of information technology and telecommunications.

iii. Promotion of information technology applications.

iv. Providing guidelines for the standardization of software for use within the Government.

v. Planning, policy making and legislation covering all aspects of telecommunications excluding radio and television and issuance of policy directives.

vi. Matters relating to Pakistan Computer Bureau, Pakistan Software Export Board and the Electronic Government Directorate.

vii. All matters relating to National Telecommunication Corporation (NTC), Telecommunications Foundation (TF), Special Communications Organization (SCO), Virtual University (V.U) and Electronic Certification Accreditation Council.

viii. The administration of the Prevention of Electronic Crimes Ordinance 2007, and the rules made there under.

ix. Safeguard interest of Government of Pakistan in entities having public shares or government equity like PTCL, USF Co & ICT R&D Co.

x. Federal Government functions in regard to Pakistan Telecommunication Authority (PTA) and Frequency Allocation Board (FAB).

ATTACHED DEPARTMENTS/ AUTONOMOUS BODIES

i. National Information Technology Board

ii. COMSATS (Inter-Islamic Network for Information Technology)

iii. Virtual University

Sr. No.	Description	Total No.	Audited	Expenditure Audited (FY-2018-19) Rs. in million	Revenue / Receipt Audited (FY 2018-19) Rs. in million
1	Formations	55	1	4.050	-
2	Assignment Accounts (Excluding FAP)	2	-	-	-
3	Authorities / Autonomous Bodies etc. under the PAO	2	2	1,674.775	-
4	Foreign Aided Project (FAP)	-	-	-	-

18.2 Comments on Budget & Accounts (Variance Analysis)

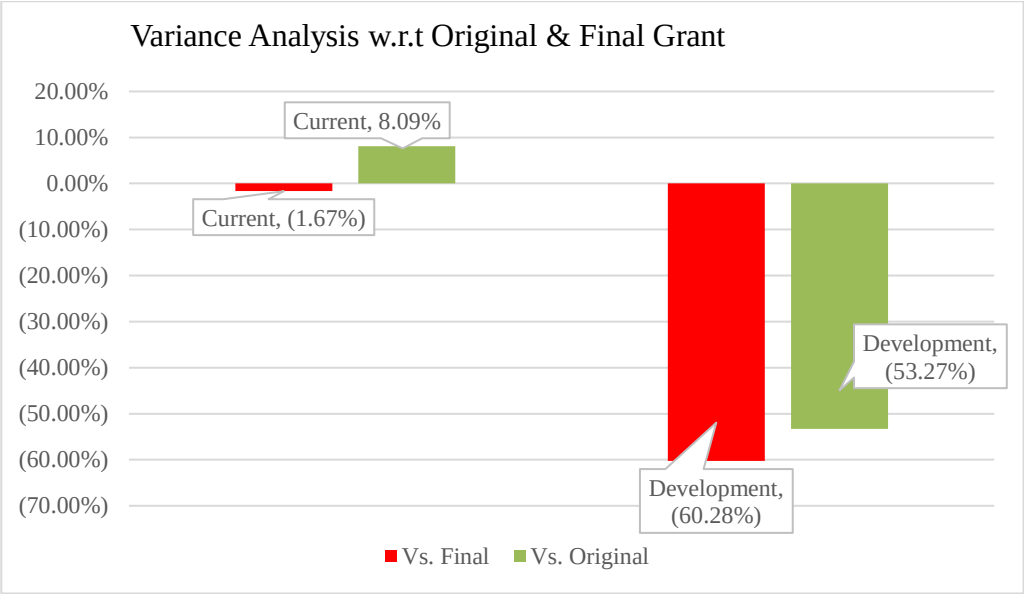
Final budget allocated to the Information Technology and Telecommunication Division for the financial year 2018-19 was Rs.8,063.725 million, out of which the Division expended an amount of Rs.5,828.288 million. Grant-wise detail of current and development expenditure is as under:

(Rupees in million)

Type of Grant	Grant No.	Original Grant	Supply Grant	Surren der (-)	Final Grant	Actual Expenditu re	Excess / (Savings)	Excess / (Savings) % age
Current	64	4,075.000	468.310	-63.918	4,479.392	4,404.628	-74.764	(1.67%)
Development	129	3,046.325	538.008	0.000	3,584.333	1,423.660	-2,160.673	(60.28%)
Grand Total		**7,121.325**	**1,006.318**	**-63.918**	**8,063.725**	**5,828.288**	**-2,235.437**	**(27.72%)**

Audit noted that there was an overall savings of Rs.2,235.437 million, which was due to savings in the Development Grant of the Division, as depicted in the graph below:

According to Para 71 of General Financial Rules (Volume I), while framing budget estimates, the authorities should exercise utmost foresight. Rules of good governance demand that budget processes are carried out in accordance with clearly defined expectations, assumptions and a coordinated calendar of activity. As shown in the chart below, bifurcating total allocation into current and development expenditure it is observed that in case of development expenditure there was 53.27% of savings w.r.t Original grant which was increased to 60.28% savings w.r.t Final Grant and in case of current expenditure 8.09% of excess expenditure reduced to 1.67% of savings.



18.3 Classified Summary of Audit Observations

Audit observations, amounting to Rs.10,052.535 million, were raised in this report during the current audit of Information Technology And Telecommunication Division. Summary of the audit observations classified by nature is as under:

(Rupees in million)

S. No	Classification	Amount
1	Non-production of record	-
2	Reported cases of fraud, embezzlement and m misappropriation	-
3	Irregularities	
A	*HR/Employees related Irregularities*	81.384
B	*Procurement related irregularities*	140.068
C	*Management of account with commercial banks*	-
D	*Recovery*	-
E	*Internal Control*	71.892
4	Value for money and service delivery	8,001.244
5	Others	1,757.947

18.4 Status of compliance with PAC Directives

Name	Audit Year	Total No. of Audit Paras	No. of Actionable Points Issued	Compliance	Non/Partial Compliance	% of Compliance
Information Technology and Telecommunication Division	2009-10	4	4	1	3	25%
	2010-11	10	2	1	1	50%
	Total	**14**	**6**	**2**	**4**	**33%**

The Draft Audit Report including following Paras was issued to the PAO on 13.11.2019 with the request to reply and also arrange the DAC meeting to discuss the Paras.

18.5 AUDIT PARAS

Ministry of Information Technology & Telecom

18.5.1 Delay in execution of project causing loss of foreign exchange component - US$ 76.283 million (Rs.7,979.964 million)

According to Rule-11 of GFR "Each head of a department is responsible for enforcing financial order and strict economy at every step. He is responsible for observance of all relevant financial rules and regulations both by his own office and by subordinate disbursing officers".

Rule-12 further states that a Controlling officer must see not only that the total expenditure is kept within the limits of the authorized appropriation but also that the funds allotted to spending units are expended in the public interest and upon objects for which the money was provided.

Ministry of Information Technology & Telecom got approved a development project titled "Technology Park Development Project" from ECNEC on 20.12.2016 at a total cost of Rs.9,246.013 million. The Administrative Approval was issued on 09.01.2017 with completion period of 48 months. Breakup of financial resources is as under:

(Rupees in million)

S. No.	Description	US Dollar	PKR
1	EDCF Share	76.311	7,983.091
2	GoP Share	12.072	1,262.922
Total		**88.383**	**9,246.013**

As per PC-I of the Project, the M/o IT was required to establish an Information Technology Park in Chak Shahzad, Islamabad. The concept design of the park proposed two phases of self-contained and interconnected buildings having covered areas of approximately 45,000 Sq. Meters (484,376 Sq. feet) and 47,000 Sq. Meters respectively providing office space and other ancillary facilities to IT Companies.

Thereafter, a loan agreement was signed by the Ministry with the Export-Import Bank of Korea during March, 2017 for grant of loan amounting to US Dollar 76.283 million. The period of loan agreement was for 44 months (with expiry date as in October, 2020).

Audit observed as under:

i. Despite lapse of more than two years no construction work or any other project activity could be started showing extreme negligence.

ii. The Government suffered loss in shape of non-receipt of foreign exchange of US Dollar 76.283 million (equal to Pak. Rs.7,979.964 million).

iii. No recruitment of Project staff could be made during the past two years except Project Director, resultantly no PMU of the Project could be established.

iv. During financial year 2017-18 an allocation of Rs.269,000,000 was made by the Finance Division, out of which Rs.253,199,706 was surrendered.

v. Against final budget of Rs.15,800,294, an expenditure of Rs.9,029,040 was incurred on purchase of two vehicles and pay of Project Director.

vi. The vehicles were purchased without recruiting drivers.

vii. Out of two vehicles purchased whereabouts of one vehicle are not known.

DAC on 27.11.2019 directed hat record regarding less expenditure incurred out of Government funds and its linkage with foreign funding be verified from Audit.

No record was verified till finalization of this report.

Audit recommends inquiry besides implementation of DAC decision.

18.5.2 Loss due to interest payable on outstanding project loan - US$ 0.152 million (Rs.21.280 million)

As per PC-I of the Project, the M/o IT was required to establish an Information Technology Park in Chak Shahzad, Islamabad. The concept design of the park proposes two phases of self-contained and interconnected buildings having covered areas of approx. 45,000 Sq. Meters (484,376 Sq. Feet) and 47,000 Sq. Meters respectively providing office space and other ancillary facilities to IT Companies. According to section 3.02 of Loan Agreement the Borrower shall pay the Bank interest on the principal of the loan disbursed and outstanding @ 0.1% per annum.

Ministry of IT & Telecom got approved a development project titled "Technology Park Development Project" from ECNEC on 20.12.2016 at a total cost of Rs.9,246.013 million. The Administrative Approval was issued on 09.01.2017 with completion period of 48 months. Breakup of financial resources is as under:

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1	EDCF Share	76.311	7,983.091
2	GoP Share	12.072	1,262.922
Total		**88.383**	**9,246.013**

Thereafter, a loan agreement was signed by the Ministry with the Export-Import Bank of Korea during March, 2017 for grant of loan amounting to US Dollar 76.311 million. The period of loan agreement was for 44 months (with expiry date as in October, 2020).

Audit observed that since March, 2017 no loan installment was received in the project as per loan agreement and due to inordinate delay in execution of the project the Government had to pay commitment charges of US$ 0.152 million on outstanding loan of US$ 76.283 million as per provision of the loan agreement.

DAC on 27.11.2019 directed the management to submit revised reply.

No revised reply was provided by the management till finalization of this report.

Audit recommends inquiry to fix the responsibility.

Electronic Government Department (EGD)

18.5.3 Mis-procurement of software and provision of extra benefit through addendum - Rs.65.000 million

Rule 20 of Public Procurement Rules, 2004 states that save as otherwise provided hereinafter, the procuring agencies shall use open competitive bidding as the principal method of procurement for the procurement of goods, services and works.

Electronic Government Department (EGD), Ministry of Information Technology made an agreement with M/s LMK Resources on 26.09.2008 for the purchase of software under e-office (basic common applications) replication project in all divisions of the Federal Government with the total contract cost of Rs.44,596,767. The duration of project was 3 years and further 2 years for support and maintenance. Later on, an addendum was signed on 25.10.2013 which allowed Rs.65.000 million (Rs.44.534 million as per 2008 contract and Rs.20.464 million in lieu of supplementary services for 2 years maintenance).

EGD paid Rs 26.721 million to M/s LMK Resources during the years 2013-19.

Audit observed as under:

i. The original contract was signed on 26.09.2008 but the vendor failed to deliver the services i.e. customization for deployment and configuration of application for 45 Ministries despite the lapse of more than 10 years.

ii. The contract for procurement of software was made without open tenders.

iii. The addendum was signed with the contractor to extend undue favor by allowing additional amount of Rs.20.464 million in lieu of supplementary services.

iv. The vendor did not provide the insurance guarantee equivalent to 10% of contract value.

v. Mobilization advance of Rs.11.134 million was paid to the vendor without obtaining bank guarantee and in contravention to the concept of Mobilization advance.

vi. Penalty @ 5% of the total contract was not charged from the vendor on delayed completion as Change Control Committee did not invoked the penalty clause.

DAC held on 27.11.2019 directed to hold inquiry and fix responsibility.

No inquiry was conducted till finalization of this report.

Audit recommends implementation of DAC directives.

Virtual University Pakistan

18.5.4 Non-deduction of tax from private campus owners (PVCs) - Rs.147.427 million

Para 2 of Revenue Division DO No. 1(1)/CH/FBR/19 dated 28-8-2019 states that Federal Government, any development authority, other body corporate or institution established under a Federal law, a corporation, company or a regulatory authority set up, owned and controlled either directly or indirectly by the Federal Government is required to withhold tax on payments on account of contracts executed.

Virtual University Pakistan entered into contract for establishment of Virtual Campuses and made payment of the share to the concerned campus owners. The detail of payments made to the PVCs and tax recoverable is at Annexure 18-A.

Audit observed that the university did not withhold income tax @ 7.5% amounting to Rs.147.427 million on the shares paid to the service providers. Moreover, share on sale of prospectus was paid without any provision in the contract.

DAC held on 27.11.2019 directed to place the matter before PAC.

Audit recommends inquiry to fix the responsibility besides recovery.

18.5.5 Irregular expenditure on hiring of private buildings for Virtual Campuses - Rs.1610.520 million

Ministry of Housing & Works OM. No. F.2 (1)/2004- Policy dated 17.09.2004 states that Ministries / Divisions /Departments while hiring private buildings for office use shall calculate the actual requirement of space (air conditioned / non-air-conditioned) as per scales prescribed for office accommodation. The organizations desirous to take on rent the private buildings/ houses for office accommodations will obtain the rent reasonability certificates from the Pak PWD office. Pak PWD shall

also ensure the requirement of space is in accordance with the scale prescribed for officers/ staff.

Virtual University of Pakistan, Lahore incurred an expenditure of Rs.1,610.520 million on account of rent of hired buildings for establishment of campuses owned by the University.

Audit observed that the management hired the private buildings without calculating the requirements of covered area as per strength of each campus. Moreover, per square feet rates as prescribed by the Federal Government were not observed resulting in higher per month rent than the approved Government rates.

DAC held on 27.11.2019 directed the University to make necessary rules.

No rules were framed till finalization of this report.

Audit recommends implementation of decision of DAC.

18.5.6 Unauthorized procurements without provision of foreign exchange component - US$ 0.680 million (Rs.10.540 million)

Para 2 of Higher Education Commission, Finance Division Letter No. HEC (FD)/2018/11496 dated 09.04.2018 states that foreign exchange requirements of Virtual University for the next financial year may be prepared.

Virtual University of Pakistan, Lahore incurred an expenditure of USD 680.065 on foreign procurements on computers and other IT equipment through Letter of Credit (LC) during years 2017-19.

Audit observed that the expenditure was incurred without sanctioned budget and procurements were made without provision of foreign exchange component sanctioned by Finance Division.

DAC held on 27.11.2019 was not satisfied by the reply of the management and matter was referred to PAC.

Audit recommends inquiry to fix responsibility.

18.5.7 Appointment of Advisors in violation of the VU Ordinance 2002 - Rs.61.549 million

Section 34 of the Virtual University of Pakistan, Ordinance 2002 states that the University shall have to work within the framework of the Education Policy and other law or priority framed or amended by the government from time to time.

Virtual University of Pakistan, Lahore hired the services of four advisors and paid an amount of Rs.61.549 million.

Audit observed that in violation of the VU Ordinance 2002, the Executive Council of Virtual University in its 6th meeting held on 30.09.2013 revised the criteria for the post of Advisor. According to new criteria the advisor was appointed by Rector through invitation and with no age limit. Moreover, terms of reference for appointment of the Advisor were not on record besides continuous extension in contract with increase in salary and annual increments were granted.

DAC held on 27.11.2019 directed to hold inquiry.

No inquiry was conducted till finalization of this report.

Audit recommends implementation of DAC directives.

18.5.8 Selection of service provider without advertisement and selection committee - Rs.53.576 million

Guidelines for Content development in the Virtual University provide that the Resource person & Reviewer shall be proposed by the Departmental committee.

Rule-12(2) of PPRA states that all procurement opportunities over two million rupees should be advertised on the Authority's website as well as in other print media or newspapers having wide circulation. The advertisement in the newspapers shall principally appear in at least two national dailies, one in English and the other in Urdu.

Virtual University of Pakistan, Lahore incurred an expenditure of Rs.53.576 million on hiring of Content Developers for various courses during financial years 2016-19.

Audit observed that the faculty for content development was hired without advertisement and no departmental committee was constituted to propose and recommend the resource persons and reviewers.

DAC held on 27.11.2019 directed to hold inquiry.

No inquiry report was shared with audit till finalization of this report.

Audit recommends implementation of DAC decision.

18.5.9 Irregular hiring of banking services and additional payment of commission on collection - Rs.10.952 million

Rule-4 of PPRA states that procuring agencies, while engaging in Procurements shall ensure that the procurements are conducted in a fair and transparent manner, the object of procurement brings value for money to the agency and the procurement process is efficient and economical.

Rule-40 of PPRA 2004 states that there shall be no negotiations with the bidder having submitted the lowest evaluated bid or with any other bidder Provided that the extent of negotiation permissible shall be subject to the regulations issued by the Authority.

Virtual University entered into contract agreements with various commercial banks for collection of fees from students and commission/charges of Rs.10.952 million were deducted by the banks.

Audit observed that:

i. The management did not call for competition to ensure economy.

ii. The management did not prepare comprehensive evaluation criteria to evaluate commission charges of NADRA-E Sahulat. HBL Internet Payment Gateway (IPG), MCB and UBL were as percentage of total collection, whereas the commission charges with Tameer Micro Finance bank, FINCA (UBL Omni) and Bank Alfalah were on the basis of each transaction. Commission rates charged by TMBL and FINCA (UBL OMNI) was Rs.34.483 & Rs.32.00 per transaction respectively. Resultantly excess payment of Rs.930,572 to Tameer Micro Finance Bank, FINCA Micro Finance Bank & Bank Alfalah. Details are as under:

(Rupees)

Period	Rate per Transaction FINCA.	Rate per Transaction TMBL	Rate per Transaction BAFL	Difference in rate	Total transaction occurred	Excess payment
1/17 to 11/18	32	34.483	-	2.483	156,389	388,314
-	32		40	8.00	24,296	194,368
12/18 to 6/19	32	25.86	-	6.14	26,116	160,352
-		25.86	40	14.13	13,263	187,538
					Total	**930,572**

iii. Similarly, commission rate charged by HBL-IPG w.e.f. 18.07.2017 to date was 2.60% of collection as compared to 1% & 0.85% given by NADRA–E- Sahulat. In this way an amount of Rs.10,022,080 was paid in excess. Details are as under:

(Rupees)

Period	Rate of HBL (% of collection fee)	Rate of NADRA (% of collection fee)	Difference in rate (In %)	Total Collection	Excess Payment.
9/17 to 11/18	**2.60**	**1**	**1.60**	**372,443,402**	**5,959,094**
12/18 to 6/18	**2.60**	**0.85**	**1.75**	**232,170,637**	**4,062,986**
				Total	**10,022,080**

Audit is of the view that the management deprived the University from the benefit of open and fair competition resulting into financial loss for Rs.10.952 million.

DAC on 27.11.2019 directed the university to prepare criteria for hiring banking services.

No criteria were framed till finalization of this report.

Audit recommends inquiry to fix responsibility.

Inter Islamic Network on Information Technology (INIT)

18.5.10 Non-achievement of objectives by INIT - Rs.71.892 million

The charter of Inter Islamic Network on Information Technology (INIT) approved on Sept. 14, 2005 states that the objectives of the INIT will be to:

a. form, maintain and promote an association of member states which will engage in the proactive learning and utilization of IT;

b. carry out research, development and use of electronic systems through an association of member states and associated organizations;

c. help develop world class IT infrastructure within its member states;

d. develop an extensive pool of academically and technically skilled IT manpower at all levels to meet the local and export needs;

e. promote extensive use of IT applications in Government, trade, industry, homes, agriculture, education, health and other sectors of economy;

f. promote and encourage both local and foreign investors to ensure the development of IT sector (software, hardware and service industries) in member states and the use of IT products and services;

g. create strong domestic and international markets through promoting linkages and reinforcing networks for IT products and services; and

h. facilitate dissemination of knowledge and technology flow(s) from comparatively advanced Islamic countries to the less advances ones;

Audit observed that management did not fulfill any of its objectives, except arranging a few conferences and seminars despite utilization of Rs.71,892,000 since inception.

DAC held on 27.11.2019 directed to furnish detailed reply containing performance.

No reply was provided till finalization of this report.

Audit recommends implementation of DAC directives.

National Information Technology Board

18.5.11 Irregular recruitment of professionals through service provider - Rs.19.835 million

The standard terms and conditions of contract employment issued by Establishment Division vide O.M No.10/52/95-R.2 dated 18.07.1996 as amended from time to time provide that the period of contract should not exceed two years and the post should be advertised.

Finance Division vide its O.M. No. 7(1) Exp.IV/2016-540 dated 26.07.2017 and O.M. No. 7(1) Exp.IV/2016-577dated 03.12.2018 imposed ban on creation of new posts except those required for development projects and approved by the competent authority.

Section D of Procurement of Consultancy Services Regulations, 2010 of PPRA states that single source or direct selection will be used only in exceptional cases, where it provides clear advantage over competition. The justification for single source selection method shall be examined in the context of the overall interests of the procuring agency to ensure economy and efficiency and provide equal opportunity to all eligible consultants, therefore, the decision to use the single source selection

method shall be approved in writing by the principal accounting officer, concerned on recommendation by a committee.

National Information Technology Board, Islamabad made an agreement with M/s EPIC Consulting (Pvt.) Ltd on 09.11.2018 for the hiring of services of minimum 15 professionals for a period of 24 months for software develop in the form of web application/service, mobile application and desktop application. NITB paid Rs.19.835 million to M/s EPIC Consulting (Pvt.) Ltd against monthly salary of professionals ranging from Rs.99,000 to Rs.150,000 for the hiring period 12.11.2018 to 31.08.2019. At present, 29 professionals are performing their duties:

Audit observed as under:

i. The recruitment was made on single source selection basis for two years period through service provider to avoid the advertisement.

i. The hiring of 15 different positions was made despite ban imposed by Finance Division under austerity measures 2017-19.

ii. The professionals hired against different positions did not meet the minimum qualification and experience fixed for the positions.

iii. Few professionals were carrying out work since previous contracts.

DAC on 27.11.2019 directed the management to submit revised reply and report the matter to PAC.

No revised reply was provided till finalization of this report.

Audit recommends inquiry to fix responsibility.

CHAPTER 19

INFORMATION AND BROADCASTING

19.1 Introduction

As per Schedule II [Rule 3 (3)] Distribution of Business among the Divisions read with Schedule III [rule-4(4)] Rules of Business 1973 (As amended up to 23rd April, 2019) following main business have been assigned to the Division amongst the other functions.

1. Policy relating to internal publicity on national matters including the administration of the provisions of the Post Office, Act, 1898, and section 5 (1) (b) of the Telegraph Act, 1885, in so far as they relate to the Press.
2. Broadcasting including television.
3. Production of films on behalf of Government, its agencies, Government controlled Corporations, etc.
4. Press relations, including delegations of journalists and other information media.
5. Provision of facilities for the development of newspapers industry.
6. (i) Policy regarding government advertisement; control of advertisement and placement; (ii) Audit of circulation of newspapers.
7. Administration of the Newsprint Control Ordinance, 1971.
8. National Anthem
9. Liaison and coordination with agencies and media on matters concerning Government policies and activities.
10. Administration of the Information Group.
11. External Publicity.
12. Pakistan National Centres.
13. (i) Administration of-
    a. Pakistan Broadcasting Corporation Act, 1973;
    b. Associated Press of Pakistan (Taking Over) Ordinance, 1961; and
    c. Pakistan Electronic Media Regulatory Authority.

    (ii) Matters relating to-

a. The Pakistan Television Corporation; and

b. Omitted vide SRO NO.48(1)/2016 dated 26.01.2016.

c. Shalimar Recording and Broadcasting Company.

14. Training facilities for Radio and Television personnel.

15. Special Selection Board for selection of Press Officers for posting in Pakistan Missions abroad.

16. Establishment of tourists centers abroad.

17. Administration of the Newspapers Employees (Conditions of Service) Act, 1973.

18. (i) National Institute of Folk and Traditional Heritage of Pakistan (Lok Virsa).

    (ii) Pakistan National Council of Arts.

19. Cultural pacts and protocols with other countries.

ATTACHED DEPARTMENTS/ AUTONOMOUS BODIES

1. Press Information Department.
2. Directorate of Electronic Media and Publication.
3. Implementation Tribunal for Newspaper employees.
4. Central Board of Films Censor, Islamabad.
5. Federal Land Commission
6. Pakistan Electronic Media Regulatory Authority
7. Audit Bureau of Circulation

Sr. No.	Description	Total No.	Audited	Expenditure Audited (FY-2018-19) Rs. in million	Revenue / Receipt Audited (FY 2018-19) Rs. in million
1	Formations	68	4	3,623.013	-
2	Assignment Accounts (Excluding FAP)	3	1	219.612	-
3	Authorities / Autonomous Bodies etc. under the PAO	2	1	2,415.979	-
4	Foreign Aided Project (FAP)	-	-	-	-

19.2 Comments on Budget & Accounts (Variance Analysis)

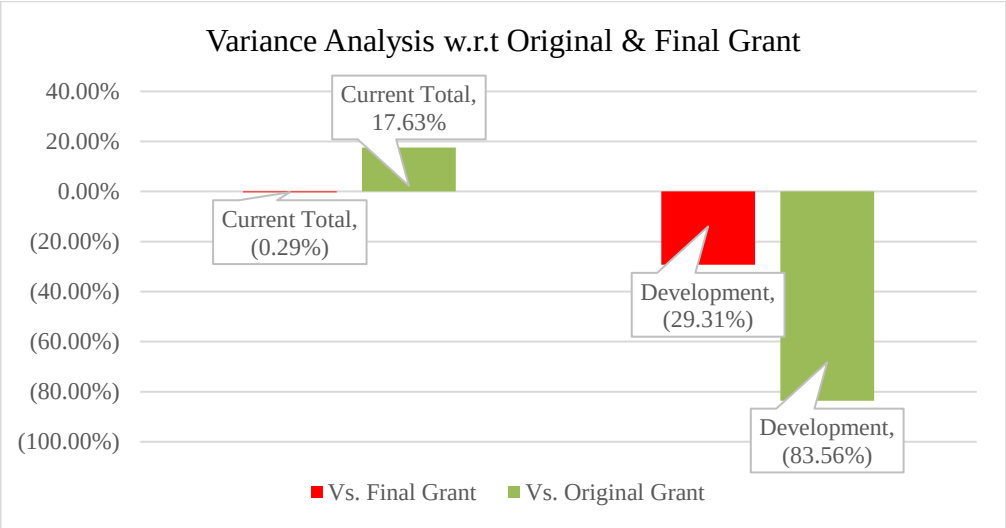
Final budget allocated to the Information and Broadcasting Division for the financial year 2018-19 was Rs.10,326.773 million, out of which the Division expended an amount of Rs.10,279.188 million. Grant-wise detail of current and development expenditure is as under:

(Rupees in million)

Type of Grant	Grant No.	Original Grant	Supply Grant	Surrender (-)	Final Grant	Actual Expenditure	Excess / (Savings)	Excess / (Savings) % age
Current	58	735.000	50.007	-4.883	780.124	755.255	-24.869	(3.19%)
Current	59	331.000	15.010	-7.679	338.331	337.987	-0.344	(0.10%)
Current	60	725.000	305.904	-14.296	1,016.608	1,016.710	0.102	0.01%
Current	61	807.000	0.000	-100.182	706.818	707.320	0.502	0.07%
Current	62	6,105.000	1,406.000	-85.523	7,425.477	7,419.913	-5.564	(0.07%)
Current Total		**8,703.000**	**1,776.921**	**-212.564**	**10,267.357**	**10,237.184**	**-30.173**	**(0.29%)**
Development	**127**	**255.461**	**0.000**	**-196.045**	**59.416**	**42.004**	**-17.412**	**(29.31%)**
Grand Total		**8,958.461**	**1,776.921**	**-408.609**	**10,326.773**	**10,279.188**	**-47.585**	**(0.46%)**

Audit noted that there was an overall savings of Rs.47.585 million, which was due to savings in 5 Nos. of Current Grants.

According to Para 71 of General Financial Rules (Volume I), while framing budget estimates, the authorities should exercise utmost foresight. Rules of good governance demand that budget processes are carried out in accordance with clearly defined expectations, assumptions and a coordinated calendar of activity. As shown in the chart below, bifurcating total allocation into current and development expenditure it was observed that, in case of development expenditure, there was 83.56% of savings w.r.t Original grant which reduced to 29.31% savings w.r.t Final Grant and in case of current expenditure 17.63% of excess expenditure reduced to 0.29% of savings, as depicted in the graph below:



19.3 Classified Summary of Audit Observations

Audit observations, amounting to Rs.19,677.786 million, were raised in this report during the current audit of Information And Broadcasting. This amount also includes recoveries of Rs.172.719 million as pointed out by the audit. Summary of the audit observations classified by nature is as under:

(Rupees in million)

S. No	Classification	Amount
1	Non-production of record	-
2	Reported cases of fraud, embezzlement and m misappropriation	336.776
3	Irregularities	
A	*HR/Employees related Irregularities*	326.841
B	*Procurement related irregularities*	1,787.008
C	*Management of account with commercial banks*	-
D	*Recovery*	172.719
E	*Internal Control*	-
4	Value for money and service delivery	4,402.593
5	Others	12,651.849

19.4 Status of compliance with PAC Directives

Name	Audit Year	Total No. of Audit Paras	No. of Actionable Points Issued	Compliance	Non/Partial Compliance	% of Compliance
Information and Broadcasting Division	1988-89	1	1	0	1	0%
	1989-90	3	3	2	1	67%
	1990-91	2	2	2	0	100%
	1991-92	1	1	1	0	100%
	1992-93	3	3	0	3	0%
	1993-94	8	8	2	6	25%

Name	Audit Year	Total No. of Audit Paras	No. of Actionable Points Issued	Compliance	Non/Partial Compliance	% of Compliance
	1994-95	2	2	1	1	50%
	1995-96	3	3	1	2	33%
	1997-98	15	15	0	15	0%
	1996-97	16	16	0	16	0%
	1999-00	25	25	0	25	0%
	2005-06	5	5	1	4	20%
	2010-11	2	2	0	2	0%
	2013-14	17	17	0	17	0%
	2016-17	11	4	0	4	0%
	Total	**114**	**107**	**10**	**97**	**9%**

The Draft Audit Report including following Paras was issued to the PAO on 13.01.2020 followed by reminder 21.01.2020 and 04.02.2020 with the request to reply and also arrange the DAC meeting to discuss the Paras.

19.5 AUDIT PARAS

Ministry of Information and Broadcasting

19.5.1 Non- obtaining of adjustment accounts - Rs.36.64 million

Para 207 (3) of GFR Vol-I states that before a grant is paid to any public body or institution, the sanctioning authority should as far as possible insist on obtaining an audited statement of the accounts of the body to ensure that any previous grant was spent for the purpose for which it was provided.

Para 209 (i) of GFR Vol-I states that unless it is otherwise ordered by Government, every grant made for a specific object is subject to the implied conditions that the grant will be spent upon the object within reasonable time, if no time limit has been fixed by the sanctioning authority; and that any portion of the amount which is not ultimately required for expenditure upon that object should be duly surrendered to the Government.

Ministry of Information and Broadcasting released an amount of Rs.25,000,000 to Karachi Film Society on 22.03.2018 and Rs.2,500,000 to Majid Jahangir (Actor) on 14.12.2017 respectively. Similarly an amount of Rs.9,140,014 was released to the Press Clubs and Journalists as detailed at Annexure 19-A.

Audit observed that the management did not obtain adjustment accounts and audited statements for the above expenditure.

The management replied that adjustment account and audited statements will be submitted after receiving from concerned quarters.

Reply is not satisfactory as management did not provide audited and adjustment accounts.

DAC was not convened till finalization of report.

Audit recommends that audited/adjustment accounts be obtained without delay.

19.5.2 Un-authorized use of official vehicle along with Transport Monetization Allowance - Rs.0.780 million

According to Para 2 of the Rules/Policy for Monetization of transport facility for civil servants (B-20 to B-22) dated 12.12.2011; The basic objective of transport monetization policy is in line with the observance of the austerity measures and to eliminate any possibility of misuse of official vehicles.

Ministry of Information and Broadcasting incurred an expenditure of Rs.0.780 million on account of POL and repair & maintenance of vehicle No.GD-475 used

Audit observed that official vehicle No. GD-475 Honda Civic, 2006 ,1300cc has been exclusively used by the Director General (IP), Ministry of Information and Broadcasting Islamabad on daily basis as evident from movement register during 2018-19, the officer has also been drawing Transport Monetization Allowance on monthly basis.

The management replied that vehicle was used for official purpose.

Reply is not satisfactory as the vehicle was exclusively under use of Director General.

DAC was not convened till finalization of report.

Audit recommends that responsibility be fixed besides recovering the amount.

19.5.3 Irregular payment of financial assistance to the News Agencies and less deduction of Income tax - Rs.5.400 million & Rs.0.27 million

In terms of Schedule-II (Rule 3(3) Serial No.16(Item No.1) Rules of Business 1973, the Ministry of Information & Broadcasting is responsible for policy relating to internal publicity on national matters.

Para 10(2) of GFR Vol-I states that the expenditure should not be prima facie more than the occasion demands.

Section 153 (1)(b) of Income Tax Ordinance, 2001 states that withholding tax @ 15% on account of services rendered may be deducted while paying.

The Ministry of Information and Broadcasting paid an amount of Rs.5, 400,156 to the news agencies as financial assistance out of head of account contribution and subscription. Details are at Annexure 19-B.

Audit observed that:

i. The Ministry of Information and Broadcasting did not formulate policy/criteria for payment of financial assistance to the news agencies and journalists.

ii. There is difference of withholding tax of Rs.270,008 which was deducted @10% from news agencies instead of 15%.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry to fix responsibility besides recovery of income tax.

19.5.4 Irregular release of funds to PTVC for AJK TV-Rs.301.600 million

Para 8 of PC-I of the project "TV Programme Production and Transmission facilities for AJ&K" states that the annual recurring expenses are to be borne by the Government of AJ&K for operation of the channel against annual recurring grant from the Government of Pakistan.

The following decisions were taken in the meeting held on 25.02.2005 under the chairmanship of Secretary Ministry of Information and Broadcasting to resolve the issues relating to the development project of AJK TV Centre.

a) AJK Government will own the TV Centre at MeraTonolian and run facility with technical and professional assistance of PTVC.
b) The Government of AJ&K undertakes to off-set the recurring expenditure and running of the TV facilities at Muzafarabad. The Government of AJ&K would request GoP for annual grant of Rs.160.00 million.
c) The PTV would raise an invoice against the AJK Government for reimbursement of expenditure w.e.f. February, 2004.
d) The AJK Government would charge the fees and revenues generated through license fee and advertisement, if any.

The Ministry of Information and Broadcasting released an amount of Rs.145.000 million to Pakistan Television Corporation, Islamabad for re-imbursement of recurring expenses of AJK TV Centre during the financial year 2017-18 and Rs.156.600 million during financial year 2018-19 respectively.

Audit observed as under:

i. The AJK Government had not taken over the TV Centre so far.
ii. The AJK Government neither off-set the recurring expenditure nor generated revenue through license fee and advertisement.
iii. The recurring expenses were not supported with detail of accounts.

Audit is of the view that the payment to the PTVC is violation of the provision of the PC-I and Secretary M/o Information & Broadcasting's decision.

The management replied that AJK Government had not taken over TV center; therefore, recurring expenditure had to be borne by Federal Government.

Reply is not satisfactory as recurring expenditure was the responsibility of AJK government.

DAC was not convened till finalization of report.

Audit recommends that responsibility be fixed and the amount involved be recovered.

19.5.5 Non- obtaining of Audited Statements - Rs.11.157 Billion

Para 207 (3) of GFR Vol-I states that before a grant is paid to any public body or institution, the sanctioning authority should as far as possible insist on obtaining an audited statement of the account of the body to ensure that any previous grant was spent for the purpose for which it was provided.

Ministry of Information and Broadcasting released an amount of Rs.11,157,732,000 to the following organizations as summarized below:

(Rupees)

S. No.	Name of Organization	2017-18	2018-19	Amount
1	D.G, Pakistan Broadcasting Corporation	4,337,800,000	4,552,847,000	8,890,647,000
2	M.D, Associated Press of Pakistan	785,119,000	840,000,000	1,625,119,000
3	Institute of Regional Studies	53,500,000	50,255,000	103,755,000
4	D.G Pakistan National Council of Arts	173,060,000	174,063,000	347,123,000
5	E.D, Lok Virsa	95,544,000	95,544,000	191,088,000
			Total	**11,157,732,000**

Audit observed that the management did not obtain audited statements.

The management replied that audited statements will be provided as and when received.

DAC was not convened till finalization of report.

Audit recommends that audited statements may be provided without delay.

Press Information Department

19.5.6 Unnecessary expenditure on advertisement & publicity - Rs.1.776 billion

Para 11 of GFR Vol.I states that each head of a department is responsible for enforcing financial order and strict economy at every step. He is responsible for observance of all relevant financial rules and regulations both by his own office and by subordinate disbursing officers.

Press Information Department, Islamabad obtained heavy funds of Rs.1.552 billion through supplementary grant for payment of advertisement in newspapers and electronic media and incurred an expenditure of Rs.1.776 billion on Advertisement and Publicity during the financial years 2017-19.

Audit observed that the expenditure was made on political campaigns by giving colorful photos in full page of newspapers, resulting in utilization of funds for political purposes.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry to fix responsibility.

19.5.7 Irregular expenditure on renovation of office building - Rs.8.856 million

Para-192 of GFR Volume-I states that when works allotted to a civil department other than the Public Works Department are executed departmentally, whether direct or through contractors, the form and procedure relating to expenditure on such works should be prescribed by departmental regulations framed in consultation with the Accountant-General generally on the principles underlying the financial and accounting rules prescribed for similar works carried out by the Public Works Department.

As per serial No. 9(46) of Finance Division Letter No. F.3(2) Exp-III/2006 dated 13.09.2006, the power to give administrative approval to works in respect of non- residential buildings for Works Division is up to Rs.2,000,000 (Rs. Two million) and for other Ministries and Divisions it is up to Rs.500,000 (Rs. Five Hundred thousand) respectively.

Press Information Department, Islamabad incurred an expenditure of Rs.8.856 million on repair of office building during the financial years 2017-19.

Audit observed that the repair works were executed departmentally instead of PWD and in violation of instructions of Finance Division.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry to fix responsibility.

19.5.8 Expenditure on hiring of private vehicle without calling tender - Rs.7.500 million

Rule-12(1) of PPRA Rules 2004 states that procurements over one hundred thousand rupees and up to the limit of two million rupees shall be advertised on the Authority's website in the manner and format specified by regulation by the Authority from time to time. These procurement opportunities may also be advertised in print media, if deemed necessary by the procuring agency:

Press Information Department, Islamabad incurred an expenditure of Rs.7.500 million on hiring of vehicles during financial years 2017-19.

Audit observed that the expenditure was made without calling open tender.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry to fix the responsibility.

19.5.9 Irregular drawal of - Rs.25.777 million

Rule 157 (2) of the Federal Treasury Rules states that cheque drawn in favour of corporate or local bodies, firms or private persons or Central Gazetted Government servants or Central non Gazetted Government servants drawing emoluments for payments in respect of their personal claims shall be crossed wherever such payments are made by cheques.

The management drew an amount of Rs.25.777 million through DDO during financial years 2017-19.

Audit observed that the claims of firms etc. were drawn through DDO in cash instead of crossed cheques and payment details were also not available.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends that the matter may be investigated.

19.5.10 Irregular appointment on different positions without NIS

B.O No.3(1) DFA(I&B)/2017-18/166 dated 6th April 2017 as well as budget estimates 2019-20 show that there were 479 posts (110 officers and 369 staff) and all posts were shown filled.

Press Information Department, Islamabad incurred an expenditure of Rs.16.469 million on account of hiring of services for different positions during financial years 2017-19. Detail is at Annexure 19-C.

Audit observed that:

i. The management did not advertise these posts in newspapers.

ii. These posts were not reflected in NIS or BO.

iii. Agreements dated 22.02.2019 and 25.04.2019 were made on simple paper.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry to fix responsibility.

19.5.11 Irregular payment of honorarium - Rs.6.043 million

Serial No.17 of System of Financial Control and Budgeting, 2006 states that the amount should not exceed one month's pay of the government servant concerned of each occasion. In the case of recurring honoraria, this limit applies to the total of recurring payments made to an individual in a financial year.

Press Information Department, Islamabad paid honorarium of Rs.30.252 million to 46 employees during 2017-18 and Rs.30.231 million to 157 employees during 2018-19. Details are at Annexure 19-D.

Audit observed that the management paid more than one basic pay as honorarium in violation of the rules.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends to recover the amount exceeding one basic pay.

Pakistan Electronic Media Regulatory Authority

19.5.12 Non-recovery of outstanding dues from licensees - Rs.123.014 million

Rule-5(3) of the Pakistan Electronic Media Regulatory Authority Rules, 2009 states that the fee relating to the grant of a license, renewal thereof, late payment surcharge and fine, if any, shall be deposited in the account of the Authority.

Pakistan Electronic Media Regulatory Authority, Islamabad prepared its annual budget on the basis of receipts to be realized from licensees.

Audit observed that an amount of Rs.123,014,132 was outstanding against Annual and License Revalidation Fee as on 30.06.2018. Details are as under:

(Rupees)

S. No.	Description	Amount
1	Cable TV	76,721,132
2	STV (Satellite Television)	24,204,000
3	FM Radio	6,773,000
4	LRP (Landing Right Permission)	15,316,000
	Total	**123,014,132**

Neither management replied nor was DAC convened till finalization of report.

Audit recommends the recovery of outstanding dues.

19.5.13 Irregular expenditure on Civil Works without obtaining Technical Sanction and framing of Departmental Regulations - Rs.14.593 million

Para 56 of CPWD Code states that a properly detailed estimate must be prepared for the sanction of competent authority known as the Technical Sanction to the estimate.

Para 192 of GFR Volume-I states that when works allotted to a civil Department other that the Public Works Department are executed Departmentally, whether direct or through contractors, the form and procedure relating to expenditure on such works should be prescribed by departmental regulations framed in consultation with the Controller General of accounts generally on the principles underlying the financial accounting rules prescribed for similarly works carried out by the Public Works Department.

Pakistan Electronic Media Regulatory Authority, Islamabad incurred an expenditure of Rs.14.593 million out of receipt account on the execution of civil works during financial year 2018-19.

Audit observed that management incurred the expenditure without obtaining Technical Sanction and framing of Departmental Regulations in violation of the rules.

The management replied stated that PEMRA is a statutory body established under the PEMRA Ordinance 2002, having its own Rules, Regulations, Policy and SOPs duly approved by the Authority.

Reply is not acceptable as PEMRA has not framed rules and regulation in respect of civil work.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends that irregularity may be investigated.

19.5.14 Irregular fixed re-imbursement of entertainment charges - Rs.8.430 million

Section 39 of the Pakistan Electronic Media Regulatory Authority Ordinance, 2002 states that the Authority may, with the approval of the Government, by notification in the Official Gazette, make rules to carry out the purposes of this Ordinance.

The Federal Government allowed fixed Entertainment Allowance to officers of BPS-19 and above in their monthly salaries in the scheme of Basic Pay Scales dated 18.08.1983.

Pakistan Electronic Media Regulatory Authority (PEMRA), Islamabad in its meeting held on 07.07.2005 enhanced the entertainment charges for its employees.

Audit observed that the management reimbursed Rs.8.430 million on account of entertainment charges during 2018-19. Details are as under:

(Rupees)

S. No.	Designation/PS	Monthly Rate	No. of employees	Amount
1	Chairman (MP-I)	20,000	1	240,000
2	Executive Member (PS-11)	12,000	1	144,000
3	Director General (PS-10)	10,000	9	1,080,000
4	General Manager (PS-9)	7,500	19	1,710,000
5	Deputy General Managers (PS-8)	5,000	67	4,020,000
6	Assistant General Manager (PS-7)	3,000	31	1,116,000
7	ES to Chairman	5,000	2	120,000
			Total	**8,430,000**

The management replied that Section 14 of PEMRA Ordinance specifies that there shall be established a fund to be known as "PEMRA Fund" which shall vest in the Authority and shall be utilized by the Authority to meet charges in connection with its functions including payment of salaries and other remunerations to the Chairman, members, employees, experts and consultants of the Authority.

The reply is not acceptable as the management did not frame its rules and approved from the Government.

DAC was not convened till finalization of report.

Audit recommends to stop the practice till the approval of rule besides recovery.

19.5.15 Non-receipt of annual gross advertisement revenue from licensees of Satellite TV Channels

Schedule-B of the Pakistan Electronic Media Regulatory Authority Rules, 2009 states that annual gross advertisement revenue (ranging from 5% to 7.5% of the Annual Gross Advertisement Revenue) shall be realized from the licensees of Satellite TV stations.

Audit observed that the management of Pakistan Electronic Media Regulatory Authority, Islamabad did not receive 5% to 7.5% of the Annual Gross Advertisement Revenue from all licensees of 90 Satellite TV Channels.

Audit further observed that Annual Financial Statements were not submitted to PEMRA by the licensees in violation of Rule 17 of the Pakistan Electronic Media Regulatory Authority Rules, 2009.

Management replied that the Honorable Supreme Court on 24.05.2019 has disposed of the appeals of PEMRA with the direction to PEMRA to proceed against the licensees under PEMRA Rules 2009. Accordingly notices in this regard have been issued for recovery of Gross Annual Advertisement Revenue to licensees.

Management has accepted the view point of audit.

DAC was not convened till finalization of report.

Audit recommends to recover the amount.

19.5.16 Excess Payment on account of Mobile Phone Allowance - Rs.6.578 million

Cabinet Division's Notification No. 3(30)/T&M/2015-RA-IV dated 15.04.2016 regarding revision of mobile phone policy states that an allowance through salary is admissible to all entitled regular employees working in the Ministries/Divisions in BPS-17-22 w.e.f. 01.04.2016.

Finance Division's O.M. No. F.1(1) Imp/94 dated 26.06.1999 states that revision of salaries, allowances & perquisites of the supervisory and executive staff of public sector corporations, autonomous/semi-autonomous bodies should be cleared from Finance Division to ensure a rational basis and a degree of uniformity in such revisions.

Pakistan Electronic Media Regulatory Authority, Islamabad paid Rs.6.578 million as mobile allowance to employees in BPS-17 and above during 2018-19.

Audit observed that PEMRA paid Mobile Phone Allowance in excess of the entitlement to officers of BPS – 17 and above resulting in overpayment of Rs.6.578 million.

Management replied that Authority is entrusted with the power to set the Terms & Conditions of its employees as it deems fit. Finance Division's O.M No. F1(1) imp/94 dated 26.06.1999 does not apply on PEMRA until and unless adopted by Authority and the same was not adopted by the Authority.

Reply is not acceptable as Section 39 of Pakistan Electronic Media Regulatory Authority Ordinance, 2002 states that the Authority may, with the approval of the Government, by notification in the Official Gazette, make rules to carry out the purposes of this Ordinance. The management of Pakistan Electronic Media Regulatory Authority (PEMRA) did not frame and get the rules approved from the Government.

DAC was not convened till finalization of report.

Audit recommends to stop the practice besides recovery.

19.5.17 Irregular payment of reward /honorarium and Eid bonus- Rs.297.833 million

Section 39(1) of Pakistan Electronic Media Regulatory Authority Ordinance, 2002 states that the Authority may, with the approval of the Government, by notification in the Official Gazette, make rules to carry out the purposes of this Ordinance.

Pakistan Electronic Media Regulatory Authority, Islamabad paid an amount of Rs.297,833,097 as reward / honoraria and Eid Bonus during the financial year 2018-19.

Audit observed that reward / honoraria and Eid Bonus were paid without the approval of financial rules.

Management replied that Section 14 of PEMRA (Amendment) Act, 2007 provides that there shall be established a fund to be known as "PEMRA Fund" which shall vest in the Authority and shall be utilized by the Authority to meet charges in connection with its functions including payment of salaries and other remunerations to the Chairman, members, employees, experts and consultants of the Authority.

Reply is not acceptable as Pakistan Electronic Media Regulatory Authority (PEMRA) did not frame and get the rules approved from the Government.

DAC was not convened till finalization of report.

Audit recommends to stop the practice besides recovery.

19.5.18 Irregular investment of funds - Rs.4,402.593 million

Finance Division O.M. No. F.4(1)/2002-BR-11 dated 02.07.2003 states that the investment of working balances/surplus funds be made subject to fulfillment of various requirements such as investment in A rating banks, competitive bidding process, investment exceeding Rs.10 million shall not be kept in one bank, setting up of in-house professional treasury management functions, formation of Investment Committee, employment of qualified investment management staff, utilization of services of professional fund managers approved by SECP, annual certificate of the Chief Executive of the organization, etc.

Pakistan Electronic Media Regulatory Authority, Islamabad invested Rs.4,402,593,193 in various financial institutions during 2018-19.

Audit observed as under:

i. Limit of working balances/surplus funds was not determined.

ii. Competitive bidding process was not carried out.

iii. There existed no in-house professional treasury management functions.

iv. Investment Committee was not constituted and qualified investment management staff was not employed.

v. Investment in different financial institutions at different interest rates caused heavy loss to the authority.

The management replied that working capital invested is Rs.3,206,814,730 not Rs.4,402,593,193. The management was also of the view that Section 14 (4) of PEMRA Ordinance specifies that "the Authority may invest its funds in such investments as it may, from time to time, determine" and do not need approval/consent of Finance Division. Transparent Competitive bidding process is followed for investment of funds.

Reply is not acceptable as investment was made without bidding process and in different financial institutions in violation of Finance Division's policy.

DAC was not convened till finalization of report.

Audit recommends inquiry to fix responsibility.

19.5.19 Irregular increase in the remuneration and emoluments of the Chairman and members - Rs.9.518 million

Section 9(1) of Pakistan Electronic Media Regulatory Authority (Amendment) Act, 2007 states that the Chairman and members shall be paid such emoluments as the President of Pakistan may determine and shall not be varied to their disadvantage during their term of office.

Pakistan Electronic Media Regulatory Authority, Islamabad paid an amount of Rs.5,342,593 on account of Honorarium and reward to the Chairman and Members during financial year 2018-19. Details are as under:

(Rupees)

S. No.	Designation	Honorarium	Reward	Total
1	Chairman	1,593,795	40,000	1,633,795
2	Executive Member	1,441,598	40,000	1,481,598
3	Ms. Shaheen Habibullah	800,000	52,000	852,000
4	Mrs. Nargis Nasir	800,000	55,000	855,000
5	Mr. Sarfaraz Khan Jatoi	400,000	40,000	440.000
6	Mr. Shafqat Jalil	0	40,000	40,000
7	Mr. Muhammad Naveed	0	40,000	40,000
	Total	**5,035,393**	**307,000**	**5,342,393**

Pakistan Electronic Media Regulatory Authority, Islamabad revised emoluments and remuneration of the Chairman and members during 148th Authority meeting from Rs.40,000 to Rs.80,000 per member per meeting resulting in another excess payment of Rs.4,175,601.

Audit observed that the reward/meeting fee was not approved by the President of Pakistan as required under Section 9 of Pakistan Electronic Media Regulatory Authority Ordinance, 2002.

Audit further observed that increases in remuneration of Chairman and Members without the approval of the President of Pakistan was irregular.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends condonation besides approval of the President of Pakistan.

19.5.20 Irregular extension to M/s Shahzad Sky (Pvt.) Ltd on account of deposit of ALF, bank performance guarantee and Advance Income Tax - Rs.1,449.800 million

Clause11.3 of Distribution Service Licenses (DTH) Licensing Regulation, 2016 states that the schedule for the payment of applicable license fee shall be as given in regulation 10. In case of non-compliance with the schedule of payment given above, the earnest money and all other sums deposited by the applicant company shall be forfeited.

Clause 10.15 of DTH Licensing Regulations-2016 states that within 30 calendar days of the completion of legal requirements, the successful bidder shall provide a bank performance guarantee equal to 10% of the Applicable License Fee from a scheduled bank with AAA rating. The performance guarantee shall be valid for the entire license period.

Pakistan Electronic Media Regulatory Authority, Islamabad initiated bidding process Direct to Home (DTH) Distribution Service License in 2003 but the same is pending till to date. The bidding was held on 23 and 24.11.2016 and following three firms were declared successful;

1- M/s Mag Entertainment (Pvt.) Ltd.
2- M/s Shahzad Sky (Pvt.) Ltd.
3- M/s Star Times Communication Pakistan (Pvt.) Ltd.

The Authority accorded approval for issuance of DTH to above mentioned three provisionally successful bidder companies on 21.06.2018. Ministry of Interior issued clearance to M/s Shahzad Sky (Pvt.) Ltd. whereas NOCs of other two bidders were pending till the date of audit.

Audit observed that;

i. M/s Shahzad Sky (Pvt.) Ltd paid 15% of the applicable license fee but failed to deposit 85% of remaining amount as approved by the Authority. Their request for extension of thirty days was approved in the 145th Authority's meeting held on 16.10.2018. However, the company failed to deposit remaining ALF even after lapse of thirty days.

ii. The company made payment of Rs.250.00 million on 15.02.2019 and submitted two postdated cheques of Rs.700.00 million and Rs.764.00 million on 31.03.2019.

iii. License was issued on 15.03.2019 without depositing of advance income tax and performance guarantee.

iv. The operation of DTH was to commence within 365 days but the company has filed petition in the court against FBR on the subject of advance income tax.

v. No progress on the operation of DTH has been made till date.

Audit is of the view that undue favor has been given to the company by repeated extensions in depositing ALF and other requirements.

The management replied that powers to grant extension in time for depositing of ALF lies with the Authority as the DTH Regulations 2016 are approved by the Authority and any further changes to the regulations is Authority's

discretion/prerogative, hence, the case for the extension was considered by the Authority in larger interest of the stakeholders and to make the project a success in Pakistan.

Reply is not acceptable as un-necessary favour was extended to the company throughout the process.

DAC was not convened till finalization of report.

Audit recommends that matter may be investigated.

19.5.21 Irregular procurement of machinery and equipment - Rs.11.008 million

Rule 12(1) of Public Procurement Rules, 2004 states that procurements over one hundred thousand rupees and up to the limit of two million rupees shall be advertised on the Authority's website in the manner and format specified by regulation by the Authority from time to time. These procurement opportunities may also be advertised in print media, if deemed necessary by the procuring agency.

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

PEMRA, Islamabad incurred an expenditure of Rs.9,063,488 on procurement of machinery and equipment during 2018-19.

Audit observed that purchases were made on quotation basis instead of inviting tenders. 42 LEDs were purchased but utilization of same was not available.

Management replied that PEMRA is a statutory body established under the PEMRA Ordinance 2002 having its own Rules, Regulations, Policy and SOPs.

Reply is not acceptable as all procurements were made without open tender.

DAC was not convened till finalization of report.

Audit recommends inquiry to fix responsibility.

Directorate of Electronic Media and Publication

19.5.22 Irregular cash payment through D.D.O - Rs.9.399 million

Rule 157(1) of Federal Treasury Rules (FTR) states that Cheque drawn in favor of Government officers and departments in settlement of Government dues shall always be crossed Account payee only not negotiable and Rule 157(2) states that Cheques drawn in favor of corporate or local bodies, firms or private persons for payment of Rs.200 and above shall be crossed.

Directorate of Electronic Media and Publication, Lahore withdrew cash in the name of DDO. Detail at Annexure 19-E.

Audit observed that withdrawal of claims in cash by the D.D.O was irregular.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends regularization of expenditure.

19.5.23 Non-recovery of fee from 1218 registered newspapers and 14 news agencies - Rs.13.065 million

Rule 7 (2) of the Press Council of Pakistan Rules, 2013 states that each registered newspaper and news agency shall deposit, through a pay order or demand draft, annual fee, as set out in the appendix, towards the funds of the Council under sub-section (5) of section 4 and each newspaper and news agency shall remit the amount of the fee within thirty days of the receipt of notice in this behalf.

Audit noticed that there were total 2895 registered newspapers and 25 registered news agencies.

Audit observed that management did not recover an amount of Rs.12.015 million from 1218 registered newspapers and an amount of Rs.1.050 million from 14 news agencies.

Management replied that the present management started the recovery of levy account. PCP has no method to recover the arrears having no power of cancellation of Declaration of newspapers or starting criminal procedure, even no provision of fine is mentioned in the rules for effective recovery of arrears. However, the present management had tried its level best to recover the entire arrears as soon as possible and reminders are being issued to the defaulters.

The management accepted the point of view of audit.

DAC was not convened till finalization of this report.

Audit recommends to recover the outstanding amount.

19.5.24 Unauthorized payment of honorarium - Rs.6.089 million

Finance Division O.M. No. F.2(2)-R4/95-109 dated 25.04.1995 states that not more than one honorarium shall be granted to any official and shall not exceed one month's pay and honorarium shall be admissible up to the level of Section Officers and equivalent.

Press Council of Pakistan, Islamabad paid honorarium up to three months basic pay amounting to Rs.6.089 million on occasion of Eid-ul-Fitr, Eid-ul-Azha, and other occasions to its employees during 2015-18. Details are as under:

(Rupees)

Period	One-month basic pay on Eid-ul-Fitr	50 % of basic pay	One-month basic pay on Eid-ul-Azha	3 months basic pay
2015-16	486,415	323,996	0	0
2016-17	0	331,137	837,520	0
2017-18	1,647,807		0	2,462,820
Total	2,134,222	655,133	837,520	2,462,820

Audit observed that the payment of honorarium in excess of one-month basic pay was violation of rules.

Management replied that the officials and staff of the Press Council of Pakistan are not given any allowances, pension benefits, medical benefits and Big City Allowance. The honorarium was paid to the PCP employees for their dedication, hard work and best performance.

The reply is not accepted as the payment of honorarium more than one basic pay required the approval of ECC.

DAC was not convened till finalization of report.

Audit recommends to stop the practice besides recovery.

CHAPTER 20

INTER PROVINCIAL COORDINATION

20.1 Introduction

As per Schedule II [Rule 3 (3)] Distribution of Business among the Divisions read with Schedule III [rule-4(4)] Rules of Business 1973 (As amended up to 23rd April, 2019) following main business have been assigned to the Division amongst the other functions.

1. General coordination between the Federal Government and the Provinces in the economic, cultural and administrative fields.

2. Promoting uniformity of approach in formulation of policy and implementation among the Provinces and the Federal Government in all fields of common concern.

3. Discussions of policy issues emanating from the Provinces which have administrative or economic implications for the country as a whole.

4. All Secretarial work for Council of Common Interests and their committees.

5. Any other matter referred to the Division by a Province or any of the Ministry or Division of the Federal Government.

6. Malam Jabba Resort Ltd.

7. Pakistan Veterinary Medical Council Islamabad.

8. Inter Board Committee of Chairmen, Islamabad.

9. Medical, nursing, dental, pharmaceutical, para-medical and allied subjects; -

i. education abroad; and

ii. Educational facilities for backward areas and for foreign nationals, except the nomination of candidates from Federally Administered Tribal Areas for admission to Medical College.

10. Legislation covering all aspects of sports affairs and matters ancillary thereto.

11. Administrative control of Board established for the promotion and development of sports under the Sports (Development and Control) Ordinance, 1962.

12. Pakistan Sports Board (PSB).

13. Pakistan Cricket Board (PCB).

14. Dealing and agreements with other countries and international organizations in matters relating to Youth Exchange Programs (External).

15. National Internship Program.

16. National Volunteer Movement.

17. Paralympics.

18. Gun and Country Club.

19. Federal Land Commission.

20. International Organizations and agreements relating to tourism.

ATTACHED DEPARTMENTS/ AUTONOMOUS BODIES

i. Department of Tourist Services in Islamabad.
ii. Pakistan Cricket Board
iii. Pakistan Sports Board.
iv. Guns & Country Club
v. Pakistan Veterinary Medical Council, Islamabad.

Sr. No.	Description	Total No.	Audited	Expenditure Audited (FY-2018-19) Rs. in million	Revenue / Receipt Audited (FY 2018-19) Rs. in million
1	Formations	25	-	-	-
2	Assignment Accounts (Excluding FAP)	4	-	-	-
3	Authorities / Autonomous Bodies etc. under the PAO	4	1	95.177	-
4	Foreign Aided Project (FAP)	-	-	-	-

20.2 Comments on Budget & Accounts (Variance Analysis)

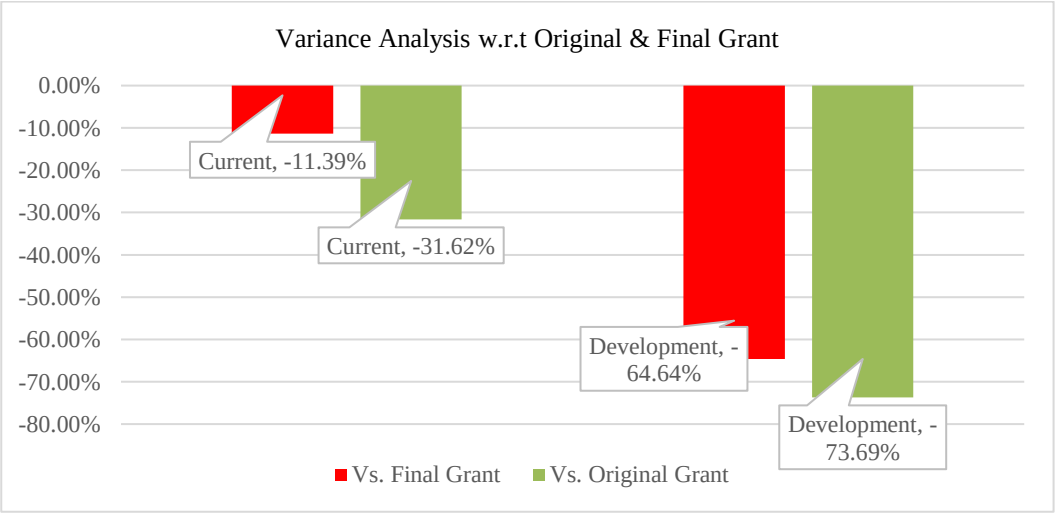
Final budget allocated to the Inter-provincial Coordination Division for the financial year 2018-19 was Rs.4,114.955 million, out of which the Division expended an amount of Rs.2,238.719 million. Grant-wise detail of current and development expenditure is as under:

(Rupees in million)

Type of Grant	Grant No.	Original Grant	Supply Grant	Surrender (-)	Final Grant	Actual Expenditure	Excess / (Savings)	Excess / (Savings) % age
Current	73	1,907.000	28.693	-464.059	1,471.634	1,304.064	-167.569	-11.39%
Development	131	3,552.584	971.444	-1,880.707	2,643.321	934.655	-1,708.666	-64.64%
Grand Total		**5,459.584**	**1,000.137**	**-2,344.766**	**4,114.955**	**2,238.719**	**-1,876.236**	**-45.60%**

Audit noted that there was an overall savings of Rs.1,876.236 million, which was due to savings in the Development grant. Despite surrendering of Rs.1,880.707 million there was a savings of Rs.1,708.666 million in development grant of the division which is a classic example of bad budgeting. In Grant Nos. 73 and 131 supplementary grants was surrendered 100%.

According to Para 71 of General Financial Rules (Volume I), while framing budget estimates, the authorities should exercise utmost foresight. Rules of good governance demand that budget processes are carried out in accordance with clearly defined expectations, assumptions and a coordinated calendar of activity. As shown in the chart below, bifurcating total allocation into current and development expenditure it was observed that, in case of development expenditure, there was 73.69% of savings w.r.t Original grant which was reduced to 64.64% savings w.r.t Final Grant and in case of current expenditure 31.62% of savings reduced to 11.39% of savings, as depicted in the graph below:



20.3 Classified Summary of Audit Observations

Audit observations, amounting to Rs.3,154.814 million, were raised in this report during the current audit of Inter Provincial Coordination. This amount also includes recoveries of Rs. 3.350 million as pointed out by the audit. Summary of the audit observations classified by nature is as under:

(Rupees in million)

S. No	Classification	Amount
1	Non-production of record	-
2	Reported cases of fraud, embezzlement and m Misappropriation	8.131
3	Irregularities	
A	*HR/Employees related Irregularities*	26.076
B	*Procurement related irregularities*	75.830
C	*Management of account with commercial banks*	3,009.655
D	*Recovery*	3.350
E	*Internal Control*	-
4	Value for money and service delivery	-
5	Others	31.772

20.4 Status of compliance with PAC Directives

Name	Audit Year	Total No. of Audit Paras	No. of Actionable Points Issued	Compliance	Non/Partial Compliance	% of Compliance
Inter Provincial Coordination Division	1988-89	6	6	0	6	0%
	1990-91	1	1	0	1	0%
	1992-93	10	10	7	3	70%
	1994-95	1	1	1	0	100%
	1996-97	1	1	0	1	0%
	1997-98	15	15	6	9	40%
	1999-00	1	1	0	1	0%
	2001-02	5	5	4	1	80%
	2003-04	9	9	3	6	33%
	2005-06	4	4	3	1	75%
	2007-08	2	2	0	2	0%
	2008-09	30	30	1	29	3%
	2011-12	5	5	0	5	0%
	2013-14	15	3	1	2	33%
	Total	**105**	**93**	**26**	**67**	**28%**

The Draft Audit Report including following Paras was issued to the PAO on 20.03.2019 and 28.10.2019 followed by reminder 31.10.2019 and 19.11.2019 with the request to reply and also arrange the DAC meeting to discuss the Paras.

20.5 AUDIT PARAS

Gun and Country Club

20.5.1 Irregular procurement of food and beverages - Rs.14.781 million

PPRA Rule, 2004 12(2) states that all procurement opportunities over two million rupees should be advertised on the Authority's website as well as in other print media or newspapers having wide circulation. The advertisement in the newspapers shall principally appear in at least two national dailies, one in English and the other in Urdu.

The Guns and Country Club Islamabad purchased different food items for Rs.14,781,470 during financial year 2017-18.

Audit observed that procurement was made without calling open tender.

Audit is of the view that club was deprived of the benefits of competitive rates.

DAC held on 29.11.2019 directed to conduct inquiry to fix the responsibility and submit its report within two weeks and procurement may be made through tender in future.

Audit recommends the implementation of the DAC decision.

20.5.2 Non-deposit of the Sales Tax - Rs.1.962 million

GFR-26 states that it is the duty of the departmental Controlling officers to see that all sums due to Government: are regularly and promptly assessed, realised and duly credited in the Public Account.

Gun and Country Club collected sales tax amounting to Rs.4,005,245 however deposited only Rs.2,043,084 during 2017-18.

Audit observed that the remaining amount of Rs.1,962,161 was not deposited into Government treasury.

DAC held on 29.11.2019 directed to conduct the inquiry within one week and deposit the amount of Sale Tax and get the same verified from audit.

Neither the inquiry report was provided nor the deposited amount was verified by audit till finalization of this report.

Audit recommends the implementation of the DAC decision.

20.5.3 Irregular payment to the contractor of Health Studio- Rs.57.00 million

PPRA Rule, 2004 12(2) states that all procurement opportunities over two million rupees should be advertised on the Authority's website as well as in other print media or newspapers having wide circulation. The advertisement in the newspapers shall principally appear in at least two national dailies, one in English and the other in Urdu.

The Gun and Country club, Islamabad entered into an agreement with M/s Hi-Tech Services for design cum construction, addition, alteration, modification and renovation of Health Studio Building on turnkey basis for a cost of Rs.50 million on 17.09.2012 with completion period of 6 months.

Audit observed as under:

i. Work was awarded without open tender.

ii. The payment was made on the basis of claim submitted by the contactor instead of actual measurement of work.

iii. The estimates of the work were not technically sanctioned.

iv. The contractor was paid advance payment, even then an amount of Rs.700,000 was paid on account of investment loss and delayed payment.

v. The contractor was paid Rs.57.00 million against the original work of Rs.50.00 million.

The management apprised that the issue has been referred to FIA on March 25, 2019 for investigation.

DAC held on 29.11.2019 directed to share the outcome of FIA inquiry with audit.

Audit recommends the implementation of the DAC decision.

20.5.4 Irregular expenditure on account of salaries and wages - Rs.10.121 million

Para-B of the HR manual 2011 of Gun and Country Club states that:

1. Appointment to all grades will be made either by direct recruitment or by promotion on such terms and conditions as may be decided by the managing committee.

2. Appointment of appropriate candidate will involve:

    a. Announcement of position (through advertisement in newspaper, if appropriate)

    b. Short listing for interview.

    c. Interviews and final selection by working committee.

3. The working committee will develop criteria for consideration of employment.

4. Appointment letters with essential terms of employment will be issued to successful candidates on temporary basis for three months only.

Guns & Country Club incurred an expenditure of Rs.10,121,124 on salaries during the financial year 2017-18. Details are at Annexure 20-A.

Audit observed that the management of Guns & Country Club incurred an expenditure of Rs.843,427 per month as salaries and wages on staff recruited over and above the planned staff. There was no approval of the strength from any competent forum. The posts filled in were not conforming to the prime objective of the club.

Audit further observed that the salary of contingent paid staff after January, 2018 was mixed with regular staff and could not be authenticated.

DAC on 29.11.2019 directed regularization of excess strength from Board after rationalization.

No progress was shared with audit till finalization of the report.

Audit recommends the implementation of the DAC decision.

20.5.5 Less accountal of receipt from Food & Beverages - Rs.11.850 million

GFR-23 states that every Government officer should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other Government officer to the extent to which it may be shown that he contributed to the loss by his own action or negligence.

Guns and Country Club paid Rs.13.760 million on the purchase of Food & Beverages during 2017-18 against earned revenue of Rs.18,680,860.

Audit observed as under:

i. Invoices of Rs.12.179 million were available against the purchase of Rs.13.760 million.

ii. Sales revenue worked out on the basis of scale of dish wise consumption against purchased quantities of food and Beverages comes to Rs.30.531 million resulting into loss of Rs.11.85 million.

DAC held on 29.11.2019 directed to hold a fact-finding inquiry by the Ministry of IPC in two weeks.

No progress was reported till finalization of the report.

Audit recommends the implementation of the DAC decision.

20.5.6 Loss on running of restaurant - Rs.17.96 million

GFR-10 states that 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.

Management of Guns & Country club incorporated the total sales revenue of the F&B items of the restaurant and Health Bar of Rs.18.680 million against the total cost of Rs.14.78 million in the Profit and Loss statement for the year 2017-18. The actual expenditure on the running of the restaurant during the year 2017-18 was as under:

(Rupees in millions)

S. No.	Description	Amount
1	Purchase cost of Food & Beverage items	13.760
2	Other Expenditure - F&B	1.020
3	Salary of F&B staff @ 1.4 million per month	16.80
4	Utility Charges (Gas & Electricity)	5.00
Total		**36.58**

Audit observed that the management understated the cost of running the restaurant by Rs.21.80 million and received revenue Rs.17.90 million less than the breakeven point which was actually the loss caused to the club.

The DAC on 29.11.2019 directed for proper accountal of overheads and to make an effort for decrease therein.

No progress was reported till finalization of the report.

Audit recommends inquiry in the matter.

20.5.7 Irregular payment on account of golden hand shake - Rs.2.655 million

GFR-10 states that every officer incurring or authorizing expenditure from public funds should be guided by high standards of financial propriety. 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.

Gun and Country Club made payment of wages to seventy three daily wages employees from July, 2017 to June, 2018.

Audit observed that twenty six daily wages employees were paid six salaries as a golden shake hand in June, 2018.

Audit is of the view that the payment was not admissible as the workers were hired on daily wage basis.

DAC on 29.11.2019 directed for investigation of matter by FIA.

No progress was reported till finalization of the report.

Audit recommends implementation of the DAC decision.

20.5.8 Irregular hiring of security services - Rs.4.049 million

PPRA Rule, 2004 12 (2) states that all procurement opportunities over two million rupees should be advertised on the Authority's website as well as in other print media or newspapers having wide circulation. The advertisement in the newspapers shall principally appear in at least two national dailies, one in English and the other in Urdu.

Guns and Country Club Islamabad entered into agreement with M/s Askari Guard Private Ltd. F-8 Markaz, Islamabad for hiring security services in June, 2017. The total payment made on account of security services was Rs.4,049,376 during the year 2017-18.

Audit observed as under:

i. The services were hired without open tender.

ii. Rs.72810 was spent on uniform and shoes of security agency staff without any provision in the agreement.

iii. Income tax deduction was not made from the company.

DAC on 29.11.2019 directed to recover 7.5% tax from the security company and get verified from audit.

No progress was reported till finalization of the report.

Audit recommends implementation of the DAC decision.

20.5.9 Non- recovery of outstanding dues from members - Rs.3.350 million

Para-IX (6) of the Gun and Country Club rule, 2011 states that the bill must be paid by the end of the month by the member of failing which late fee at the prevailing bank interest rate will be charged. In the event of any member failing to pay bill within 30 days he shall be reminded through registered post. Any member failing to pay dues within 30 days of the said notice may be deprived of the privileges of the club and his name posted until outstanding dues are paid. In the event he fails to pay within one month, his name shall be struck off the list of members. The club reserve the right to recover the outstanding dues through legal means.

Gun and Country Club provided the list of 1086 defaulting members against whom the outstanding dues were amounting to Rs.22,718,497 as on 31.12.2018.

Audit observed as under:

i. The analysis of dues of 71 members were made and it was noted that their outstanding dues were increased by Rs.3,350,407 (2,868,204 to 6,218,611) from 30th June, 2018 to 31st December, 2018.

ii. The management did not impose any surcharge/penalty on the outstanding dues.

DAC on 29.11.2019 directed to suspend or discontinue membership of the defaulters.

No progress was reported till finalization of the report.

Audit recommends the implementation of the DAC decision.

National Internship Program (NIP)

20.5.10 Irregular payment of additional allowance - Rs.13.300 million

Clause 6.5 of the PC-1 states that the officers/officials of M/o IPC, NIP Office and PM Youth Program engaged in the project will be paid monthly additional allowance equal to their basic pay, apart from their original salary, for the project.

The Executive Committee of Prime Minister Youth Training Scheme in its 7th meeting held on 27.02.2018 decided that the grant of additional allowance to all staff of the project as well as ministry be stopped till the matter is resolved with AGPR.

The Executive Committee of Prime Minister Youth Training Scheme in 8th meeting held on 30.03.2018 decided revision of PC-1 of the scheme to incorporate permissibility of additional allowance to the staff of Secretary IPC and Additional Secretary IPC, who were directly/indirectly involved in the scheme.

National Internship Program (NIP) paid an amount of Rs.37.675 million on account of Additional allowance from Prime Minister Youth training scheme to different officers/officials.

Audit observed that Rs.13.300 million were paid as additional allowance to officers/officials who were not entitled as they were not directly engaged with the scheme.

The management replied that National Internship Program office with the approval of the Secretary, IPC, has paid additional allowance. The supporting staff in offices of Minister, Secretary, IPC, AS (IPC) and DDO although not directly involved, were also being paid additional allowance equal to their basic pay for 03 months in a calendar year.

The reply is not acceptable as officers/officials paid were not engaged in the scheme

No DAC was held till finalization of report.

Audit recommends recovery of the inadmissible additional allowance.

20.5.11 Irregular withdrawal of undisbursed stipend - Rs.8.131 million

Para 12 of General Financial Rules Volume-I states a Controlling officer must see not only that the total expenditure is kept within the limits of the authorized

appropriation but also that the funds allotted to spending units are expended in the public interest and upon objects for which the money was provided.

Prime Minister's Youth Training Scheme (PMYTS) prepared pay orders in the name of Drawing and Disbursing Officer amounting to Rs.8,130,825 to draw the amount from the National Bank of Pakistan out of undisbursed stipend to internees. Details are as under:

(Rupees)

S. No.	Pay order No.	Date	Amount
1	05334140	03.12.2016	996,000
2	05336445	25.02.2017	252,000
3	05336446	25.02.2017	3,588,000
4	05338251	20.06.2017	2,292,000
5	05761738	29.11.2017	246,000
6	05757930	16.12.2017	45,000
7	02474984	15.01.2018	54,000
8	05759693	17.04.2018	60,000
9	05759933	14.05.2018	399,000
10	02474983	15.01.2018	74,825
11	02475084	23.02.2018	25,000
12	05760324	26.05.2018	99,000
Total Rs.			**8,130,825**

Audit observed that the undisbursed amount was required to be deposited in the public exchequer but the same was retained by preparation of Pay Orders in the name of Drawing and Disbursing Officer.

The management replied that amount in question was disbursed to the National bank of Pakistan for payment of stipend to the internees of PMYTS. However due to certain anomalies in the internee's bank accounts the payment was not materialized for which the National Bank of Pakistan informed NIP office.

The reply is not tenable as the amount was not deposited in Government treasury.

No DAC was held till finalization of report.

Audit recommends inquiry to fix responsibility besides depositing of amount into Government treasury.

20.5.12 Irregular retention of balances at National Bank of Pakistan - Rs.3003.155 million

As per Para 6.3.5.2 of PC-I AGPR will provide funds to NBP every quarter and NBP will further transfer amount in internees account for withdrawal within two days of stipend eligible intern's data share by NIP, M/o IPC.

Prime Minister's Youth Training Scheme under National Internship Program (NIP) disbursed an amount of Rs.10,210.524 million to National Bank of Pakistan for disbursement to the internee's out of which the following undisbursed amount was retained by the bank:

(Rupees)

Sr. No.	Financial Year	Released Amount	Amount Surrendered	Expenditure	Balance as per Bank Statement
1	2015-16	700.000,000	2,259,244,268	240,755,732	2,250,807,052
2	2016-17	4,830,000,000	750,788,960	4,079,211,035	751,476,423
3	2017-18	6,105,077,000	-	610,433,718	871,709
	Total	**10,935,077,700**	**3,010,033,228**	**4,930,400,485**	**3,003,155,184**

Audit observed that the amount was withdrawn without estimation for payment to internees, resulting in undue favour to the bank and blockage of Public Funds.

The management replied that presenting a request to the Finance Division / Planning, Development and Reforms Division for release of funds, proper estimation was made for incurring the expenditure. Less number of joining of internee's as well as non-receipt of timely assessment reports resulted into the savings beyond NIP expectations.

The reply of the management is not acceptable as the amount of Rs.3,003.155 million was retained by the bank.

No DAC was held till finalization of report.

Audit recommends inquiry to fix the responsibility besides deposit of amount in Government treasury.

20.5.13 Excess payment on account of Debit Card Charges - Rs.6.500 million

As per revised PC-I of Prime Minister's Youth Training Scheme 2015-18 Financial Budget Summary for three phases under the head of Banks Pay Cards was Rs.120 per card required to be issued to the internees for payment of stipend through banks.

Prime Minister's Youth Training Scheme under National Internship Program paid Rs.16,250,200 to NBP for issuance of Debit Cards to the internees at the rate of Rs.200 per year instead of Rs.120 per card as required in revised PC-I. Details are as under:

(Rupees)

Sr. No.	Cheque No.	Date	No. of Internees	Total Payment	Payment as per agreement	Excess Payment
1	312019	27.12.2016	31058	6,211,600	3,726,960	2,484,640
2	416574	17.10.2017	50193	10,038,600	6,023,160	4,015,440
Total				**16,250,200**	**9,750,120**	**6,500,080**

Audit observed that the management of Prime Minister's Youth Training Scheme paid excess amount of Rs.6,500,080 in violation of PC-I.

The management replied that excess amount was paid by NIP office instead of internees from the available allocation.

The reply is not tenable as excess payment remains irregular whether it is paid by internees or NIP.

No DAC was held till finalization of report.

Audit recommends recovery of the excess amount from the bank.

CHAPTER 21

INTERIOR DIVISION

21.1 Introduction

As per Schedule II [Rule 3 (3)] Distribution of Business among the Divisions read with Schedule III [rule-4(4)] Rules of Business 1973 (As amended up to 23rd April, 2019) following main business have been assigned to the Division amongst the other functions.

1. Internal security; matters relating to public security arising out of dealings and agreements with other countries and international organizations.

2. Preventive detention for reasons of State connected with defence, external affairs or the security of Pakistan or any part thereof; and for reasons, connected with the maintenance of public order or the maintenance of supplies and services essential to the community; persons subjected to such detention.

3. Nationality, citizenship and naturalization.

4. Admission of persons into, and expulsion of persons from Pakistan, including:

a) policy regarding entry, exit and sojourn of foreigners and aliens; and (b) regulation of movement in Pakistan of persons not domiciled in Pakistan.

5. Admission of persons into, and departure of persons from Pakistan.

6. Policy regarding censorship; prescription of books and publications in consultation with the Education Division, where necessary.

7. National Database and National Data Warehouse for issuance of National Identity Cards, Pakistan Origin Cards and Aliens Registration Cards.

8. Security measures for the Federal Secretariat and Subordinate Offices.

9. Pardons, reprieves, respites, remissions, commutation, etc. (excluding personnel belonging to the Armed Forces), issuance of warrant of execution of death sentence.

10. Police Commission and Police awards.

11. Policy coordination of, and higher training in Civil Defense and A.R.P. matters.

12. Pakistan Flag, Coat of Arms, monograms, seals etc.; Standard Time for Pakistan; public holidays; Gazette of Pakistan.

13. Warrant of Precedence; celebrations and ceremonial parades (other than those of Armed Forces); action to be taken on the death of high officials; civil uniform rules.

14. Coordination of policy matters relating to Police.

15. Coordination of anti-smuggling measures.

16. Matters relating to Federal Police Forces, their establishment etc.

17. Administrative Control of the Civil Armed Forces (i.e. Frontier Corps including Baluchistan Constabulary and Frontier Constabulary) Rangers and Coast Guards.

18. Arms Act jurisdictions to Federal areas.

19. Border incidents and disputes.

20. Permission to Government servants to visit India.

21. Political asylum, Genocide.

22. Surrender of criminals and accused persons to Government outside Pakistan.

23. Special studies of penal reforms in the context of national mores and requirements; coordination of reforms by the Provinces and provisions of facilities for professional and technical training of jail staff, at home and abroad; and dealing with such items pertaining to prisons, etc., as are embodied in the Federal and Provincial Subjects.

24. Protection and maintenance of non-Muslim shrines in Pakistan and pilgrimages from India.

25. Administrative Control of National Police Academy.

26. All Administrative matters relating to Federal Investigation Agency.

27. Investigation and prosecution of cases falling under the Schedule appended to the Federal Investigation Agency Act, 1974.

28. To act as National Central Bureau to keep liaison with the INTERPOL.

29. Anti-Corruption laws, except the National Accountability Ordinance, 1999 35. Islamabad Capital Territory Administration.

30. Advocate General (ICT), Metropolitan Corporation Islamabad, Capital Development Authority.

31. Management and distribution of zakat and Ushr in Islamabad.

ATTACHED DEPARTMENTS/ AUTONOMOUS BODIES

i. Directorate General of Immigration and Passports.
ii. Directorate General of Civil Defense.
iii. Pakistan Rangers, Lahore.
iv. Pakistan Coast Guards.
v. Frontier Corps, Khyber Pakhtunkhwa.
vi. Frontier Corps, Baluchistan.
vii. Chief Commissioner, Islamabad Capital Territory.
viii. Pakistan Rangers Sindh (South), Karachi.
ix. Federal Investigation Agency.
x. Frontier Constabulary, Khyber Pakhtunkhwa.
xi. Gilgit Baltistan Scouts.
xii. Central Jail Staff Training Institute.
xiii. National Police Foundation.
xiv. National Alien Registration Authority
xv. National Database and Registration Authority
xvi. National Police Academy
xvii. National Counter Terrorism Authority
xviii. Capital Development Authority

Sr. No.	Description	Total No.	Audited	Expenditure Audited (FY-2018-19) Rs. in million	Revenue / Receipt Audited (FY 2018-19) Rs. in million
1	Formations	243	55	119,478.194	4.444
2	Assignment Accounts (Excluding FAP)	3	-	-	-
3	Authorities / Autonomous Bodies etc. under the PAO	-	-	-	-
4	Foreign Aided Project (FAP)	6	4	1,162.000	-

21.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Interior Division for the financial year 2018-19 was Rs.168,135.450 million, out of which the Division expended an amount of Rs.161,160.257 million. Grant-wise detail of current and development expenditure is as under:

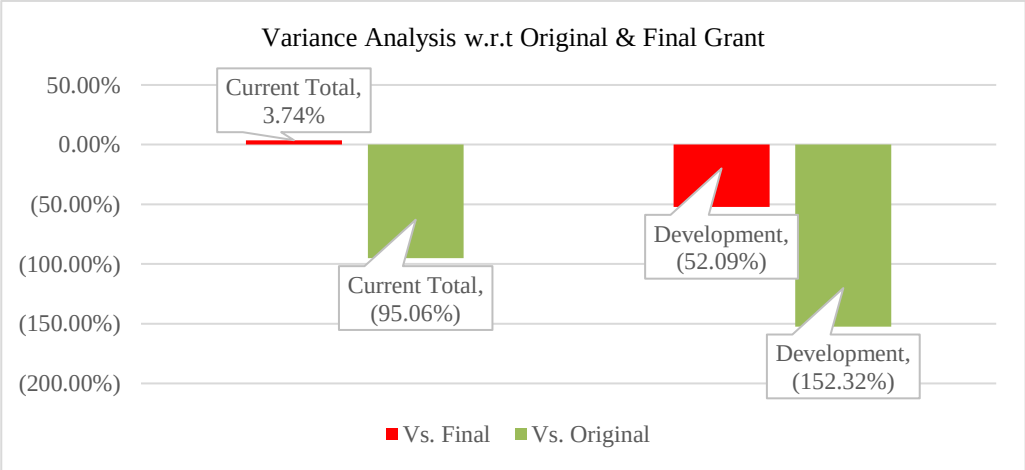
(Rupees in million)

Type of Grant	ID	Original Grant	Supplementary Grant	Surrender (-)	Final Grant	Actual Expenditure	Excess / (Savings)	Excess / (Savings) % age
Current	65	831.000	1,367.667	-136.982	2,061.685	2,039.438	-22.247	(1.08%)
Current	66	8,444.000	864.634	-113.405	9,195.229	9,584.200	388.971	4.23%
Current	67	2,752.000	1,883.449	0.000	4,635.449	4,577.827	-57.622	(1.24%)
Current	68	60,344.000	25,460.001	-600.988	85,203.013	88,662.491	3,459.478	4.06%
Current	69	8,920.000	0.016	-43.907	8,876.109	10,864.323	1,988.214	22.40%
Current	70	1,994.000	0.001	0.000	1,994.001	2,051.509	57.508	2.88%
Current	71	21,963.000	3,093.741	-16.970	25,039.771	25,002.607	-37.164	(0.15%)
Current	72	4,167.001	3,323.536	-116.714	7,373.823	6,996.685	-377.138	(5.11%)
Current Total		**109,415.001**	**35,993.045**	**-1,028.965**	**144,379.081**	**149,779.081**	**5,400.000**	**3.74%**
Development	**130**	**23,650.953**	**1,722.216**	**-1,616.799**	**23,756.370**	**11,381.176**	**-12,375.194**	**(52.09%)**
Grand Total		**133,065.954**	**37,715.261**	**-2,645.765**	**168,135.450**	**161,160.257**	**-6,975.194**	**(4.15%)**

Audit noted that there was an overall savings of Rs.6,975.194 million, which was due to savings in the Development grant.

According to Para 71 of General Financial Rules (Volume I), while framing budget estimates, the authorities should exercise utmost foresight. Rules of good governance demand that budget processes are carried out in accordance with clearly defined expectations, assumptions and a coordinated calendar of activity. As shown in the chart below, bifurcating total allocation into current and development expenditure it was observed that, in case of development expenditure, there was 51.88% of savings w.r.t Original grant which increased to 52.09% savings w.r.t Final

Grant and in case of current expenditure 36.89% of excess expenditure reduced to 3.74% of excess expenditure, as depicted in the graph below:



21.3 Classified Summary of Audit Observations

Audit observations, amounting to Rs.5,997.668 million, were raised in this report during the current audit of Interior Division. This amount also includes recoveries of Rs.471.914 million as pointed out by the audit. Summary of the audit observations classified by nature is as under:

(Rupees in million)

S. No	Classification	Amount
1	Non-production of record	4.640
2	Reported cases of fraud, embezzlement and m misappropriation	91.420
3	Irregularities	
A	*HR/Employees related Irregularities*	426.254
B	*Procurement related irregularities*	891.591
C	*Management of account with commercial banks*	537.454
D	*Recovery*	471.914
E	*Internal Control*	192.924
4	Value for money and service delivery	147.869
5	Others	3,233.602

21.4 Status of compliance with PAC Directives

Name	Audit Year	Total No. of Audit Paras	No. of Actionable Points Issued	Compliance	Non/Partial Compliance	% of Compliance
Interior Division	1987-88	2	2	2	0	100%
	1989-90	7	7	1	6	14%
	1990-91	4	4	4	0	100%

Name	Audit Year	Total No. of Audit Paras	No. of Actionable Points Issued	Compliance	Non/Partial Compliance	% of Compliance
	1991-92	28	28	27	1	96%
	1992-93	20	20	20	0	100%
	1993-94	13	13	6	7	46%
	1994-95	21	21	13	8	62%
	1995-96	3	3	3	0	100%
	1996-97	1	1	1	0	100%
	1999-00	110	110	95	15	86%
	2001-02	21	21	0	21	0%
	2003-04	33	33	14	19	42%
	2005-06	21	21	12	9	57%
	2006-07	9	9	1	8	11%
	2007-08	5	5	1	4	20%
	2008-09	11	11	8	3	73%
	2009-10	14	14	10	4	71%
	2010-11	25	25	15	10	60%
	2013-14	26	26	15	11	58%
	2015-16	19	19	6	13	32%
	2016-17	62	20	13	7	65%
	2017-18	58	58	25	33	43%
	Total	**513**	**471**	**292**	**179**	**62%**

The Draft Audit Reports including following Paras was issued to the PAO on 18.09.2019, 21.11.2019, 02.12.2019 and 14.01.2020 followed by reminder 07.10.2019 and 12.02.2020 with the request to reply and also arrange the DAC meeting to discuss the Paras.

21.5 AUDIT PARAS

Ministry of Interior

21.5.1 Unauthorized collection and non-reconciliation of arms license fee by NADRA - Rs.369.310 million

Para 25 of GFR Vol-1 states that all departmental regulations in so far as they embody orders or instructions of a financial character or have important financial bearing should be made by, or with the approval of, the Ministry of Finance.

The Ministry of Interior Islamabad vide notification No. 5/280/2010-Arms dated 14.10.2011 authorized NADRA for computerization of arms licenses issue and their revalidation.

Audit observed that during financial year 2018-19 NADRA intimated Rs.369,310,360 as receipt collected for issuance and renewal of different types of arm licenses. While the Ministry issued 82,800 different licenses; there is no mechanism of reconciliation with NADRA to ensure that the number of licenses issued and the amount deposited by NADRA are correct.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends reconciliation of number of licenses issued and the amount collected.

21.5.2 Unauthorized collection of arms licenses fee by NADRA - Rs.134.528 million

Para 25 of GFR Volume-I states that all departmental regulations in so far as they embody orders or instructions of a financial character or have important financial bearing should be made by, or with the approval of, the Ministry of Finance.

The Ministry of Interior authorized National Database & Registration Authority (NADRA) for issuance and renewal of computerized arms licenses. NADRA collected an amount of Rs.134.528 million during 2017-18 as arms license fee as per following details:

(Rupees)

Govt. share	NADRA share	MOI Share	Total
94,914,400	39,222,410	392,100	134,528,910

Audit observed that Ministry of Interior allowed NADRA to collect service charges from public on collection of arms license fee/renewal fee without approval of Finance Division.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends that collection of service charges and enhancement in license fee be regularized from Finance Division.

21.5.3 Hiring of law firm without approval of Ministry of Law and Justice - Rs.24.437 million

According to Ministry of Law, Justice and Human Rights Letter No. F.6/1/2013-LA dated 03.06.2015 “Every Government Department or Semi Government or Public Corporate Body shall seek concurrence of the Law, Justice and

Human Rights Division for engagement of lawyer where professional fee exceeds Rs.300,000 (Rupees Three Lac)".

Ministry of Interior vide sanction No. 3/163/2016-Law dated 07.03.2019 made payment of Rs.24,437,364 to M/s Guernica International Justice Chambers, United Kingdom on account of legal fee and traveling charges against following invoices:

S. No.	Invoice No.	Date	Particular of payment	Amount in UK Pound
1.	G37/CH/GOP/FEE/002	13.04.2018	Legal Fees (February, 2018)	25,000
2.	G37/CH/GOP/TRV/001	27.04.2018	Flights to Islamabad (February, 2018)	4,530
3.	G37/CH/GOP/FEE/002	13.04.2018	Legal Fees (March, 2018)	25,000
4.	G37/CH/GOP/FEE/003	27.04.2018	Legal Fees (April, 2018)	25,000
5.	G37/CH/GOP/FEE/004	27.04.2018	Legal Fees (May, 2018)	25,000
6.	G37/CH/GOP/TRV/002	27.04.2018	Flights to Islamabad (May, 2018) and Ticket Change Cost	3,920
7.	G37/CH/GOP/FEE/004	27.04.2018	Legal Fees (June 2018)	25,000
			Total	**133,450**

Audit observed as under:

1. The expenditure of Rs.24.437 million was incurred without concurrence of M/o Law & Justice.

2. The Ministry of Interior signed the agreement with the above said Law firm on 01.02.2018 which was retrospectively effective from 30.10.2017.

3. Original quotations and comparative statements were not produced to audit.

4. The firm claimed UK Pound 4,530 equal to Pak Rs.829,533 (4,530XRs.183.12) as cost of Air Tickets and travelling charges without providing original Air tickets and relevant documents.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends regularization of expenditure besides fixing responsibility.

21.5.4 Payment made for the work not executed - Rs.192.924 million

Rule 4 of Public Procurement Rules, 2004 states that procuring agencies, while engaging in procurements, shall ensure that the procurements are conducted in a fair and transparent manner, the object of procurement brings value for money to the agency and the procurement process is efficient and economical.

Machine Readable Passport Project (MRPP) Phase-III, Islamabad published a tender advertisement for the Pre-Qualification of firms/bidders on 06th October, 2015. Subsequently Purchase Committee meeting was held on 26.10.2015 and 09 firms were pre-qualified.

To verify the actual execution of work audit team visited one RPO-Planddari on 22 & 23 November, 2018 and observed as follow:

i. Security grills were not installed by vendor despite payment of Rs.682,500.

ii. Paint work was not carried out despite payment of Rs.410,440.

iii. Ceiling fans installed by owner of the building were also claimed by the vendor Rs.105,000.

iv. Air Conditions for installation as per stock entries could also be not verified.

DAC on 04.12.2019 directed to conduct inquiry at Ministry of Interior level and report be shared with Audit within one month.

No inquiry report was shared with audit till finalization of the report.

Audit recommends the implementation of DAC decision.

21.5.5 Hiring of technically unqualified Testing Agency - Rs.11.634 million

Para 11 of GFR Volume-I states that each head of a department is responsible for enforcing financial order and strict economy at every step. He is responsible for observance of all relevant financial rules and regulations both by his own office and by subordinate disbursing officers.

PPRA Rule 29 states that procuring agencies shall formulate an appropriate evaluation criterion listing all the relevant information against which a bid is to be evaluated. Such evaluation criteria shall form an integral part of the bidding

documents. Failure to provide for an unambiguous evaluation criterion in the bidding documents shall amount to mis-procurement.

Machine-Readable Passport (MRP) and Machine-Readable Visa (MRV) Phase-III invited tenders through press on 20.08.2016 for the selection of Testing Agency. Single stage two envelopes procedure was adopted. 02 bidders submitted their bids. Technical bids were opened on 07.09.2016. A criterion fixed was 70% weightage to Technical Evaluation. Procurement Committee on technical criteria awarded following marks:

S. No.	Name of Firm	Firm's Profile-15	Presence of firm in provinces-20	Specific Experience-20	No. of years of Experience-20	No of Candidates tested so far- 25	Total Marks obtained
1.	NTS	13	16	20	13	25	87
2.	PTS	11	12	16	2	25	66

In technical Evaluation only one Firm i.e. NTS qualified but Procurement Committee gave extra 06 marks to non-qualified firm and opened the financial bids of both firms and subsequently selected technically un-qualified testing firm for recruitment process.

M/s PTS started recruitment process by floating advertisement in daily newspapers on 26.02.2017 and took written and typing tests of the candidates on 14.05.2017 instead of advertised dates i.e. 29.04.2017 and 30.04.2017 respectively.

Total 38,783 numbers of candidates applied for the posts and paid Rs.11,634,900 to testing agency.

Audit observed that the management of MRP/MRV, Phase-III selected technically non-responsive firm which was irregular. It was further observed despite payment by candidates the recruitment process was not completed by the firm.

DAC on 05.12.2019 directed the management to revisit the contract agreement and invoke penalty clause, if any. DAC further directed that relevant record of marking of technical qualification of the hired firm should be verified from Audit in 15 days.

No progress was reported till finalization of the report.

Audit recommends inquiry to fix responsibility.

21.5.6 Wasteful expenditure on opening of regional passport offices - Rs.73.150 million

Para 11 of GFR Volume-I states that each head of a department is responsible for enforcing financial order and strict economy at every step. He is responsible for observance of all relevant financial rules and regulations both by his own office and by subordinate disbursing officers.

Para 10(i) of GFR Volume-I states that the expenditure should not be prima facie more than the occasion demands.

Management of MRP/MRV, Phase-III established 73 RPOs all over the country at cost of Rs.605.22 million during financial year 2016-17. The issue was taken up with Planning Commission for merging of 11- RPOs into main offices on the basis of low passport issuance threshold as well as demography.

Audit observed that before launching of project, prior survey of workload assessment was not undertaken to avoid wastage of resources. Details are given below

S. No.	RPO	Province	No. of passport issued
1	Washuk	Baluchistan	01
2	Harnai	-	06
3	Haveli	AJK	05
4	Neelum	-	05
5	Nagar	GB	03
6	Sheigar	-	03

Audit further observed that five offices at Sudhnooti, Torghar, Kohlu, Sherani, Lahore-III were still non-functional.

DAC on 04.12.2019 directed to verify the record as per approved PC-I from the audit within 15 days.

No verification was carried out till finalization of the report.

Audit recommends implementation of DAC decision.

21.5.7 Procurement of physical assets without need assessment - Rs.40.596 million

Para 96 of GFR Vol-I states that it is contrary to the interest of the State that money-should be spent hastily or in an ill-considered manner merely because it is available or that the laps of a grant could be avoided. In the public interest, grants that cannot be profitably utilized should be surrendered. The existence of likely savings

should not be seized as an opportunity for introducing fresh items expenditure which might wait till next year. A rush of expenditure particularly in the closing months of the financial year will ordinarily be regarded as a breach of financial regularity.

Machine Readable Passport Project, Islamabad purchased physical assets valuing Rs.40.596 million in financial years 2015-17 such as air-conditioners, servers, UPS, batteries, LEDs, network switches and VOIP phones for installation at various Regional Passport Offices.

Audit observed that physical assets procured were unutilized till the date of audit, resulting in blockage of public money.

DAC on 04.12.2019 directed that inquiry be conducted at Ministry level and report be shared with Audit within 30 days.

No progress was reported till finalization of report.

Audit recommends implementation of DAC decision.

21.5.8 Unauthentic expenditure on repair of generators - Rs.4.640 million

Para 96 of GFR Vol-I states that it is contrary to the interest of the State that money-should be spent hastily or in an ill-considered manner merely because it is available or that the laps of a grant could be avoided. In the public interest, grants that cannot be profitably utilized should be surrendered. The existence of likely savings should not be seized as an opportunity for introducing fresh items expenditure which might wait till next year. A rush of expenditure particularly in the closing months of the financial year will ordinarily be regarded as a breach of financial regularity.

Machine Readable Passport Project (MRPP), Islamabad during financial years 2015-18 made payment of Rs.4.640 million for repair of generators

Audit observed that:

i. The items were purchased by splitting up the purchase order to avoid open competition.

ii. Repair of the generator was shown as procurement of Oil filter, Fuel filter, Air filter and Engine oil for service of the Generator.

iii. The items were purchased from vendors by Headquarters at Islamabad and forwarded to RPOs which need justification.

iv. The indent/receipt and transportation record regarding repair of work was not found attached with bills.

v. The acknowledgment of items receipt by the Regional Passport Offices was not found with the bills.

DAC on 04.12.2019 directed that the record relating to repair i.e. the indents, work orders, actual payee receipts, logbooks of generates and work completion be produced to Audit for verification within 15 days.

No progress was reported till finalization of report.

Audit recommends implementation of DAC decision.

21.5.9 Non-recovery of late delivery charges from M/s Gemalto Pakistan (Pvt) Ltd. - Rs.67.929 million

According to clause 3.4, the delivery of E-Passport Personalization System on DPD shall be completed/ commissioned preferably within 03 months but not later than 06 months from the date of the signing of Contract. (i.e. up to 12.06.2018).

Directorate General Immigration & Passport purchased an E-Passport Personalization System from M/s Gemalto Pakistan (Pvt) Ltd at a cost of Rs.679,297,905 (US $ 4,999,366) during financial year 2018-19.

DG Immigration & Passport signed an agreement with M/s Gemalto Pakistan (Pvt.) Ltd. Islamabad on 13.12.2017 for procurement of E-Passport Personalization System on Turnkey Basis. As per Contract the payments were to be made to the supplier upon the completion of agreed upon major milestones of the Contract detailed below:

Date of Agreement	Condition/schedule of payment	Date of delivery specified in Contract Agreement
13.12.2017	According to clause 2.7, the DG I&P will be liable to make payments to the Contractor upon the completion of following major milestones of the Contract: 1.7.1 20% of the Contract Price upon Site Preparation, Supply of Desktop Machine (if procured) along with PMS & PKI/KMS and integration with DG I&P System; 1.7.2 50% of the Contract Price upon complete delivery of the Bulk Personalization Machine with PMS, PKI and KMS integration. 1.7.3 20% of the Contract Price upon installation/ commissioning of Bulk Personalization Machine and testing UAT. 1.7.4 10% of the Contract Price upon submission of documents and training of technical HR in accordance with Annex-I "Technical Bid".	According to clause 3.4, the delivery of e-Passport Personalization System on DPD shall be completed/ commissioned preferably within 03 months but not later than 06 months from the date of the signing of Contract. (i.e. up to 12.06.2018)

Audit observed as under:

i. The Contractor did not supply and install the machine within due date i.e. up to 12.06.2018.

ii. Due to non-supply of E-Passport Personalization System the contractor was liable to pay late delivery charges of Rs.67.929 million (maximum10% of the value of undelivered goods) but no amount was recovered by the DGI&P.

iii. The DGI&P signed addendum 1 & 2 to the contract on 13.06.2018 and 13.12.2018 with the firm by extending period of supply up to 12.06.2019 and 30.09.2019 respectively.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry besides recovery.

21.5.10 Non-recovery of late delivery charges from M/s Apna Pakistan Ltd - Rs.1.451 million

Rule-23 of GFR Volume-I, states that every Government officer should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other Government officer to the extent to which it may be shown that he contributed to the loss by his own action or negligence.

Directorate General Immigration & Passport (DG I&P) signed an agreement with M/s Apna Pakistan Developers (Pvt) Ltd, Islamabad on 06.03.2015 for procurement of Finger Print Capturing Device (MSO-300 Sagem) under development project "Machine Readable Passport "and made payment of Rs.5,320,224 (gross) on 29.01.2019.

Audit observed as under:

i. The supplier was bound to complete the supply up to 18.04.2015 however, the contractor supplied the items on 22.03.2018 i.e. after two years and eleven months.

ii. DG I&P was required to deduct an amount of Rs.1,451,961 from the contractor which was not made.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry besides recovery from the contractor.

Federal Investigation Agency

21.5.11 Irregular expenditure on repair/maintenance of fleet of 169 vehicles without obtaining authorization of Cabinet Division-Rs.35.956 million

Para-XV of Annexure to the Cabinet Division No.6/7/2011-CPC dated 12.12.2011 states that "the Ministries/Divisions/Departments needing operational vehicles shall get their authorization of such vehicles fixed from the Vehicle Committee constituted with a representative each from Cabinet Division, Finance Division and the respective Ministry/ Division/Department".

Para-3 of Cabinet Division's U.O. dated 23.02.2012 states that "all other vehicles, in excess to above authorized vehicles being used for Protocol/General/Operational duties may immediately be surrendered to the Cabinet Division, Central Pool of Cars by 01.03.2012".

Federal Investigation Agency (HQ), Islamabad was maintaining a fleet of 169 vehicles. An expenditure of Rs.35.956 million was incurred on repair/maintenance and POL on these vehicles during financial year 2018-19.

Audit observed that:

i. Maintenance and operation of fleet of 169 vehicles and expenditure of Rs.35.956 million during financial year 2018-19 without NOC from Cabinet and Finance Division was unauthorized.

ii. No detail of the vehicles surplus due to enforcement of monetization policy (over and above the number of entitled officers) was intimated to the Cabinet Division with a Certificate by the Principal Accounting Officer.

iii. No monthly report was prepared and sent to the Cabinet Division and Finance Division on the expenditure relating to the POL and repair/maintenance of vehicles.

The management replied that in order to run the official business efficiently a case for enhancement of vehicles from 242 to 400 was moved to Ministry of Interior vide letter dated 16.05.2016 which is still pending.

Reply is not cogent as the vehicles are not authorized by Cabinet Division.

DAC was not convened till finalization of report.

Audit recommends regularization from competent forum.

21.5.12 Civil Works without Technical Sanction and Departmental Regulations - Rs.30.893 million

Para 192 of GFR Volume-I states "that when works allotted to a civil department other than the Public Works Department are executed departmentally, whether direct or through contractors, the form and procedure relating to expenditure on such works should be prescribed by departmental regulations framed in consultation with the Accountant-General generally on the principles underlying the financial and accounting rules prescribed for similar works carried out by the Public Works Department".

Federal Investigation Agency (HQ), Islamabad incurred an expenditure of Rs.30.893 million on Civil Works and repair & maintenance of its official building (FIA Headquarter and academy and Zonal Office Punjab Lahore) during the financial year 2018-19.

Audit observed as under:

i. Expenditure was incurred on Civil Works without obtaining Technical sanction.

ii. FIA (HQ) has no project and technical staff to carry out civil works.

iii. The work was executed departmentally through contractors without framing Departmental Regulations.

iv. Measurement Books as required under CPWA Code were not provided.

v. Construction work of FIA Zonal office, Lahore final bill of Rs.5.007 million was paid to the contractor on 28.05.2019 without completion report.

The management replied that the work was financed by INL-P and no Government funding was involved. A project steering committee was made which include an Engineer from FIA, the INL-P and PWD to review and verify progress of work regularly. FIA is an Investigation Agency and framing of departmental

regulations for civil works is not possible for FIA. Measurement books have been prepared and are available in the record. The completion report of FIA zonal office, Lahore is available.

Reply was not cogent as the INL-P granted the amount to Government of Pakistan which was released to the FIA through budgetary allocation.

DAC was not convened till finalization of report.

Audit recommends regularizing the expenditure from the competent forum.

21.5.13 Unauthorized investment in National Savings Certificates - Rs.5.000 million

According to Para 3(e) of Finance Division's O.M No. F.4 (1)/2002-BR.II dated 02.07.2003, the working balance limit of each organization should be determined with the approval of the administrative ministry in consultation with Finance Division by setting up of in-house professional treasury management functions, formation of Investment Committee, employment of qualified investment management staff, utilization of services of professional fund managers approved by SECP, annual certificate of the Chief Executive of the organization, etc. 4.6.5.1 No deduction shall be made from salaries or wages unless prescribed by an Act or Statute or by any order of a Court of Law. The deductions shall be on the basis of rules or standing orders of the Government.

Federal Investigation Agency (HQ), Islamabad made investments of Rs.5.000 million in Regular Income Certificates out of amount lying in Chairman Welfare Fund Committee Account No. 01262021791101 being maintained with Faysal Bank, F-10 Markaz Branch, Islamabad.

Audit observed that:

i. Welfare Fund of the FIA was not approved by Finance Division.

ii. No annual certificate was issued by the Director General (FIA) regarding observance of above instructions.

iii. Regular Income Certificate No. D245395 issued on 27.05.2014 was matured on 26.05.2019 and despite lapse of more than two months the management neither recovered the profit of Rs.600,000 (Rs.10,000 X 60 months) from National Savings Center nor deposited into Govt. Treasury till July, 2019.

The management replied that welfare fund was utilized for the welfare of members of welfare funds of FIA. The profit against these funds was deposited in this account regularly till 2017. In the year 2018 objection regarding title of account was raised by the Faisal bank which is pending with their HQ. Efforts are being made to correct the title of account. As far as the approval of welfare rules is concerned the same are under consideration.

DAC was not convened till finalization of report.

Audit recommends regularization of the fund from Finance Division.

21.5.14 Deposit of Government receipt into FIA welfare fund - Rs.4.263 million

As per Clause-10 of the agreement the "NTS shall charge Rs.550 per applicant directly from the applicant for the post of BS-01 to BS-07".

Clause-11 of the agreement states that "NTS shall facilitate all the incidental expenses incurred by FIA staff for monitoring this recruitment test".

FIA (HQ) signed an MoU with National Testing Services-Pakistan on 29.05.2014 and 18.07.2014 for conducting recruitment tests of candidates for filling up vacant posts in FIA (from BS-01 to BS-07).

FIA (HQ) vide letter dated 18.08.2014 asked the NTS to remit incidental expenses to the extent of Rs.50 per applicant for monitoring the recruitment process/interview. Later on, the NTS paid Rs.4,263,950 to FIA (HQ).

Audit observed as under:

i. Amount of Rs.4.263 million was deposited into "Chairman Welfare Fund Account" instead of treasury.

ii. Detail regarding actual number of applications and incidental charges by the NTS and deposited with the FIA (HQ) were not provided to audit.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry to fix responsibility besides recovery.

21.5.15 Unauthorized payment of investigation charges - Rs.2.100 million

Rule-25 of GFR Volume-I states that all departmental regulations in so far as they embody orders or instructions of a financial character or have important financial bearing should be made by, or with the approval of, the Ministry of Finance.

Federal Investigation Agency (HQ) Islamabad made payment of investigation charges of Rs.2,100,000 on 26.06.2019 to its employees.

Audit observed as under:

i. The payment/reimbursement of investigation charges was made as per rates given in SOP approved by the DG FIA instead of Finance Division.

ii. Supporting vouchers of expenditure were not available on record.

iii. The reimbursement was made in cash instead of cross cheques.

The management replied that the SOP for investigation cost is available with FIA Headquarter. The same has been sent to Finance Division for approval. Acknowledgement/receipt of concerned officers is available on record.

Reply was not tenable as SOP was not approved by Finance Division.

DAC was not convened till finalization of report.

Audit recommends regularization from Finance Division.

21.5.16 Unauthorized purchase of 24 luxury vehicles

Para-XV of Annexure to the Cabinet Division's O.M No.6/7/2011-CPC dated 12.12.2011 states that the Ministries/Divisions/Departments needing operational vehicles shall get their authorization of such vehicles fixed from the Vehicle Committee constituted with a representative each from Cabinet Division, Finance Division and the respective Ministry/ Division/Department.

According to Finance Division (Expenditure Wing's) O.M No. 7(1) Exp.IV/2016-540 dated 26.07.2017 and O.M No. 7(1) Exp.IV/2016-577 dated 03.12.2018 there will be a complete ban on purchase of all types of vehicles (excluding motorcycles) both for current as well as development expenditure except operational vehicles of law enforcing agencies for which NOC from Finance Division would be required.

Federal Investigation Agency (HQ) purchased 24 tampered vehicles including luxury vehicles like BMW, Mercedes, Lexus, Mark X, Camry and Hilux Surf from the office of Director General, Pakistan Customs during years 2017-19.

Audit observed that:

i. No officer was authorized to maintain luxury vehicles as per Staff Car Rules.

ii. FIA incurred recurring liability to maintain such luxury vehicles, which is against the financial propriety and prudence required of Government. department.

iii. NOC/authorization was not obtained from Finance Division and Cabinet Division.

iv. FIA (HQ) vide letter dated 09.10.2018 surrendered eight luxury vehicles (out of 24 vehicles) to DG Customs Intelligence & Investigation, Islamabad but no acknowledgement /handing over /taking over report of the said vehicles was produced to audit.

v. All the vehicles were unregistered.

The management replied that in order to run the enhanced official business a case for enhancement of vehicles from 242 to 400 was moved to Ministry of Interior vide letter dated 16.05.2016 which is still pending. All the vehicles will be registered in the current financial year.

Reply was not tenable as the case is still pending.

DAC was not convened till finalization of report.

Audit recommends inquiry to fix responsibility besides surrendering of vehicles.

Islamabad Capital Territory Police

21.5.17 Non-production of record

Section 14(2) of Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 states that the officer in-charge of any office or department shall afford all facilities and provide record for audit inspection and

comply with requests for information in as complete a form as possible and with all reasonable expedition.

Section 14(3) of Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 states that any person or authority hindering the auditorial functions of the Auditor General regarding inspection of accounts shall be subject to disciplinary action under relevant Efficiency and Discipline Rules, applicable to such person.

Islamabad Capital Territory Police, Islamabad was asked during the audit for financial year 2018-19 repeatedly to provide the record regarding sources of receipts of police welfare fund.

However, the management did not provide the record to audit which is irregular.

The management replied that ICT Police is not using any Government Property for commercial purpose and the record of Maal Khana is being maintained at every police station.

The reply is not acceptable as no record was provided to audit.

DAC was not convened till finalization of report.

Audit recommends inquiry to fix responsibility besides production of record.

21.5.18 Retention of public money out of Government exchequer - Rs.91.024 million

Rule 7(1) of Federal Treasury Rules(Vol-I) states that, all moneys received by or tendered to Government officers on account of the revenues of the Federal Government shall without undue delay be paid in full into a treasury or into the Bank. Moneys received as aforesaid shall not be appropriated to meet departmental expenditure, nor otherwise kept apart from the Federal Consolidated Fund of the Federal Government. No department of the Government may require that any moneys received by it on account of the revenues of the Federal Government be kept out of the Federal Consolidated Fund of the Federal Government.

Islamabad Capital Territory Police Islamabad collected departmental receipts of Rs.91,024,841 from various sources i.e. Contractors of two petrol pumps, Car wash /Tyre Shop, SMS Services from I-Tel, F.M Radio 92.4, Profit on Defense Savings Certificates, DIG/HQ Peshawar, Sindh Police, rent of BTS site from Telenor Pakistan

etc. and deposited the same into Islamabad Police Welfare Fund during financial year 2018-19.

Audit observed that instead of depositing the above receipt into Government treasury the ICT Police deposited the entire amount of Rs.91.024 million into Police Welfare Fund account.

The management replied that the similar observations was raised previously by audit as per PAC directives Welfare Fund Rules were forwarded to Ministry of Interior for obtaining approval of Finance Division.

The Welfare Fund Rules are not approved by Finance Division till finalization of this report.

DAC was not convened till finalization of report.

Audit recommends deposit of receipts into the treasury.

21.5.19 Unauthorized investment in Defense Savings Certificates - Rs.42.00 million

Para 25 of GFR Volume-I states that all departmental regulations in so far as they embody orders or instructions of a financial character or have important financial bearing should be made by, or with the approval of, the Ministry of Finance.

Islamabad Capital Territory Police invested Rs.42.000 million in the Defense Savings Certificates out of Police Welfare Fund Account.

Audit observed that investment without approval of the Finance Division was irregular.

The management replied that the similar observations was raised previously by audit as per PAC directives Welfare Fund Rules were forwarded to Ministry of Interior for obtaining approval of Finance Division.

The Welfare Fund Rules are not approved by Finance Division till finalization of this report.

DAC was not convened till finalization of report.

Audit recommends the regularization of investments from Finance Division or deposit of receipts into the treasury.

21.5.20 Unauthorized retention of Government money - Rs.52.582 million

Rule 7(1) of Federal Treasury Rules (Vol-I) states that, all moneys received by or tendered to Government officers on account of the revenues of the Federal Government shall without undue delay be paid in full into a treasury or into the Bank. Moneys received as aforesaid shall not be appropriated to meet departmental expenditure, nor otherwise kept apart from the Federal Consolidated Fund of the Federal Government. No department of the Government may require that any moneys received by it on account of the revenues of the Federal Government be kept out of the Federal Consolidated Fund of the Federal Government.

Islamabad Capital Territory Police was maintaining Police Welfare Fund PLS Account No. 3010055430 with National Bank of Pakistan, F-8 Markaz, Islamabad with closing balance of Rs.52,582,924 on 30.06.2019.

Audit observed that the bank account was opened without the approval of Finance Division and retention of Government money in the said bank account was unauthorized.

The management replied that the similar observations was raised previously by audit as per PAC directives Welfare Fund Rules were forwarded to Ministry of Interior for obtaining approval of Finance Division.

The Welfare Fund Rules are not approved by Finance Division till finalization of this report.

DAC was not convened till finalization of report.

Audit recommends regularization of the bank account from Finance Division or deposit of the receipts in to the treasury.

21.5.21 Non-recovery of dues from different departments - Rs.44.447 million

Rule 10.23 (1) of the Police Rules, 1934, Vol-I states that the charges for additional police supplied to departments or officers of Government when permission to raise extra men is given by the Provincial Government shall be in accordance with the above rules except that no charges shall be made for pension.

Rule 10.23 (2) of the Police Rules, 1934, Vol-I states that the salaries and expenses of extra police officers so employed and supplied shall be recovered from the borrowing departments at the prescribed rates.

Islamabad Capital Territory Police rendered services of Police Guards to various departments but did not recover the outstanding dues Rs.44.447 million from various department up to financial year 2018-19.

Audit observed that the outstanding dues of Rs.44.447 million were not recovered from the concerned departments.

The management replied that no regular guards from ICT Police were deployed at any department except the State Bank of Pakistan. An amount of Rs.6,882,954 was received from the Bank on 22.07.2019.

The reply of the management was not acceptable as the balance amount of Rs.37.565 million had not been recovered and the amount recovered from the bank was not reconciled with the FTO.

DAC was not convened till finalization of report.

Audit recommends that the outstanding dues may be recovered from the departments and deposited into Govt.

21.5.22 Irregular expenditure on 1006 vehicles without authorization of Cabinet Division - Rs.314.274 million

Para-XV of Annexure to the Cabinet Division No.6/7/2011-CPC dated 12.12.2011 states that the Ministries/Divisions/Departments needing operational vehicles shall get their authorization of such vehicles fixed from the Vehicle Committee constituted with a representative each from Cabinet Division, Finance Division and the respective Ministry/Division/Department.

Para 3 of Cabinet Division authorization U.O. dated 23.02.2012 states that all other vehicles, in excess to above authorized vehicles being used for Protocol/General/Operational duties may immediately be surrendered to the Cabinet Division, Central Pool of Cars by 01.03.2012.

Islamabad Capital Territory Police, Islamabad is maintaining fleet of 1006 vehicles and incurred expenditure of Rs.314.274 million on repair/maintenance and POL of these vehicles during financial year 2018-19

Audit observed that:

i. Maintenance and operation of fleet of 1006 vehicles and incurring expenditure of Rs.314.274 million during financial year 2018-19 on

these vehicles without approval of Cabinet and Finance Division was irregular.

ii. No detail of the vehicles surplus due to enforcement of monetization policy (over and above the number of entitled officers) was intimated to the Cabinet Division with a Certificate by the Principal Accounting Officer.

iii. No monthly report was prepared and sent to the Cabinet Division and Finance Division on the expenditure relating to the POL, CNG and the repair/maintenance of the operational general duty vehicles.

The management replied that the vehicles were purchased after obtaining approval from Finance and Cabinet Division. No Monetization Policy was implemented by the ICT police and all the vehicles were deployed on operational duties. No report is generated and forwarded to Finance and Cabinet Division.

ICT police provided the copy of Cabinet Division's O.M dated 07.04.2005 which includes recommendation of the Committee for purchase of 881 vehicles subject to approval by the Prime Minister but no such approval was provided to audit.

DAC was not convened till finalization of report.

Audit recommends inquiry in the matter besides regularization of expenditure from Finance Division.

21.5.23 Un-authorized expenditure on consolidated travelling allowance-Rs.21.086 million

According to Rule-9 As a general rule no authority may incur any expenditure or enter into any liability involving expenditure from public funds until the expenditure has been sanctioned by general or special orders of the President or by an authority to which power has been duly delegated in this behalf and the expenditure has been provided for in the authorized grants and appropriations for the year.

Islamabad Capital Territory Police incurred an expenditure of Rs.21,086,444 on account of Consolidated Travelling Allowance - A01242 during financial year 2018-19.

Audit observed that budget allocation for the expenditure was not approved by Finance Division and list of employees, scale wise rate of travelling allowance admissible to each category of employee was not provided to audit.

The management replied that the amount pointed out by audit is not expenditure and the amount was deducted from staff during earned leaves, medical leave and ex-Pakistan leave etc.

The reply of the management is not acceptable as no record was provided to audit.

DAC was not convened till finalization of report.

Audit recommends that the expenditure be got regularized from the Finance Division.

21.5.24 Unauthorized expenditure of Federal Police Allowance- Rs.10.100 million

Para-5(d) of Finance Division's O.M. No. F.3(2) Exp.III/2006 dated 13.09.2006 states that the Principal Accounting Officer is responsible for ensuring that the expenditure is not incurred in excess of the budget allocation. He shall ensure that payments are correctly classified under the appropriate heads of accounts and that departmental accounts are regularly reconciled every month.

Islamabad Capital Territory Police, Islamabad incurred an expenditure of Rs.10,187,317 on Federal Police Allowance during financial year 2018-19.

Audit observed that budget allocation for the Federal Police Allowance was not approved by Finance Division.

The management replied that since the creation of ICT Police in 1981 the allowance is being paid to all uniform personals.

The reply of the management is not acceptable as no record was provided to audit.

DAC was not convened till finalization of report.

Audit recommends regularization of expense from Finance Division.

21.5.25 Hiring of advertising agency without tender- Rs.4.529 million

Para2(1) of Ministry of Information and Broadcasting Letter No F.15(77) 96Adv.dated 23.05.1997states that the selection and appointment of advertising agencies may be made through open and transparent competition consultation with the Press Information Department whose participation in the process will be meaningful and effective.

Islamabad Capital Territory Police, paid Rs.4,529,800 out of Police Welfare Fund to M/s Hub Enterprises Advertising Agency Lahore on the event of launching of Police Reforms Committee Report during financial year 2018-19.

Audit observed that:

i. No tender was floated in consultation with Press Information Department to get the benefit of competitive rates.

ii. Police Welfare Fund was not approved by Finance Division.

iii. Invoices of the firms were not verified.

iv. Income tax was not recovered from the supplier/firms.

The management replied that the said even was hosted by ICT Police and all arrangements were made on emergent basis.

The reply was not tenable as codal formalities were not fulfilled while incurring expenditure.

DAC was not convened till finalization of report.

Audit recommends regularization from Finance Division.

21.5.26 Irregular renting out of Government premises - Rs.1.141 million

Para 25 of GFR Volume-I states that all departmental regulations in so far as they embody orders or instructions of a financial character or have important financial bearing should be made by, or with the approval of, the Ministry of Finance.

Islamabad Capital Territory Police received a sum of Rs.1,141,247 vide Cheque No. 31015 dated 20.08.2018 from M/s Mobilink on account of rent of BTS tower premises i.e. 21.08.2018 to 20.08.2019.

Audit observed that head of the department had no power to rent out space to the cellular company and the receipts were deposited in Police Welfare Fund.

The management replied that no open tenders are involved in case, and installation of towers by any telecom firm is as per their suitability/ requirement.

Reply is not acceptable as the entire amount was deposited in welfare fund account instead of treasury.

DAC was not convened till finalization of report.

Audit recommends regularization from Finance Division or deposit in treasury.

Islamabad Administration

21.5.27 Non-Production of record

Section 14(2) of the Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 states that the officer in-charge of any office or department shall afford all facilities and provide record for audit inspection and comply with requests for information in as complete a form as possible and with all reasonable expedition.

Section 14(3) of the Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 states that any person or authority hindering the auditorial functions of the Auditor General regarding inspection of accounts shall be subject to disciplinary action.

Deputy Commissioner Office, Islamabad was requested to provide the following record for the financial year 2018-19:

i) Cash book/ledgers of facilitation center
ii) Appropriation Register.
iii) Verification of transport center receipts with Federal treasury.
iv) Verification of facilitation center receipts with Federal treasury.
v) Detail of expenditure along with supporting vouchers / documents facilitation center.
vi) Procurement files and vouchers of facilitation center.
vii) Payment vouchers.
viii) Monitoring and evaluation reports.
ix) Approval of Finance regarding domicile fee charged.

Audit observed that management did not produce the above record to audit.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry to fix the responsibility besides provision of record.

21.5.28 Irregular payment of IS Allowance - Rs.44.934 million

Rule 205 of FTR Vol-I states that subject to the provision of this rule, a Government officer entrusted with the payment of money shall obtain for every payment he makes, including repayment of sums previously lodged with the Government, a voucher setting forth full and clear particulars of the claim and all information necessary for its proper classification and identification in the accounts. Every voucher must bear, or have attached to it, an acknowledgment of the payment signed by the person by whom, or in whose behalf, the claim is put forward. The acknowledgment shall be taken at the time of payment.

Rule 157(2) of the FTR states that cheque drawn in favour of corporate or local bodies, firms or private persons for payments in favour of Central Gazetted Government servants or central Non-Gazetted Government servants drawing emoluments for payments in respect of their personal claims shall be crossed wherever such payments are made by cheques.

Deputy Commissioner Office, Islamabad, paid an amount of Rs.44,934,442 to Pakistan Rangers on account of Internal Security Duty (ISD) Allowance during financial year 2018-19.

Audit observed that amount of IS allowance was disbursed in cash to Pakistan Rangers and acknowledgement of Rs.21,166,908 was not available with Deputy Commissioner Office.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry besides acknowledgement of payments.

21.5.29 Retention of vehicles without authorization - Rs.16.561 million

Para-xv of Annexure to the Cabinet Division No.6/7/2011-CPC dated 12.12.2011 states that the Ministries / Divisions / Departments needing operational vehicles shall get their authorization of such vehicles fixed from the Vehicle Committee constituted with a representative each from Cabinet Division, Finance Division and the respective Ministry / Division / Department.

Deputy Commissioner Office, Islamabad was maintaining a fleet of 61 vehicles and incurred an expenditure of Rs.16,561,208 on POL.

Audit observed that the list of vehicles provided to audit included only 24 vehicles, however the management was operating additional 37 vehicles upon which

an expenditure of Rs.2,607,211 was incurred on account of POL and repair. Detail of sanctioned vehicles was not provided to audit.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry to fix responsibility besides provision of record.

21.5.30 Excess charging of domicile fee - Rs.6.155 million

Para-8 of GFR Vol-1 states that subject to such general or specific instructions as may be issued by Government in this behalf, it is the duty of the Revenue or Administrative Department concerned to see that the dues of Government are correctly and promptly assessed collected and "paid into the treasury.

Deputy Commissioner, Islamabad issued 12,309 domiciles and charged fees @ Rs.700 per domicile instead of Rs.200 and collected Rs.8,616,300 during financial year 2018-19.

Audit observed that the management charged excess fee of Rs.6,154,500 (at the rate of Rs.500 per domicile) and the same amount was not deposited into Government Treasury.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry to fix responsibility besides recovery.

21.5.31 Non-recovery of Advance Tax - Rs.8.866 million

Section 236C (1) of the Income Tax Ordinance, 2001 requires that any person responsible for registering or attesting transfer of any immovable property shall at the time of registering or attesting the transfer shall collect from the seller or transferor advance tax at the rate 1% of the gross amount of the consideration received in case of filer. For non-filer rate of advance tax shall be 2% of the gross amount of the consideration received.

Section 236K (1) of the Income Tax Ordinance, 2001 requires that any person responsible for registering or attesting transfer of any immovable property shall at the time of registering or attesting the transfer shall collect from the purchaser or transferee advance tax at the rate 1% of the fair market value shall be collected.

Deputy Commissioner Office, Islamabad registered immovable properties amounting to Rs.8,866,226 (as per market rate) during the financial year 2018-19.

Audit observed that the management did not deduct advance tax from seller (transferor) and purchaser (transferee) amounting to Rs.8,866,226.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends recovery besides depositing the amount into Government treasury.

21.5.32 Non-recovery of Capital Value Tax - Rs.5.84 million

According to Section 7 (1) of the Finance Act, 1989 read with Circular No. 03 of 2012 (Capital Value Tax) issued by the Federal Board of Revenue vide C.No.4 (60) ITP/2012-106335-R dated 1.08.2012, the Capital Value Tax was required to be charged at rates prescribed therein.

Joint Sub-registrar, Sub-registrar (Rural & Urban), and Tehsildar, Islamabad Capital Territory, Islamabad either not recovered the Capital Value Tax or recovered it at lesser rates than applicable.

Audit observed that the management failed to collect Capital Value Tax of Rs.5,837,056 during the financial year 2018-19.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends recovery besides depositing the amount into Government treasury.

21.5.33 Retention of vehicles beyond authorization - Rs.3.932 million

Para-xv of Annexure to the Cabinet Division No.6/7/2011-CPC dated 12.12.2011 states that the Ministries / Divisions / Departments needing operational vehicles shall get their authorization of such vehicles fixed from the Vehicle Committee constituted with a representative each from Cabinet Division, Finance Division and the respective Ministry / Division / Department.

Chief Commissioner Office, Islamabad was maintaining 22 vehicles and incurred expenditure Rs.3,931,620 on POL and repair during financial year 2018-19.

Audit observed that the list of vehicles provided included 14 vehicles while the management was operating 22 vehicles. Management did not provide the strength of sanctioned vehicles due to which audit could not authenticate the expenditure on these vehicles.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry to fix responsibility besides verification of record.

21.5.34 Approval of PC-I beyond competency - Rs.1,199.154 million

According to Finance Division's O.M No. No.F.3 (2) Exp.III/2006 dated 13.09.2006, Schemes costing up to Rs.500 million shall be sanctioned by Central Development Working Party (CDWP) Subject to the condition that the Ministry of Finance does not disagree. And beyond that Executive Committee of National Economic Council (ECNEC) shall be the Authority for sanctioning

Auqaf Directorate, Islamabad prepared PC-I titled "Construction of Mazar of Hazrat Bari Imam (RA) Noor Pur Shahan, Islamabad and got approved from Chief Commissioner ICT. Details are as under:

Date of approval of PC-I	Total Cost (Rs.)	PC-I approved by
Original PC-I was approved in 2005	435.510 million	Chief Commissioner ICT, Islamabad
1st Revised PC-I was approved on 07.12.2007	641.00 million	-do-
2nd Revised PC-I was approved during 2008	1199.154 million	do-

Audit observed that Chief Commissioner ICT was not competent to accord approval.

The management replied that Auqaf Fund is not part of consolidated fund and administrator has full power under section 16 of Auqaf Federal Control Act 1976.

Reply is not cogent as Chief Commissioner was not delegated powers to approve PC-1 of development project from Auqaf Fund.

DAC was not convened till finalization of report.

Audit recommends regularization from Finance Division.

21.5.35 Irregular investment from Auqaf fund - Rs.103.700 million

According to Para 3(e) of Finance Division's O.M No. F.4 (1)/2002-BR.II dated 02.07.2003, the working balance limit of each organization should be determined with the approval of the administrative ministry in consultation with Finance Division, setting up of in-house professional treasury management functions, formation of Investment Committee, employment of qualified investment

management staff, utilization of services of professional fund managers approved by SECP, annual certificate of the Chief Executive of the organization, etc.

Auqaf Directorate, Islamabad invested Rs.83.700 million in Term Deposit Receipts (TDRs) with the National Bank of Pakistan in different financial years. Similarly, the management made another investment of Rs.20.000 million in the Riba Free Term Deposit Mudaraba with Emirates Global Islamic Bank, F-7, Islamabad.

Audit observed that approval of controlling Ministry, in consultation with Finance Division, was not obtained to determine the working balance limit and to invest or re-invest the amount.

Audit further observed that Auqaf fund withdrew premature investment of Rs.20.00 million on 11.06.2009, resulting in loss of Rs.475,000 profits on investment.

The management replied that Auqaf Fund is not part of consolidated fund and administrator has full power under section 16 of Auqaf Federal Control Act 1976.

Reply is not cogent as Auqaf fund was to be managed as per Finance Division regulations.

DAC was not convened till finalization of report.

Audit recommends regularization from Finance Division.

21.5.36 Hiring Security Agency without open tender - Rs.21.969 million

Rule 12(1) of Public Procurement Rules, 2004 states that procurements over one hundred thousand rupees and up to the limit of two million rupees shall be advertised on the Authority's website in the manner and format specified by regulation by the Authority from time to time. These procurement opportunities may also be advertised in print media, if deemed necessary by the procuring agency.

Auqaf Directorate, Islamabad incurred an expenditure of Rs.21,969,683 out of Auqaf Fund (Current account No. 6-3, MCB Aabpara Branch, Islamabad) on account of hiring of security guards. The payment was made to M/s Fauji Security Services, Rawalpindi.

Audit observed that the security agency was hired without open tender.

The management replied that due to security threat the hiring was made on quotations.

Reply is not cogent as the contract continued from May 2014 till date of audit.

DAC was not convened till finalization of report.

Audit recommends inquiry besides regularization of the expenditure.

21.5.37 Procurement of security cameras without technical evaluation reports- Rs.2.720 million

Rule 36 (b) (v) of Public Procurement Rules, 2004 states that the procuring agency shall evaluate the technical proposal in a manner prescribed in advance, without reference to the price and reject any proposal which does not conform to the specified requirements.

Auqaf Directorate, Islamabad incurred an expenditure of Rs.2.720 million on purchase of 25 security cameras out of Auqaf Fund in 2013-14.

Audit observed as under:

i. Record of the technical bids and its approval was not available.

ii. Technical and financial bids were opened on same date.

iii. Payments and tender was made in same month i.e. June 2014 hence the process was done in haste.

iv. Actual receipt and installation of security cameras was not produced to audit

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry to fix responsibility.

21.5.38 Non-availability of a vehicle purchased out of Auqaf Fund

Para-148 of GFR Volume-I states that all materials received should be examined, counted, measured or weighed as the case may be, when delivery is taken, and they should be taken in charge by a responsible Government officer who should see that the quantities are correct and their quality good, and record a certificate to that effect. The officer receiving the stores should also be required to give a certificate that he has actually received the materials and recorded them in the appropriate stock register.

A vehicle was purchased for the Project Director of the project, "Construction of the Mazar of Hazrat Bari Imam (RA)". The Capital Development Authority letters dated 31.12.2014 and 22.01.2015 revealed that the Auqaf vehicle was available with the Chief Commissioner Office.

Audit observed that the management neither got the vehicle back from the Chief Commissioner Office nor had any record of availability and utilization of vehicle.

The management replied that the Project Director has been requested to provide whereabouts and details of the vehicle.

DAC was not convened till finalization of report.

Audit recommends inquiry to fix responsibility.

Inspector General Frontier Corps (North), Baluchistan

21.5.39 Irregular expenditure on purchase of arms/ ammunition - Rs.105.755 million

Para-9 of GFR Vol-I states "as a general rule no authority may incur any expenditure or enter into any liability involving expenditure from public funds until the expenditure has been sanctioned by general or special orders of the President or by an authority to which power has been duly delegated in this behalf and the expenditure has been provided for in the authorized grants and appropriations for the year".

Inspector General Frontier Corps (North), Baluchistan in the financial year 2017-18 paid Rs.105.755 million for purchase of Arms & Ammunition to POF Wah.

Audit observed that management did not provide the sanctioned quantity of arms by the competent authority. Stock registers indicated surplus stock before the purchases implying that arms/ammunition were purchased without actual requirement.

DAC on 05.12.2019 directed to verify the record of TO&E and other relevant record from audit within 15 days.

No record was produced for verification till finalization of report.

Audit recommends implementation of DAC decision.

21.5.40 Repeat orders of 60.4% beyond permissible limit of 15% - Rs.13.405 million

According to Public Procurement Rules, 2004 Para 2(5) read with Rule 42(C) (IV) states that repeat orders shall not exceed fifteen percent of original procurement.

IGFC (North) Baluchistan called open tender for purchase of 9,132 desert shoes during financial year 2017-18.

Audit observed that management purchased 14,650 desert shoes instead of 9,132 for Rs.35,592,175 @ Rs.2,429.50 per pair which is 60.4% more than the advertised quantity, resulting in excess expenditure of Rs.13,405,981.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry in the matter besides regularization of the expenditure.

21.5.41 Procurement in violation of contract agreement - Rs.4.429 million

Para 11 of GFR Volume-I states that each head of a department is responsible for enforcing financial order and strict economy at every step. He is responsible for observance of all relevant financial rules and regulations both by his own office and by subordinate disbursing officers.

Commandant Maiwand Rifles, Baluchistan entered into contract agreement for the purchase of vegetables during the financial year 2018-19. According to contract agreement vegetables to troops will be issued on seasonal basis according to quantities as mentioned in contract agreement.

Audit observed that the management ignored the ratio of vegetable quantities as mentioned in agreement and only costly vegetables were purchased in increased quantities, resulting in extra payment of Rs.4,429,100.

(Rupees)

Name of Vegetable	Items actually purchased			Item to be Purchased according to agreement			Difference
	Quantity	Rate	Cost	Quantity	Rate	Cost	
Kadu Marrow	127,042.428	55	6,987,334	2,2085	55	1,214,675	5,772,659
Lady Finger	13,159.064	40	526,363	16,578	40	663,120	-136,757
Kadu Paitha	5,881.516	25	147,038	22,085	25	552,125	-405,087
Peas green	13,716.312	25	342,908	16,578	25	414,450	-71,542

Name of Vegetable	Items actually purchased			Item to be Purchased according to agreement			Difference
	Quantity	Rate	Cost	Quantity	Rate	Cost	
Kadu Loki	354.524	12	4254	22,085	12	265,020	-260,766
Turnip	0	9	0	22,085	9	198,765	-198,765
Cauli Flower	0	7	0	16,578	7	116,046	-116,046
Cabbage	0	7	0	22,085	7	154,595	-154,595
TOTAL			**8,007,897**			**3,578,796**	**4,429,100**

Neither management replied nor was DAC convened till finalization of report.

Audit recommends regularizing the excess payment from the competent forum.

21.5.42 Drawal of public money on provisional bills - Rs.7.439 million

Para-96 of GFR Volume-I states that it is contrary to the interest of the State that money-should be spent hastily or in an ill-considered manner merely because it. is available or that the laps of a grant could be avoided. In the public interest, grants that cannot be profitably utilized should be surrendered. The existence of likely savings should not be seized as an opportunity for introducing fresh items expenditure which might wait till next year. A rush of expenditure particularly in the closing months of the financial year will ordinarily be regarded as a breach of financial regularity.

Commandant Maiwand Rifles, Baluchistan incurred an expenditure of Rs.7,439,089 from the head of account ration on provisional (Farzi) bills to the vendors instead of original bills during financial year 2018-19.

(Rupees)

S. No	Name of Item	Billing Month	Amount of Provisional Bill
1	Firewood	June, 2019	903,870
2	Vegetable & Fruits	June, 2019	1,560,991
3	Meat	June, 2019	4,974,828
		Total	**7,439,689**

Audit observed that payment of Rs.7,439,089 on provisional (Farzi) bills to the vendors instead of original bills was irregular and the whole expenditure was incurred in the month of June.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry in the matter to rule out possibility of fictitious payment beside fixing of responsibility.

21.5.43 Overpayment of public money to supplier-Rs.1.033 million

Para-11 of GFR Volume-1 states that each head of a department is responsible for enforcing financial order and strict economy at every step. He is responsible for observance of all relevant financial rules and regulations both by his own office and by subordinate disbursing officers.

Commandant Sibi Scouts, Baluchistan paid Rs.10,328,644 to Pak. Army Main Supply Depot including 10% Rs.1,032,864 as additional service charges during the financial year 2018-2019.

Audit observed that payment of the additional amount @10% of the supply was inadmissible as it is not covered under any rule.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends to stop this practice besides regularization from the Finance Division.

21.5.44 Unauthentic payment to suppliers through DDO - Rs.9.259 million

Rule-157 of Federal Treasury Rules states that all third party payments shall be made through cheques drawn in the name of the recipients.

FC Training Center, Loralai, Baluchistan incurred an expenditure of Rs.9,259,947 for the purchase of stationery, hot and cold weather charges, medicines and transport charges during the financial year 2018-19.

Audit observed that actual payee receipts and consumption record was not produced to audit. Payment was made in cash through DDO instead of cheques in favor of vendors was irregular.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry to fix responsibility besides verification of record.

Inspector General Frontier Corps (South), Baluchistan

21.5.45 Unauthorized drawal and retention of reward money - Rs.21.142 million

Para 4.6.13.6 of the APPM states that the DDO shall submit a monthly statement to the DAO/AG/AGPR office which certifies that either all relevant employees were paid in cash or state the name of employees not paid, the related amount and the reasons of non-payments. The DDO shall submit a monthly statement to the DAO/AG/AGPR office which certifies that either all relevant employees were paid in cash or state the name of employees not paid, the related amount and the reasons of non-payments.

Inspector General Frontier Corps (South), Baluchistan drew Rs.21,142,313 under the head of account, Reward Money for the financial year 2017-2019.

Audit observed that the amount was drawn through DDO in cash and the record of disbursement was not available.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends verification of record.

21.5.46 Unauthentic expenditure on transportation charges - Rs.19.262 million

Rule-205 of FTRs states that a Government Officer entrusted with the payment of money shall obtain for every payment he makes, including repayment of sums previously lodged with the government, a voucher setting forth full and clear particulars of the claim and all information necessary for its proper classification and identification in the accounts. Every voucher must bear, or have attached to it, an acknowledgment of the payment signed by the person by whom, or in whose behalf, the claim is put forward. The acknowledgment shall be taken at the time of payment.

Commandant Makran Scouts, Baluchistan paid Rs.19,262,000 to various firms on account of transportation of goods during the financial year 2018-19.

Audit observed as under:

i. The contract for transportation of goods was awarded to M/s Khan Enterprises, while transportation services were provided by other firms like, M/s. Sadeeq Good Transport and M/s Watan Dost Goods Company.

ii. Detail of store i.e. weight/quantity was not mentioned in the bills.

iii. Requisition or demand from the HQFC and other offices of transported items was not produced to audit.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends verification of record.

Gilgit Baltistan Scouts

21.5.47 Non-production of record

Section 14 (2) of Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 states that the officer in-charge of any office or department shall afford all facilities and provide record for audit inspection and comply with requests for information in as complete a form as possible and with all reasonable expedition.

Section 14(3) of Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 states that any person or authority hindering the auditorial functions of the Auditor General regarding inspection of accounts shall be subject to disciplinary action under relevant Efficiency and Discipline Rules, applicable to such person.

DG Gilgit Baltistan Scouts was repeatedly requested to provide following record for auditing for financial year 2018-19.

i. Monthly computerized payrolls.

ii. Approved recruitment and promotion rules.

iii. Record of regimental funds and its sources of receipts.

iv. Sources of all types of receipts with approved rates and annual reconciled statements.

Audit observed that management did not produce the above record to audit.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry to fix responsibility besides provision of record.

21.5.48 Wasteful expenditure due to non-availing of subsidized wheat - Rs.23.311 million

Rule 10 (i) of GFR Vol-I states that 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. ii. The expenditure should not be prima facie more than the occasion demands.

DG Gilgit Baltistan Scouts purchased flour for its troops from Feed Supply Depot (FSD) of Pakistan Army @ Rs 46/kg at the cost of Rs.35,743,840 during FY 2017-19.

Audit observed that the Civil Supply Department was supplying wheat and wheat flour in Gilgit Baltistan @ Rs.16 per Kg while the department purchased Flour @ Rs 46/kg resulting in the wasteful expenditure of Rs.23,311,200.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends that practice be stopped besides regularization of the expenditure.

Inspector General Frontier Corps (North) KPK

21.5.49 Unauthorized payment of Internal Security Allowance - Rs.244.099 million

Finance Division vide OM No. 11(5)-R-I/2008-192 dated 22.04.2009 approved Internal Security Allowance equal to one DA for all those personal of Civil Armed Forces who are deployed on internal security in the field.

Ministry of Interior Letter No. 6/1/2007-CAF(C) dated 09.05.2013 states that all expenses regarding deployment, POL, Internal Security, Duty allowance etc. are borne by requisition agencies.

Commandant Chitral Scouts paid an amount of Rs.244,099,507 to officers and officials on account of Internal Security Allowance during FY 2018-19.

Audit observed as under:

i. Deployment orders / requisition of the respective provincial / districts government was not produced to audit.
ii. The payment was made on full rate for the whole period which was irregular.

iii. The payment was made out of regular budget allocation instead of claiming the expense from requisitioning government.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends regularization of the expenditure from Finance Division.

21.5.50 Non-recovery of Deployment cost from Terbela Dam - Rs.7.445 million

Ministry of Interior Letter No. 6/1/2007-CAF(C) dated 09.05.2013 states that all expenses regarding deployment, POL, Internal Security, Duty allowance etc. are to be borne by requisition agencies.

Commandant Chitral Scout deployed 13 employees on the Internal Security Duty of Tarbela Dam during financial year 2018-19. All the troops were regular employees of Chitral Scouts and were provided uniform vehicles with petrol, hot and cold weather charges, anti-riot kits, arms and ammunitions and ration from the regular budget of Chitral Scouts.

Audit observed that management did not recover the deployment cost from the borrowing organization resulting in loss to the Government of Rs.7.445 million.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends that amount be recovered.

21.5.51 Wasteful procurement of uniform items - Rs.55.05 million

Para-10(ii) of GFR Vol-I states that the expenditure should not be prima facie more than the occasion demands.

Inspector General Frontier Corps North KP Peshawar paid Rs.55.050 million on purchase of Desert Boots and Jogger to M/s Army Welfare Trust and M/s Furhaj Footwear on 25.06.2019 against the supply of 27,000 pairs of shoes.

Audit observed that there was a sufficient balance of 13401 pairs of shoes with the department at the time of purchase. The purchases were made merely to avoid lapse of funds which unnecessarily blocked public money.

The management replied that raising of new FC wings was in process. The procurement of the subject items was exercised to meet with the annual requirements of already held strength, new raising requirements and any emergent requirements.

Reply was not acceptable as no documentary evidence was produced to audit and procurement in advance for shoes without raising new FC wings is irregular.

DAC was not convened till finalization of report.

Audit recommends regularization of expenditure besides verification of record.

21.5.52 Irregular payment of un-attractive Area Allowance - Rs.86.529 million

According to Finance Division Govt of Pakistan O.M No.F.No.27(1)R-5/2012 dated 1st July 2016 "Unattractive Area Allowance was admissible to employees working in District Chitral, Kohistan, District Dir and merged areas of Hazara and Mardan Divisions.

offices stated below, incurred an expenditure of Rs.86,528,701 on account of un-attractive area allowance during the financial year 2018-19:

(Rupees)

S. No.	Financial year	Name of Office	Amount
1	2018-19	Commandant Bajaur Scouts at Khar	22,011,432
2	2018-19	Commandant Kurram Militia at Parachinar	14,327,000
3	2018-19	Commandant Orakzai Scouts at Kalaya	14,237,191
4	2018-19	Commandant South Waziristan Scouts at Wana	16,825,959
5	2018-19	Commandant Swat Scouts at Warsak	17,966,647
6	2018-19	Commandant Tochi Scouts	1,160,472
Total			**86,528,701**

Audit observed that the management of above stated Offices unauthorizedly allowed un-attractive area allowance to their employees as their offices were situated in the areas which were not in the list of specified areas prescribed by Finance Division.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends recovery or regularization of the expenditure.

21.5.53 Non-Recovery of penalty from contractor - Rs.229.8345 million

According to Clause-d "Completion period of the project is up to 12 months (excluding snow period to be ascertained by GSO-1 (Works) from the date work order is given to the contractor by the client). Contractor is bound to complete the work within the stipulated period. penalty clause -16 of specification or clause -52 as per

MES procedure will be imposed on contractor in case of late handing over of the site for construction or delay in funding, extension in time will be recommended for that duration only on the request of contract. According to note II Annex-A 1 of the contract agreement, in case of delay (except due to unavailable circumstances to be decided by GSO-I Works) Contractor will be penalized @ 1% of project cost per week up to maximum of 10 weeks, after which work can be got executed by works branch on risk and cost basis if required so.

Frontier Corps Khyber Pakhtunkhwa awarded the following schemes for execution:

(Rupees in million)

S No	Name of Scheme	Name of Contractor	Cost	Required Date of Completion
1	WHQ ChotaDhattakhel NWA	M/S Ihsanullah	410.517	Feb,2017
2	WHQ Gharlamai NWA	M/S Ihsanullah	410.517	
3	WHQ Gharyum NWA	S. Builders	410.517	
4	WHQ Hashim, Bajaur	M/S Atif Khan Khattak & Co	355.598	Nov, 2018
5	WHQ Mena, Bajaur	M/S Atif Khan Khattak & Co	355.598	
6	WHQ Suran, Mohmand	M/S Atif Khan Khattak & Co	355.598	
Total			**2298.345**	**-**

Audit observed that the given schemes were delayed beyond authorized time period up to June 2019 and neither penalty was imposed on the contractors nor extension was granted which resulted in loss of Rs.229.8345 million.

The management replied that the schemes were delayed due to non-availability of funds from the government and extension was obtained.

Reply is not acceptable as no documentary evidence was produced to audit.

DAC was not convened till finalization of report.

Audit recommends inquiry in the matter besides recovering delay charges from contractor.

Frontier Constabulary KP Peshawar

21.5.54 Non-deposit of bank profit in treasury - Rs.17.444 million

Rule 7 of CTR provides that all money received on behalf of Government on account of revenues shall without delay be paid in full into Government Treasury and Government receipt should not be utilized towards expenditure.

Commandant Frontier Constabulary KP Peshawar deployed 52 Platoons (regular and contract platoons) with various National and Multinational Companies for security and received amounts on account of Security Services.

Audit observed that the management was maintaining the following PLS bank accounts at National Bank of Pakistan Cantt Branch Peshawar for depositing the receipts from various companies given below against deployments. These accounts earned a total profit of Rs.17.444 million on deposits during the financial year 2018-19 which was retained out of public exchequer. Detail at Annexure 21-A.

The management replied that the profit earned on the funds is refundable/ adjustable into company accounts rather than the Government accounts as all the funds lying in the above-mentioned bank accounts is companies' liability.

DAC on 23.01.2020 directed to verify in two weeks, record regarding payments received from firms, employees deployed both regular and contractual, adjustments in payment to private firms and payments deposited into treasury received from private companies against the regular employees of the force deployed.

No record was provided for verification till finalization of report.

Audit recommends implementation of DAC decision.

21.5.55 Overpayment to P.O.F Wah due to fluctuation in the exchange rate - Rs.7.274 million

According to Para-19(iv) of GFR Vol-I, "the terms of a contract once entered into should not be materially varied without the previous consent of the authority competent to enter into the contract as so varied. No payments to contractors by way of compensation or otherwise outside the strict terms of the contract or in excess of the contract rates may be authorized without the previous approval of the Ministry of Finance".

Commandant HQ Frontier Constabulary Peshawar executed the PSDP project namely "Provision of security infrastructure in Malakand, Swat and other conflict areas of KPK" during the financial year 2018-19.

Audit observed that an amount of Rs.7,274,724 was paid to Pakistan Ordinance Factories, Wah Cantt, on 12.04.2019, as an additional amount accrued due to increase in the Exchange rate of Dollar, for the purchase of Kalashnikov Assault Rifle AK-103 which was irregular.

DAC on 23.01.2020 directed the management to request POF Wah to expedite the supply of weapons.

No progress was shown to audit till finalization of report.

Audit recommends implementation of DAC decision.

21.5.56 Irregular deployment of 03 FC platoons with private companies - Rs.15.624 million

Rule 11 of GFR Vol-I states that, "each head of a department is responsible for enforcing financial order and strict economy at every step. He is responsible for observance of all relevant financial rules and regulations both by his own office and by subordinate disbursing officers".

The District Officer Frontier Constabulary Swat deployed 03 Regular Platoons of FC Organization with MOL and OGDCL during financial year 2017-18.

Audit observed that sanction of the competent authority regarding deployment of these regular platoons was not provided to audit and amount of Rs.15.624 million had been drawn as salary of the personnel of these deployed platoons from government as well.

Audit is of the view that deployment of regular FC Platoons without approval of the competent authority at government cost of Rs.15.624 million was irregular.

DAC dated 05.12.2019 directed to verify the approval of the competent authority from audit in 15 days.

During verification on 24 & 25.12.2109, the management failed to provide the orders.

Audit recommends inquiry to fix responsibility besides regularization from Finance Division.

21.5.57 Difference in expenditure reconciliation - Rs.55.460million

According to Para 89(3) (viii) of GFR Vol-I, reconciliation should be made monthly with the treasury/DAO concerned.

As per record of SAP system obtained from AGPR Peshawar, the District Officer Frontier Constabulary Swat incurred an expenditure of Rs.681,001,184 during the financial year 2017-18.

Audit observed that expenditure incurred for the financial year 2017-18 was Rs.681,001,184, while reconciliation of amount of Rs.625,540,884 was made, thereby leaving an expenditure of Rs.55,460,300 non-reconciled.

The management replied that Rs.55,460,300 on account of pay & allowances were not processed in SAP System in the month of March, 2018 by District Officer Frontier Constabulary which were later on reconciled in June final reconciliation statement for 2017-18.

DAC on 05.12.2019 directed to verify the reconciliation from audit in 15 days.

During verification on 24 & 25.12.2109, the management failed to provide the reconciled statement.

No progress was reported till finalization of report.

Audit recommends inquiry to fix responsibility.

Directorate General Civil Defense

21.5.58 Non-production of record

Section 14(2) of Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 states that "the officer in-charge of any office or department shall afford all facilities and provide record for audit inspection and comply with requests for information in as complete a form as possible and with all reasonable expedition".

Section 14(3) of Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 states that "any person or authority hindering the auditorial functions of the Auditor General regarding inspection of accounts shall be subject to disciplinary action under relevant Efficiency and Discipline Rules, applicable to such person".

Directorate General Civil Defense, Islamabad was repeatedly requested to provide the following record during audit for the FY 2018-19:

i. Detail of equipment and vehicles received from donor's along with copy of MoU and relevant record.

ii. Movement Registers of vehicles at Directorate General Civil Defense.

iii. Stock registers of Federal Civil Defense Training School Abbottabad.

Audit observed that management did not produce the above record to audit.

The management replied that the requisite details will be provided to the audit as desired in consultation with the Ministry of Interior.

DAC was not convened till finalization of report.

Audit recommends inquiry to fix the responsibility besides provision of record

21.5.59 Payment of inadmissible 20% Special Allowance - Rs.3.882 million

The Finance Division (Regulation Wing) vide No. F.10(2) R-3/2012 dated 06.03.2013 conveyed the approval of Prime Minister (as contained in Prime Minister's Secretariat's U.O. No. 708/PSM/2013, dated 05.03.2013) to the grant of a Special Allowance @ 20% of running basic pay with effect from 01.03.2013 to all the officers and staff working in the Federal Ministries/Divisions only".

Directorate General Civil Defense, Islamabad paid 20% Special Allowance to its employees amounting to Rs.3.882 million during financial year 2016-19.

Audit observed that the 20% Special Allowance was admissible to the officers and staff working in the Federal Ministries/Divisions only and Directorate General Civil Defense, Islamabad being attached department of the Ministry of Interior was not entitled.

The management replied that the requisite allowance was drawn by the officers / officials of this Directorate General considering it is admissible to them being employees of the department attached to the Interior Division.

The management accepted the view point of audit.

DAC was not convened till finalization of report.

Audit recommends recovery and stoppage of the allowance.

21.5.60 Unauthorized maintenance of fleet of 15 vehicles - Rs.9.323 million

Para-XV of Annexure to the Cabinet Division's letter No.6/7/2011-CPC dated 12.12.2011 states that the Ministries/Divisions/Departments needing operational vehicles shall get their authorization of such vehicles fixed from the Vehicle Committee constituted with a representative each from Cabinet Division, Finance Division and the respective Ministry/Division/Department.

Directorate General Civil Defence, Islamabad and Federal Civil Defence Training School at Abbottabad was maintaining fleet of 15 vehicles. During financial years 2016-19, an expenditure of Rs.9.323 million was incurred on repair/maintenance and POL of the said vehicles.

Audit observed as under:

i. Authorization of Vehicles was not obtained from the Vehicle Authorization Committee of the Cabinet Division.
ii. Movement Registers of one project vehicle No. GAE-372 (Hiace) and one Motor Cycle No. GAN-990 purchased out of development project "Establishment & Construction of Federal Civil Defence Training School at Abbottabad" were not produced to audit.

The management replied that that all the required actions to be taken will now be ensured and compliance will be shown to the audit next time.

Management accepted the irregularity.

DAC was not convened till finalization of report.

Audit recommends regularization of the vehicles and expenditure from Finance and Cabinet Divisions.

Pakistan Rangers Sindh Karachi

21.5.61 Uneconomical expenditure on purchase of Arms without open tender - Rs.607.067 million

PPRA Rule 2004 12(2) states that all procurement opportunities over two million rupees should be advertised on the Authority's website as well as in other print media or newspapers having wide circulation. The advertisement in the newspapers shall principally appear in at least two national dailies, one in English and the other in Urdu.

Pakistan Rangers Sindh Karachi made payment of Rs.103,573,250 to Pakistan Ordinance Factory Wah for the purchase of 5500 SMG in 2016. The POF Wah did not supply the weapon till 2019 and demanded additional funds due to appreciation of US dollar. The Pakistan Ranger Sindh changed the weapons in the supply orders from the China SMG to Russian Kalashnikov with same quantity in 2019. Resultantly, the additional amount of Rs.503,494,748 was paid in 2018-19 and the total cost of Kalashnikov was raised to Rs.607.067 million. The amount included Rs.96.926 million on account of sales tax.

Audit observed that the procurement was made from Pakistan Ordinance Factory Wah on single quotation basis without adopting the open tender system whereas the vendor was not the manufacturer of said arms and the supply is still awaited since 2017.

Audit further observed that Wah factory did not produce the bill of lading showing the import of weapons and detail of taxes paid. Therefore, the claim of sales tax was without any legitimate proof and deduction of 1/5th of sales tax from the amount of Rs.19,385,365.

Neither the department replied nor was DAC convened till finalization of this report.

Audit recommends that responsibility for the additional expenditure and purchase without tender be fixed.

21.5.62 Expenditure without Technical Sanction - Rs.1,248.582 million

Para-56 of CPWD code states that technical sanction must be obtained before the construction of work is commenced. Technical sanction amounts to a guarantee that the proposals are technically sound, estimates are adequately prepared based on adequate data. Detailed estimates are required to be prepared for technical sanction.

Pakistan Rangers Sindh, Karachi was executing 10 original works during the year 2018-19. Details are at Annexure 21-B.

Pakistan Rangers Sindh is headed by Director General, an officer of the rank of Major General of GD cadre from Pakistan Army. Ministry of Interior delegated the power of technical sanction to the Director General, Pakistan Rangers Sindh, Karachi, on 07.07.2010, with the condition that power will not be further delegated.

Audit observed that technical sanction which is authority of an engineer is accorded to a non-technical individual who has no experience and skill to check the

authenticity of the drawing designs and detailed estimates of buildings to be constructed.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends that estimates of the building constructed, under construction and to be constructed be obtained from the Chief Engineer of any public works department.

21.5.63 Non-recovery of uniform cost of force deployed on IS duty - Rs.74.457 million

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

Pakistan Ranger Sindh deployed its force on IS duty during the year 2018-19 as detail below:

S. No	Location	Strength
1.	Karachi	13,734
2.	1xSSD Wing	706
3.	Hyderabad/Nawabshah Division	1,994
4.	Sukkur/Larkana Division	2,199
Total		**18,633**

Pakistan Rangers Sindh, Karachi purchased 48512 combat camouflage dress at the rate of Rs.1,998 form M/s Nishat Mills Limited Lahore on 21.12.2018.

Audit observed that management did not recover the uniform cost of Rs.74.457 million from the borrowing Government.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends recovery for the period of deployment and depositing it into Federal Government accounts.

21.5.64 Overpayment on account of Income Tax and Sales Tax - Rs.1.88 million

PPRA Rule 2004 12(2) states that all procurement opportunities over two million rupees should be advertised on the Authority's website as well as in other print media or newspapers having wide circulation. The advertisement in the newspapers shall principally appear in at least two national dailies, one in English and the other in Urdu.

Pakistan Rangers Sindh, Karachi purchased 08 baggage's scanners from M/s International Aeradio Pakistan Ltd Khayaban e Jami, Karachi in October, 2018 for Rs.43,008,000 at the rate of Rs.5,376,000 each.

Audit observed as under:

i. Income tax was not deducted at source which comes to Rs.1,935,360 whereas the income tax paid at the time of import of items as per bill of lading was Rs.1,780,140. The difference amount of Rs.155,000 was not recovered.

ii. The firm was paid the total amount of sales tax of Rs.6,311,464 whereas the payment of sales tax made at the time of import as per record was Rs.4,585,200. The difference amount Rs.1,726,264 was not recovered.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends that tax amount be recovered.

21.5.65 Excess purchase of vehicles than authorized strength - Rs.140.697 million

GFR 10 (ii) states that the expenditure should not be prima facie more than the occasion demands.

As per proposed revised table of organization and equipment of Pakistan Rangers Sindh, the authorized strength of Jeeps/Cars, 1-ton Dodge and 3/4 Ton Dodge are as under:

Vehicle	Jeeps/Cars	1 Ton Dodge	¾ Ton Dodge	Total
Qty	155	140	14	309

The Pakistan Rangers Sindh, Karachi already had vehicles in excess of authorized strength as per the statement of available vehicles of different categories provided. Details are as under:

S. No	Vehicles	Quantity
1.	Double Cabin Pickups	76
2.	Single Cabin Pickups	289
3.	Jeeps/Cars	51
	Total	**416**

Audit observed that the management further purchased single and double cabin pickups from M/s Indus Motor Company during 2018-19 as detailed below:

(Rupees)

Vehicles	Qty	Rate	Total Cost
Double Cabin Pickups (2755 CC)	22	4,565,000	100,430,000
Single Cabin Pickups (4*2) (2494 CC)	15	2,684,500	40,267,500
		Total	**140,697,500**

Audit further observed that in the annual procurement plan for the year, the held quantity of above vehicles was more than in the procurement document sent to the Ministry for NOC which showed that the Ministry of Interior was misguided by the concealment of actual position. Details are as under:

Vehicle	Authorization	Held	Deficit	Qty Proposed
Single Cabin	783	694	89	16
Double Cabin	170	150	20	4

Audit is of the view that the purchase of vehicles without authorization is irregular.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry to fix responsibility besides regularization.

CHAPTER 22

KASHMIR AFFAIRS AND GILGIT BALTISTAN DIVISION

22.1 Introduction

As per Schedule II [Rule 3 (3)] Distribution of Business among the Divisions read with Schedule III [rule-4(4)] Rules of Business 1973 (As amended up to 23rd April, 2019) following main business have been assigned to the Division amongst the other functions.

1. Policy, Planning and Development for Gilgit-Baltistan.
2. Co-ordination with the Government of Gilgit-Baltistan and Gilgit-Baltistan Council.
3. Co-ordination with the Azad Government of the State of Jammu and Kashmir and the AJ&K Council.
4. Matters relating to the Settlement of Kashmir dispute, other than those falling within the purview of the Foreign Affairs Division.
5. Administration of Jammu and Kashmir State Property in Pakistan.
6. Processing of development schemes reflected in the PSDP of M/o Kashmir Affairs and Gilgit-Baltistan at the level of CDWP and ECNEC.
7. Co-ordination between the Federal Government Organizations and the Government of Gilgit-Baltistan and the Gilgit-Baltistan Council.
8. Mainstreaming population factor in development planning process, in Azad Jammu and Kashmir and Gilgit-Baltistan.
9. Management and distribution of Zakat and Ushr in Azad Jammu and Kashmir and Gilgit-Baltistan and the related and ancillary matter including distribution setup and monitoring and auditing thereof.

ATTACHED DEPARTMENTS/ AUTONOMOUS BODIES

i. Administrator Jammu and Kashmir state properties Lahore.

Sr. No.	Description	Total No.	Audited	Expenditure Audited (FY-2018-19) Rs. in million	Revenue / Receipt Audited (FY 2018-19) Rs. in million
1	Formations	3	2	126.731	-
2	Assignment Accounts (Excluding FAP)	-	-	-	-
3	Authorities / Autonomous Bodies etc. under the PAO	-	-	101.355	-
4	Foreign Aided Project (FAP)	-	-	-	-

22.2 Comments on Budget & Accounts (Variance Analysis)

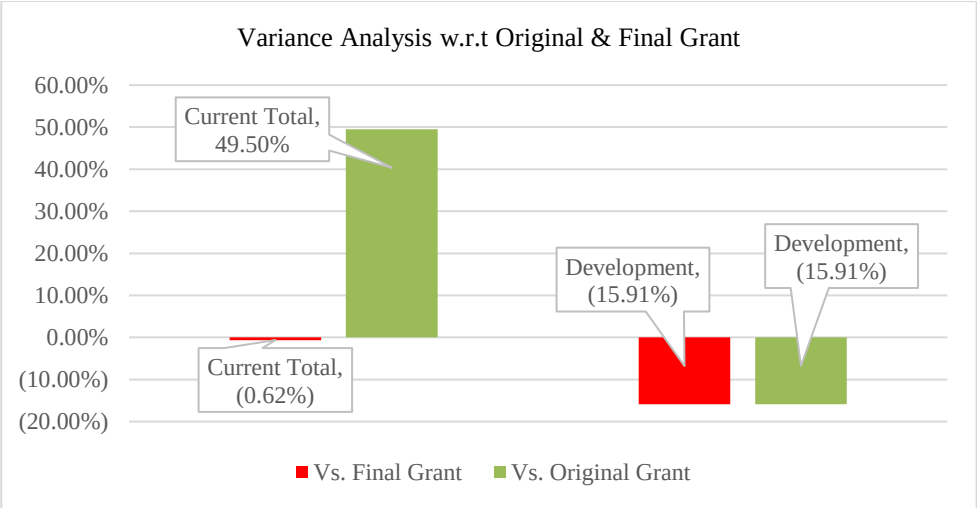
Final budget allocated to the Kashmir Affairs and Gilgit Baltistan Division for the financial year 2018-19 was Rs.19,306.797 million, out of which the Division expended an amount of Rs.16,385.138 million. Grant-wise detail of current and development expenditure is as under:

(Rupees in million)

Type of Grant	ID	Original Grant	Supplementary Grant	Surrender (-)	Final Grant	Actual Expenditure	Excess / (Savings)	Excess / (Savings) % age
Current	74	371.000	0.005	-17.773	353.232	352.373	-0.859	(0.24%)
	75	31.000	8.911	-0.367	39.544	34.345	-5.199	(13.15%)
	76	248.000	337.021	0.000	585.021	585.021	0.000	0.00%
Current Total		**650.000**	**345.937**	**-18.140**	**977.797**	**971.738**	**-6.059**	**(0.62%)**
Development	**132**	**18,329.000**	**0.000**	**0.000**	**18,329.000**	**15,413.400**	**-2,915.600**	**(15.91%)**
Grand Total		**18,979.000**	**345.937**	**-18.140**	**19,306.797**	**16,385.138**	**-2,921.659**	**(15.13%)**

Audit noted that there was an overall savings of Rs.2,921.659 million, which was due to savings in the Development grant.

According to Para 71 of General Financial Rules (Volume I), while framing budget estimates, the authorities should exercise utmost foresight. Rules of good governance demand that budget processes are carried out in accordance with clearly defined expectations, assumptions and a coordinated calendar of activity. As shown in the chart below, bifurcating total allocation into current and development expenditure it was observed that, in case of development expenditure, there was 15.91% of savings w.r.t Original grant which remained the same w.r.t Final Grant and in case of current expenditure 49.50% of excess expenditure reduced to 0.62% of savings because of obtaining of Supplementary grant, as depicted in the graph below:



22.3 Classified Summary of Audit Observations

Audit observations, amounting to Rs.633.820 million, were raised in this report during the current audit of Kashmir Affairs And Gilgit Baltistan Division. This amount also includes recoveries of Rs. 43.011 million as pointed out by the audit. Summary of the audit observations classified by nature is as under:

(Rupees in million)

S. No	Classification	Amount
1	Non-production of record	-
2	Reported cases of fraud, embezzlement and m misappropriation	54.024
3	Irregularities	
A	*HR/Employees related Irregularities*	45.284
B	*Procurement related irregularities*	-
C	*Management of account with commercial banks*	-
D	*Recovery*	43.011
E	*Internal Control*	477.640
4	Value for money and service delivery	-
5	Others	13.861

22.4 Status of compliance with PAC Directives

Name	Audit Year	Total No. of Audit Paras	No. of Actionable Points Issued	Compliance	Non/Partial Compliance	% of Compliance
Kashmir Affairs & Gilgit Baltistan Division	1992-93	11	11	8	3	73%
	1994-95	4	4	2	2	50%
	2006-07	6	6	3	3	50%
	2009-10	5	5	1	4	20%
	2011-12	4	4	2	2	50%
	Total	**30**	**30**	**16**	**14**	**53%**

The Draft Audit Report including following Paras was issued to the PAO on 10.01.2020 followed by reminder 13.01.2020 with the request to reply and also arrange the DAC meeting to discuss the Paras.

22.5 AUDIT PARAS

Kashmir Affairs & Gilgit Baltistan Division

22.5.1 Unjustified payment of salaries and expenditure - Rs.17.894 million

Para 12 of General Financial Rules Volume-1 states that a Controlling officer must see not only that the total expenditure is kept within the limits of the authorized

appropriation but also that the funds allotted to spending units are expended in the public interest and upon objects for which the money was provided.

TB wing, TB hospital incurred an expenditure of Rs.17,894,000 on account of salaries and other expenditures for TB Hospital during financial year 2013-19.

Audit observed that:

i. There was no TB Hospital in Attock for refugees of Kashmir.
ii. The employees appointed against regular posts of hospital were working in Military Hospital, Attock.
iii. Budget was also used by the Army Officers.
iv. There was no detail of duty performed by the employees of TB wing.

Audit is of the view that the expenditure was incurred for a purpose that was not in accordance with the release by the Federal Government. The expenditure was thus irregular.

DAC held on 20.01.2020 was apprised that Attock TB Wing is being closed until its closure few of the employees are working in CMH.

The reply is not acceptable as the employees are being paid by Federal Government without being lent to any other department.

Audit recommends that responsibility be fixed.

Administrator Jammu & Kashmir State Property Organization

22.5.2 Illegal occupation of 19-acre land at Jallo Mor - Rs 117.64 million

Section 3(d) states that the Federal Government can take possession and assume control of any property by summarily evicting any person for unauthorized construction on the property.

Jammu & Kashmir State Property, Lahore has been vested with the immoveable properties belonging to state of Jammu & Kashmir, the Maharaja of Jammu & Kashmir and the Maharaja of Poonch situated in the territory of Pakistan.

According to the khata register Rehman Pura, Jallo Mor maintained by the Administrator Jammu & Kashmir State Property Lahore 19 Acres valuable agricultural land was leased out prior to 1995. The details are as under:

S. No	Khata No. of Property /land Name of tenant	Date of tenancy	Measurement Area	Approximate market value @ Rs 6.00 million per acre.
1	Zahida Begum Uraf Shumaila w/o Jahangir	Since 1995	K - M 100-09 A- K- M (12-4-9)	75.34
2	Ali Hassan Humayun s/o Muhammad Jahangir Awan	1995	56-8 (7-0-8)	42.30
		Total	**156-17**	**117.64**

Audit observed that:

i. As per report of the rent collector dated 27.08.2018, nineteen Acres, agricultural land (khasra no.508, 509, 511, 512, 513, 600, 661, 662, 665,666 &667) situated at village Rehmanpura Jallo morh was unauthorizedly sold in August 2018 by the tenants.

ii. The land was leased before 1995, but the lease agreement with the tenants is not available.

iii. As per report of the rent collector dated 27.08.2018, the tenant un-authorized allowed different persons to cultivate the land without departmental permission.

iv. J & KSP letter dated 3rd September, 2018 further disclosed that the land was in illegal possession of Mr. Imran Mir, Mirza Yahya Baig, Usman Baig and others who have constructed there a residential housing scheme titled "Awan Gardens".

DAC held on 18.02.2020 apprised that the matter is subjudice in the Court.

Audit recommends to pursue the case vigorously and also inquire the matter to pinpoint the administrative lapse and discrepancies in the rules and fix the responsibility accordingly.

22.5.3 Un-authorized occupation of valuable Kashmir properties - Rs.360.000 million

Section 3 (d) of the Administration of Property Rules, 1961 Ordinance states that the Administrator may, for any purpose connected with, or incidental to the administration and management of the property take necessary steps and assume

control of any property for summarily evicting any person in un-authorized construction on any property.

Management of Jammu & Kashmir State Property, Lahore has been vested with the properties belonging to Maharaja of Jammu & Kashmir or the Maharaja of Poonch. Agricultural land measuring 2325 acres situated at village Sultan Pura & Rehman Pura, Jallo Morh, was leased out to various tenants in the past. Details are given below:

Property	**Total land K.M – Sq. ft**	**Land current use K-M-Sq. ft**	**Land Agricultural use legally K-M-Sq. ft**	**Illegal use K.M – Sq. ft**
Sultan Pura	8722-15-950	341-05-150	8020-0-0	361-10-0
Rehman Pura	6400-00-00	Nil	6281-15-0	118-05-0

The management was responsible for the administration of Kashmir properties but the Administrator did not carry out a physical survey of the land / properties situated at Sultan Pura and Rehman Pura.

Audit observed that Jammu & Kashmir State Property Letter No.18 (26)/79 dated 09.01.2019 disclosed that an area of 479 Kanal-15 Marla was under illegal occupation and status of agricultural land was changed by making illegal construction of shops, residential houses without permission.

Audit is of the view that Government was deprived of its valuable land costing Rs.360 million approximately.

DAC held on 18.02.2020 apprised that the matter is subjudice in the Court.

Audit recommends to pursue the case vigorously and also inquire the matter to pinpoint the administrative lapse and discrepancies in the rules and fix the responsibility accordingly.

22.5.4 Non-recovery of rent- Rs.3.208 million

Para-1 of the Jammu & Kashmir State Property, Lahore letter No. J & K SP 5 (52)/83 dated 12.05.1991 states that General Attorney for the legal heirs of tenants of Kashmir Property No. 03 Katri and 16-Landa Bazar, Lahore was granted permission for construction w.e.f 12.05.1991 to 31.03.1993 on the following terms & conditions:

i. Construction shall be undertaken according to the approved plan with no encroachment.

ii. Tenant shall have no claims on the current and new structure.

iii. The tenant shall pay the monthly rent of the shops in Landa & Trunk Bazar on the ground floor @ Rs.1.25 Per Sq. Ft Per month from 01.04.1993 and the rent for the first floor will be payable @ Rs.0.60 per Sq. ft w.e.f 01.04.1993.

iv. The rent for the shop in Katri will be @ Rs.0.60 per Sq. ft for the ground floor and Rs.0.30 per sq. ft for the first-floor w.e.f 01.04.1993.

v. The tenant shall immediately withdraw all cases of these properties and shall sign lease agreement as per Ordinance 1961.

Jammu & Kashmir State property has been vested with the properties owned by the Maharaja of Kashmir in terms of (Administration of property) ordinance 1961(III of 1961). Legal heirs of the properties were allowed re-construction w.e.f 01.04.1991 to 31.03.1993 with the condition to pay rent at the revised rates. The property file revealed that the tenant was granted extensions up to 19 years i.e. w.e.f 01.04.1993 to 31.03.2009 as per details given below:

S. No	Letter No. & Date	Period of construction
1	5(52) / 83 dated 12.5.1991	12.05.1991 to 31.03.1993
2	Letter dated 16.6.1993	01.04.1993 to 31.10.1995
3	Letter dated 19.2.1996	01.10.1995 to 31.03.1997
4	Letter dated 20.2.1997	01.04.1997 to 31.03.2002
5	Application dated 26.3.2004	01.04.2002 to 30.03.2004
6	File noted dated 14.7.2004	01.04.2004 to 31.03.2009

Audit observed that:

i. The permission of construction could be granted in case of change of status of property i.e. agriculture to residential / commercial, but the permission was granted without any provision in the rules.
ii. The tenant did not complete the construction during the allowed period.
iii. The Administrator did not get approval from the Ministry.
iv. The tenant did not pay the rent due at the revised rates fixed vide letter No. J & K SP 5(52)/83 dated 12.05.1991.
v. Despite rejection of appeal of the tenant / legal heirs twice i.e. on 05.09.2013 & 28.01.2015 due to non-prosecution, the Administrator failed to pursue the case for ex-party decision.

DAC held on 18.02.2020 directed to recover the arrears of rent from the tenants.

No progress was shown to audit till finalization of the report.

Audit recommends to ensure recovery and inquiry to fix the responsibility.

22.5.5 Irregular payment to officers / officials of Ministry out of unspent amount of student stipend - Rs.4.210 million

Section 10(3) (a) of Administration of Property Rules 1961 states that the amount of rent or lease money or other dues of the property may be utilized for the grant of stipends or financial assistance as well as electronic devices to students from the State of Jammu & Kashmir.

Para 28 of General Financial Rules Volume-I states that no amount due to Government should be left outstanding without sufficient reason and where any dues appear to be irrecoverable the orders of Competent authority for their adjustment must be sought.

The Jammu and Kashmir State Property, Lahore released an amount of Rs.8.210 million to the Ministry of Kashmir Affairs & Gilgit Baltistan Islamabad for disbursement of stipends to the students.

Audit observed that

i. The actual expenditure of Rs.4.00 million was incurred against the release of Rs.8.210 million. The remaining unspent amount of Rs.4.210 million was to be returned.

ii. A review of the minutes of meeting dated 16.06.2017 & 03.07.2018 however disclosed that an amount of Rs.1,000,820 and Rs.575,250 respectively was spent for award of one month's basic pay to the officers/officials, of Ministry of Kashmir Affairs & Gilgit Baltistan against the spirits and aims & objectives of funds.

DAC held on 18.02.2020 directed to recover the unspent amount released to the Ministry.

No progress was shown to audit till finalization of the report.

Audit recommends recovery of irregular amount and surrendering of total unspent balance.

22.5.6 Execution of Project without approval of Development Working Party - Rs.13.861 million

The procedure for approval of Self-Financed Development Schemes of Autonomous organizations approved by the Executive Committee of the National Economic Council (ECNEC) circulated vide Planning and Development Division Letter No. 21(2-Gen) PIA/PC/2004 dated 18-12-2004 outlines that:

The autonomous organizations whether commercial or non-commercial having Board by whatever name called, should be competent to sanction their development schemes with 100% self-financing with no government guarantee and involving less than 25% foreign exchange / foreign assistance. A Development Working Party should be constituted by each organization and notified to consider and approve their self-financed projects.

Management of Jammu & Kashmir State Property, Lahore incurred expenditure on execution of development project of metaled road from village Purab to Kot Pindi Das, Murid ke.

Audit observed that:

i. Management did not constitute and notify the Development Working Party.

ii. Construction of roads was the responsibility of District Government not Jammu & Kashmir State Property.

iii. The tender documents do not indicate the minimum completion period, Professional tax payment certificate and evidence of registration/ category of the contractor with the PEC.

DAC held on 18.02.2020 directed to provide the record for verification.

No record was provided to audit till finalization of the report.

Audit recommends to inquire the matter and fix responsibility.

22.5.7 Un-authorized payment of honorarium to the Ministerial staff from Administrator Jammu and Kashmir State Property fund - Rs. 22.745 million

Rule 10(3) of the Kashmir Affairs Notification SRO 99(R) dated 27-12-1961 states that the amount of rent or lease money or other receipts of the property may be utilized for the following proposes namely:

a) Grant of stipends or financial assistance to students of the state of Jammu and Kashmir.

b) For the purpose connected with the furtherance of the objects of the Kashmir liberation Movement.

Administrator Jammu & Kashmir States Property, Lahore made payments on account of honorarium to the staff of Kashmir Affairs Division, Islamabad. Details are at Annexure 22-A.

Audit observed that Ministerial staff was not entitled to payment of honorarium out of above fund as the staff of controlling Ministry is drawing their pay & allowances from the regular budget of the controlling Ministry from the counter of AGPR, Islamabad and they can only draw honorarium from the budget of Ministry.

DAC held on 18.02.2020 directed the amount of honorarium exceeding one basic pay be recovered.

No progress was shown to audit till finalization of the report.

Audit recommends to stop the practice and affect recovery.

22.5.8 Illegal sale of agricultural land (2 acres 4 kanals) at Sultan Pura-Rs.15.000 million

Section 3(d) states that the federal Government can take possession and assume control of any property and can summarily evict any person for un-authorized construction on any property.

Khata of village Sultan Pura, Lahore revealed that agricultural land registered as property No. 26 was leased out prior to 1995 to Mr. Aslam S/o Roshan Din resident of Bhaman village, Sultan Pura. The lessee was paying lagan @ Rs.120 per acre since then. The administrator being the controller/custodian of above Government properties did not periodically review the status which resulted into change of status and un-authorized construction by the tenants.

Audit observed that as per report dated 12.04.2018 by the rent collector, out of above 63 kanals of agricultural land a chunk of 20 kanals was sold by the tenants to Mr. Muhammad Afzal of Ghugian Muhammad Baksh who has constructed the residential houses un-authorized. Management issued notice to the original tenant on 4th September, 2019 but did not take cognizance of the offence committed by the legal tenants.

DAC held on 18.02.2020 directed to lodge FIR against occupants/illegal construction.

No progress was shown to audit till finalization of the report

Audit recommends to inquire the matter and fix responsibility.

22.5.9 Non-recovery of arrears - Rs.35.08 million

Section 5C of Jammu and Kashmir (Administrator of Property) Ordinance 1961 (III of 1961) as amended from time to time states that recovery of arrears of any sum due, whether as rent or otherwise, in respect of any of the aforesaid properties, if not paid within the time specified by the Administrator, shall be recoverable as arrears of land revenue.

Management of Jammu & Kashmir State Property, Lahore has been vested with the properties owned by Maharaja of Kashmir and has leased/ rented out the properties.

Audit observed that arrears of rent & lease pertaining to previous years were lying unrecovered so far. Details are at Annexure 22-B.

DAC held on 18.02.2020 directed to recover outstanding arrears except Poonch House Complex.

No progress was shown to audit till finalization of the report.

Audit recommends early recovery of the outstanding amount.

22.5.10 Unauthorized use of Government vehicles and recovery of Rs.4.723 million

Rule 5(9) of Rules for the use of staff cars, 1980 states that the use of staff car shall not be allowed to an officer who is in receipt of conveyance allowance.

Rule 9 of (SCR) states that an unsigned entry in the movement register shall be treated as private journey and shall be chargeable as per Rule 5(7).

Administrator, Jammu & Kashmir Property, Lahore did not maintain the record of vehicles.

Audit observed that one vehicle No.GF-881, Toyota Corolla 1300cc, was in use of Administrative Officer, Rawalpindi, who was also drawing Rs.5,000 PM as car maintenance allowance from July-2012 to June-2019 and Rs.2480 PM during financial year 2011-2012.

Audit further observed that the department vehicle No.LZK-790, KIA Spotage 2000cc was not in use of the management but still being charged for POL and maintenance as per following details:

(Rupees)

S. No.	Financial Year	POL	Repair
1	2011-12	381,863	245,763
2	2012-13	292,843	185,365
3	2013-14	247,348	83,910
4	2014-15	288,531	210,580
5	2015-16	474,369	204,600
6	2016-17	433,516	163,561
7	2017-18	773,660	226,272
8	2018-19	270,770	240,481
	Total	**3,162,900**	**1,560,532**
	Grand Total		**4,723,432**

DAC held on 18.02.2020 directed to recover the amount of vehicle No. LZK-790.

No progress was shown to audit till finalization of the report

Audit recommends to inquire the matter to fix responsibility besides recovery.

CHAPTER 23

LAW AND JUSTICE COMMISSION

23.1 Introduction

The Law & Justice Commission of Pakistan is a Federal Government institution, headed by the Chief Justice of Pakistan and comprises other members including the Chief Justice of Federal Shariat Court, Chief Justices of the High Courts, Attorney General for Pakistan, Secretary, Ministry of Law, Justice and Human Rights and the Chairperson of National Commission on the Status of Women. The Commission comprises of Four other members, one from each province, appointed by the Federal Government, on the recommendation of the Chairman, in consultation with the Chief Justice of concerned High Court from amongst the persons who are or have been holders of a judicial or administrative office, eminent lawyers or jurists, persons of repute and integrity from civil society, members of the Council of Islamic Ideology or teachers of law in a university or college

Main functions of the Commission include;

1. Improving the capacity and performance of the administration of justice.
2. Setting performance standards for judicial officers and persons associated with performance of judicial and quasi-judicial functions.
3. Improvement in the terms and conditions of service of judicial officers and court staff, to ensure skilled and efficient judiciary.
4. Publication of the annual or periodic reports of the Supreme Court, Federal Shariat Court, High Courts and courts subordinate to High Courts and Administrative Courts and Tribunals.

Sr. No.	Description	Total No.	Audited	Expenditure Audited (FY-2018-19) Rs. in million	Revenue / Receipt Audited (FY 2018-19) Rs. in million
1	Formations	1	1	82.427	-
2	Assignment Accounts (Excluding FAP)	-	-	-	-
3	Authorities / Autonomous Bodies etc. under the PAO	-	-	-	-
4	Foreign Aided Project (FAP)	-	-	-	-

23.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Law & Justice Commission of Pakistan for the financial year 2018-19 was Rs.110.933 million out of which the Commission utilized Rs.106 million. Audit noted that there was an overall saving of Rs.4.932 million, which was 4.45% of total Final Grant.

(Rupees in million)

Grant No.	Type of Grant	Original Grant	Supplementary Grant	Surrender (-)	Final Grant	Actual Expenditure	Excess/ (Saving)	% age Excess/ (Saving)
78	Current	112.325	.01	-3.592	110.933	106.000	(4.932)	(4.45)

Variance analysis could not be performed due to non-existence of a separate grant for Law & Justice Commission of Pakistan. The expenditure was incurred from Grant No. 78 - Other Expenditure of Law and Justice Division.

23.3 Classified Summary of Audit Observations

Audit observations, amounting to Rs.208.381 million, were raised in this report during the current audit of Law And Justice Commission. Summary of the audit observations classified by nature is as under:

(Rupees in million)

S. No	Classification	Amount
1	Non-production of record	-
2	Reported cases of fraud, embezzlement and m misappropriation	-
3	Irregularities	
A	*HR/Employees related Irregularities*	-
B	*Procurement related irregularities*	-
C	*Management of account with commercial banks*	-
D	*Recovery*	-
E	*Internal Control*	-
4	Value for money and service delivery	35.362
5	Others	173.019

23.4 Status of compliance with PAC Directives

Name	Audit Year	Total No. of Audit Paras	No. of Actionable Points Issued	Compliance	Non/Partial Compliance	% of Compliance
Law Commission	1999-00	1	1	0	1	0%
	Total	**1**	**1**	**0**	**1**	**0%**

The Draft Audit Report including following Paras was issued to the PAO on 10.01.2020 followed by reminder 23.01.2020 with the request to reply and also arrange the DAC meeting to discuss the Paras.

23.5 AUDIT PARAS

23.5.1 Non-utilization of funds and loss to the Government - Rs.35.362 million

Rule 9 (2) of Access to Justice Development Fund Rules, 2002 states that any amount allocated if not utilized for any category, shall be carried forward for the same purpose for the next two years.

Law and Justice Commission released an amount of Rs.105,232,527 to the Lahore High Court vide Cheque No.031232 dated 26.01.2012 under Provincial Judicial Development Fund Window.

Audit observed that the Lahore High Court neither utilized the amount of Rs.105,232,527 for the purpose it was released within two years nor returned the same to Access to Justice Development Fund which resulted into the loss of Rs.35,362,437 due to non-investment by the fund in NIDA account. The detail of unearned interest is given at Annexure 23-A.

DAC on 10.02.2020 directed to write to Lahore, PJDF for their views for non-investment and non-utilization of the funds.

No record was produced till finalization of report.

Audit recommends implementation of DAC decision.

23.5.2 Non-obtaining of adjustment accounts - Rs.173.019 million

Rule 207(3) of GFR Vol-I states that before a grant is paid to any public body or institution, the sanctioning authority should as far as possible insist on obtaining an audited statement of the account of the body or institution concerned in order to see that the grant-in-aid is justified by the financial position of the grantee and to ensure that previous grant was spent for the purpose for which it was intended.

Law and Justice Commission released following amounts during 2011-12 to 2018-19 to credit into Provincial Judicial Development Fund (PJDF) of four provincial High Courts.

(Rupees)

S. No.	Name of Court	Date	Cheque No.	Amount
01	Lahore High Court, Lahore	26.01.2012	031232	105,232,527
02	High Court of Sindh, Karachi	05.06.2014	2227690	37,786,732
03	High Court of Sindh, Karachi	28.11.2016	-	30,000,000
			Total	**173,019,259**

Audit observed that the management failed to obtain audited / adjustment accounts against released amount of Rs.173,019,259 to the Provincial High Courts.

DAC on 10.02.2020 directed to verify the expenditure of Sr. No. 02 & 03 from audit and to expedite the adjustment from Lahore High Court.

No record was produced for verification till finalization of report.

Audit recommends implementation of DAC decision.

CHAPTER 24

LAW AND JUSTICE DIVISION

24.1 Introduction

As per Schedule II [Rule 3 (3)] Distribution of Business among the Divisions read with Schedule III [rule-4(4)] Rules of Business 1973 (As amended up to 23rd April, 2019) following main business have been assigned to the Division amongst the other functions.

i. Advice to Divisions on all legal and constitutional questions arising out of any case and on the interpretation of any law.

ii. Advice to Provincial Governments on legal and legislative matters.

iii. Drafting, scrutiny and examination of Bills, Ordinances, and all legal and other instruments.

iv. Dealings and agreements with other countries and International organizations in judicial and legal matters.

v. Arrangements for the publication and translation of Federal Laws and other statutory rules and orders; copyright in Government Law publications.

vi. Adaptation of existing laws to bring them in conformity with the Constitution.

vii. Legal proceedings and litigation concerning the Federal Government except the litigation concerning Revenue Division.

viii. Administrative control of the Income Tax Appellate Tribunal and the Customs, Central Excise and Sales Tax Appellate Tribunal.

ix. Special Judges under the Criminal Law Amendment Act, 1958.

x. Federal Government functions in regard to the Supreme Court, Supreme Judicial Council, High Courts, Federal Shariat Court, Federal Ombudsman, Tax Ombudsman, Insurance Ombudsman and Banking Mohtasib.

xi. Attorney General and other Law Officers of the Federation. 12. Federal functions in respect of the Family Law Ordinance and the Conciliation Courts Ordinance.

xii. Consultation with the Attorney General for Pakistan, etc.

xiii. Administrative Courts for Federal subjects.

xiv. Wills, intestacy and succession in respect of Federal areas, save as regards agricultural land.

xv. Bankruptcy and insolvency, administrator general and official trustees in respect of Federal areas.

xvi. Arbitration in respect of Federal areas and International arbitration.

xvii. Trust and trustees in respect of Federal areas.

xviii. Legal Practitioners and Bar Councils Act, 1973.

xix. The Law and Justice Commission Ordinance, 1979 and Federal Government functions related to the Commission.

xx. The Federal Judicial Academy Act, 1997 and Federal Government functions related to the Academy.

xxi. Federal Government functions in regard to the National Accountability Bureau.

xxii. National Accountability Ordinance, 1999.

xxiii. Ombudsperson appointed under section 7 of "Protection against Harassment of Women at the Workplace Act, 2010.

xxiv. Issuance of legal opinion for disbursement and drawdown. 27. Council of Islamic Ideology.

Sr. No.	Description	Total No.	Audited	Expenditure Audited (FY-2018-19) Rs. in million	Revenue / Receipt Audited (FY 2018-19) Rs. in million
1	Formations	274	1	603.711	-
2	Assignment Accounts (Excluding FAP)	-	-	-	-
3	Authorities / Autonomous Bodies etc. under the PAO	-	-	-	-
4	Foreign Aided Project (FAP)	-	-	-	-

24.2 Comments on Budget & Accounts (Variance Analysis)

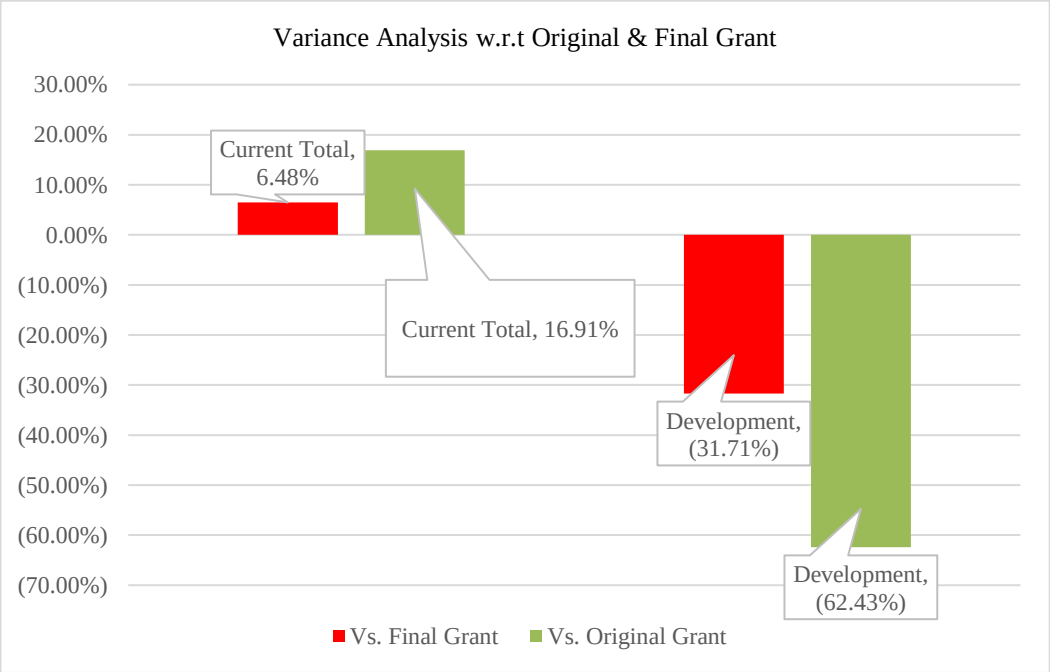
Final budget allocated to the Law and Justice Division for the financial year 2018-19 was Rs.9,071.539 million, out of which the Division expended an amount of Rs.9,444.276 million. Grant-wise detail of current and development expenditure is as under:

(Rupees in million)

Type of Grant	ID	Original Grant	Supply Grant	Surrender (-)	Final Grant	Actual Expenditure	Excess / (Savings)	Excess / (Savings) % age
Current	77	555.000	17.725	-12.616	560.109	561.873	1.763	0.31%
Current	78	4,053.000	41.428	-323.901	3,770.527	3,935.650	165.123	4.38%
Current	79	120.000	16.312	-2.177	134.135	133.795	-0.340	(0.25%)
Current	80	387.000	52.701	0.000	439.701	437.402	-2.299	(0.52%)
Current	81	2,634.000	1,087.231	-118.082	3,603.149	3,990.456	387.307	10.75%
Current Total		**7,749.000**	**1,215.397**	**-456.776**	**8,507.621**	**9,059.176**	**551.555**	**6.48%**
Development	**133**	**1,025.000**	**0.030**	**-461.112**	**563.918**	**385.100**	**-178.817**	**(31.71%)**
Grand Total		**8,774.000**	**1,215.427**	**-917.888**	**9,071.539**	**9,444.276**	**372.737**	**4.11%**

Audit noted that there was an overall excess of Rs.372.737 million, which was due to excess in 5 Nos. of Current Grants. In Grant No.78 supplementary grant was surrendered 100%.

According to Para 71 of General Financial Rules (Volume I), while framing budget estimates, the authorities should exercise utmost foresight. Rules of good governance demand that budget processes are carried out in accordance with clearly defined expectations, assumptions and a coordinated calendar of activity. As shown in the chart below, bifurcating total allocation into current and development expenditure it was observed that, in case of development expenditure, there was 62.43% of savings w.r.t Original grant which was reduced to 31.71% savings w.r.t Final Grant and in case of current expenditure 16.91% of excess expenditure reduced to 6.48% of excess expenditure, as depicted in the graph below:



24.3 Classified Summary of Audit Observations

Audit observations, amounting to Rs. 36.182 million, were raised in this report during the current audit of Law And Justice Division. Summary of the audit observations classified by nature is as under:

(Rupees in million)

S. No	Classification	Amount
1	Non-production of record	-
2	Reported cases of fraud, embezzlement and m Misappropriation	-
3	Irregularities	
A	*HR/Employees related Irregularities*	-
B	*Procurement related irregularities*	6.507
C	*Management of account with commercial banks*	-
D	*Recovery*	-
E	*Internal Control*	-
4	Value for money and service delivery	-
5	Others	29.675

24.4 Status of compliance with PAC Directives

Name	Audit Year	Total No. of Audit Paras	No. of Actionable Points Issued	Compliance	Non/Partial Compliance	% of Compliance
Law and Justice Division	1989-90	1	1	1	0	100%
	1990-91	4	4	3	1	75%
	1992-93	4	4	3	1	75%
	1997-98	1	1	0	1	0%
	1999-00	13	13	0	13	0%
	2000-01	25	25	15	10	60%
	2003-04	9	9	6	3	67%
	2005-06	7	7	0	7	0%
	2006-07	6	6	4	2	67%
	2007-08	1	1	0	1	0%
	2008-09	2	2	1	1	50%
	2009-10	5	5	1	4	20%
	2011-12	1	1	0	1	0%
	2013-14	5	2	0	2	0%
	2017-18	1	1	1	0	100%
	Total	**85**	**82**	**35**	**47**	**43%**

The Draft Audit Report including following Paras was issued to the PAO on 28.10.2019 followed by reminder 19.11.2019 and 20.12.2019 with the request to reply and also arrange the DAC meeting to discuss the Paras.

24.5 AUDIT PARAS

24.5.1 Non-obtaining of audited expenditure statements from Bar Councils and Bar Associations - Rs.29.675 million

Rule 668 of FTR Vol-I states that advances granted under special orders of competent authority to Government officers for departmental or allied purposes may be drawn on the responsibility and receipt of the officers for whom they are sanctioned, subject to adjustment by submission of detailed accounts supported by vouchers or by refund, as may be necessary.

Ministry of Law and Justice released an amount of Rs.29,675,000 to 31 Bar Associations during 2006-07 to 2017-18.

Audit observed that audited expenditure statements of the funds released were not obtained from the Bar Associations.

Audit recommends that expenditure statements of the funds released be obtained from the Bar Associations.

DAC on 30.12.2019 directed the management to collect audited statements of expenditure from quarters concern and verified from audit.

No record was provided till finalization of this report.

Audit recommends implementation of DAC decision.

24.5.2 Hiring of Lawyers without advertisement & evaluation - Rs.5.883 million

Rule 20 of Public Procurement Rules, 2004 states that the procuring agencies shall use open competitive bidding as the principal method of procurement for the procurement of goods, services and works.

Ministry of Law and Justice hired the services of 487 lawyers, took them on their panel, allotted the cases to them and made payments aggregating to Rs.5,883,351 during 2018-19.

Audit observed that the management hired the services of lawyers without providing opportunity to others through open advertisement in violation of PPRA rules.

DAC on 30.12.2019 pended the para as the PAO desired to discuss it later on. Audit contended that the lawyer charges need to be advertised so that all eligible lawyers can equally avail the facility.

Audit recommends advertisement for hiring of law services in compliance with PPRA rules.

24.5.3 Wasteful expenditure on advertisement of vacant posts - Rs.0.624 million

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

The Project Wing of the Ministry of Law and Justice incurred expenditure of Rs.623,592 on advertisement/publication of situation vacant twice during 2018-19.

Audit observed that no recruitments process was initiated despite advertising the posts twice and incurring of wasteful expenditure of Rs.623,592 on advertisement.

DAC on 30.12.2019 pended the para for further discussion. Audit contended waiver of losses from the competent authority.

Audit recommends waiver of losses from the competent authority.

CHAPTER 25

MARITIME AFFAIRS DIVISION

25.1 Introduction

As per Schedule II [Rule 3 (3)] Distribution of Business among the Divisions read with Schedule III [rule-4(4)] Rules of Business 1973 (As amended up to 23rd April, 2019) following main business have been assigned to the Division amongst the other functions.

1. National Planning, research and international aspects of:
   i) Inland water transport;
   and ii) Coastal shipping within the same Province.
2. Diverted cargo belonging to the Federal Government.
3. Navigation and shipping, including coastal shipping but not including shipping confined to one Province; safety of ports and regulation of matters relating to dangerous cargo.
4. Light-houses, including lightships, beacons and other provisions for safety of shipping.
5. Admiralty jurisdiction; offenses committed on the high seas.
6. Declaration and delimitation of major ports and the constitution and power of authorities in such ports.
7. Mercantile marine; planning for development and rehabilitation of Pakistan merchant navy; international shipping and maritime conferences and ratification of their conventions; training of seamen; pool for national shipping.
8. Korangi Fisheries Harbor Authority, Karachi.
9. Office for promotion of Deep Sea Fisheries Resources in Exclusive Economic Zone.
10. Fishing and Fisheries beyond territorial waters.
11. Quality Control Laboratory Karachi.
12. Marine Fisheries Research Laboratory Karachi.
13. Fisheries Training Centre/Deep Sea Fishing Vessel.
14. Oceanography and Hydrological Research.

15. Marine Biological Research Laboratory, Karachi.

16. Welfare of Seamen; seamen Hostel Karachi.

ATTACHED DEPARTMENTS / AUTONOMOUS BODIES

i. Directorate of Maritime Fisheries, Karachi.

ii. Directorate of Dockworkers Safety, Karachi.

iii. Karachi Port Trust

iv. Pakistan Maritime Academy Karachi

v. Shipping Master Karachi

vi. DG Ports & Shipping Karachi.

Sr. No.	Description	Total No.	Audited	Expenditure Audited (FY-2018-19) Rs. in million	Revenue / Receipt Audited (FY 2018-19) Rs. in million
1	Formations	10	1	5.493	-
2	Assignment Accounts (Excluding FAP)	-	-	-	-
3	Authorities / Autonomous Bodies etc. under the PAO	1	1	18,291.200	-
4	Foreign Aided Project (FAP)	-	-	-	-

25.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Maritime Affairs Division for the financial year 2018-19 was Rs.3,369.148 million, out of which the Division expended an amount of Rs.1,837.293 million. Grant-wise detail of current and development expenditure is as under:

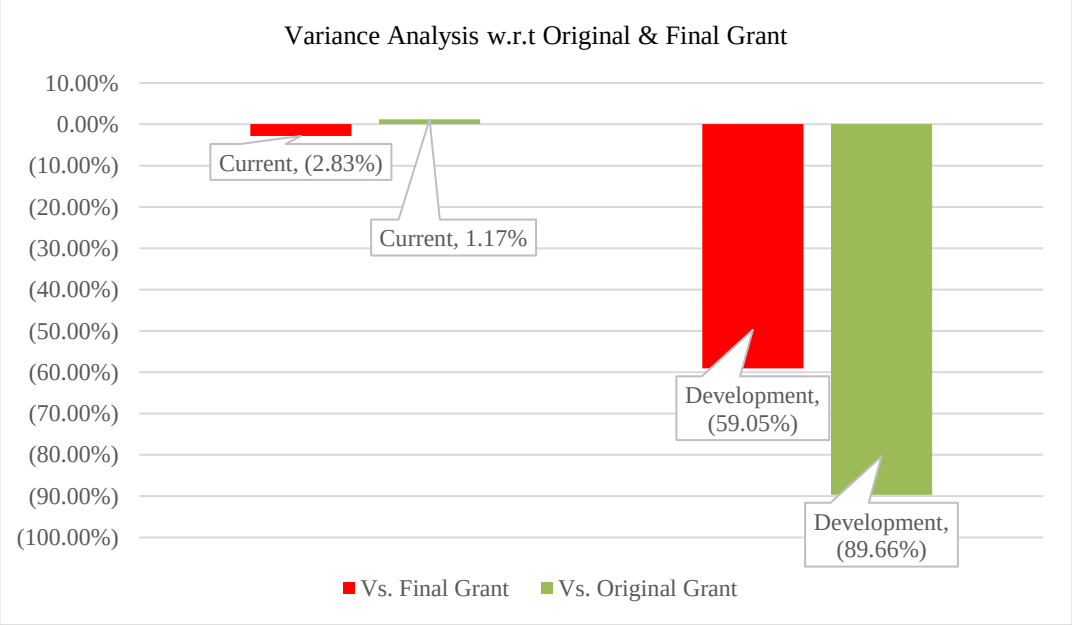
(Rupees in million)

Type of Grant	ID	Original Grant	Supply Grant	Surrender (-)	Final Grant	Actual Expenditure	Excess / (Savings)	Excess / (Savings) % age
Current	82	782.000	59.028	-26.891	814.137	791.114	-23.023	(2.83%)
Development	150	10,118.683	0.000	-7,563.672	2,555.011	1,046.180	-1,508.832	(59.05%)
Grand Total		**10,900.683**	**59.028**	**-7,590.563**	**3,369.148**	**1,837.293**	**-1,531.855**	**(45.47%)**

Audit noted that there was an overall savings of Rs.1,531.855 million, which was due to savings in the Development grant.

According to Para 71 of General Financial Rules (Volume I), while framing

budget estimates, the authorities should exercise utmost foresight. Rules of good governance demand that budget processes are carried out in accordance with clearly defined expectations, assumptions and a coordinated calendar of activity. As shown in the chart below, bifurcating total allocation into current and development expenditure it was observed that, in case of development expenditure, there was 89.66% of savings w.r.t Original grant which reduced to 59.05% savings w.r.t Final Grant and in case of current expenditure 1.17% of excess expenditure reduced to 2.83% of savings.



25.3 Classified Summary of Audit Observations

Audit observations, amounting to Rs.163,209.736 million, were raised in this report during the current audit of Maritime Affairs Division. This amount also includes recoveries of Rs.37,271.303 million as pointed out by the audit. Summary of the audit observations classified by nature is as under:

(Rupees in million)

S. No	Classification	Amount
1	Non-production of record	9,300.000
2	Reported cases of fraud, embezzlement and m misappropriation	10,853.819
3	Irregularities	
A	*HR/Employees related Irregularities*	1,496.457
B	*Procurement related irregularities*	386.970
C	*Management of account with commercial banks*	69,418.389
D	*Recovery*	37,271.303
E	*Internal Control*	29.400
4	Value for money and service delivery	33,318.550
5	Others	1,134.848

25.4 Status of compliance with PAC Directives

Name	Audit Year	Total No. of Audit Paras	No. of Actionable Points Issued	Compliance	Non/Partial Compliance	% of Compliance
Maritime Affairs Division	1992-93	1	1	1	0	100%
	2000-01	10	10	6	4	60%
	2001-02	1	1	0	1	0%
	2003-04	30	30	12	18	40%
	2006-07	4	4	1	3	25%
	2009-10	2	2	1	1	50%
	2015-16	20	20	6	14	30%
	2016-17	49	4	3	1	75%
	Total	**117**	**72**	**30**	**42**	**42%**

The Draft Audit Reports including following Paras was issued to the PAO on 19.10.2019, 13.12.2019 and 06.02.2020 followed by reminder 28.10.2019, 20.12.2019 and 14.01.2020 with the request to reply and also arrange the DAC meeting to discuss the Paras.

25.5 AUDIT PARAS

Karachi Port Trust

25.5.1 Non-production of record - Rs.9.30 billion

Section 14 (2) of Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 states that the officer in-charge of any office or department shall afford all facilities and provide record for audit inspection and comply with requests for information in as complete a form as possible and with all reasonable expedition.

Section 14(3) of Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 states that any person or authority hindering the auditorial functions of the Auditor General regarding inspection of accounts shall be subject to disciplinary action under relevant Efficiency and Discipline Rules, applicable to such person.

KPT did not produce the following record to audit despite repeated written requisitions.

1. The head wise breakup and supporting record of Rs.9,300,873,920.

2. The record of investments supported with bank statements.
3. The record of monthly figures of operational revenue.
4. The booking/receipts and expenditure record relating to a six rooms Rest House maintained in House No. 52/B KPT Bungalow MT Khan Road, Karachi
5. The schedule A of the property (previous and current) sent to the Ministry for approval.
6. The area and category wise list of total properties and properties under encroachment/illegal occupation.

Audit considers non-production of record a deliberate hindrance in the auditorial functions.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends that responsibility be fixed and record be produced to audit.

25.5.2 Non-preparation of financial statements for the years 2009-10 to 2018-19

Section 68 of the Karachi Port Trust Act, 1886 states the accounts of the receipts and expenditure of the Board shall, twice in every year, be laid before Government, and shall be audited and examined in such manner and by such auditor or auditors as shall, from time to time, be appointed by Government.

The financial statements of Karachi Port Trust Karachi were last audited by a firm of Chartered Accountants in 2008-09.

Audit observed that management neither prepared nor got audited the financial statements for the years 2009-19 from the Chartered Accountants.

Audit is of the view that the certified financial statements are used as a tool of measurement to check the authenticity of the accounts record by audit. Therefore, audit opinion cannot be given in the absence of certified/audited financial statements.

Audit recommends that responsibility be fixed for non-preparation of financial statements and other related record.

25.5.3 Non-reconciliation of closing balance with bank accounts - Rs.1,920.879 million

GFR-15 states that every officer whose duty it is to prepare and render any accounts or returns in respect of public money or stores is personally responsible for their completeness and strict accuracy.

KPT provided income and expenditure statements of its accounts for 2018-19 on the basis of which figure of cash and cash equivalent at the closing of year comes to Rs.5,449,599,937. Details are as under:

(Rupees)

Description	Amount
Sum of the opening balances of the bank accounts	885,629,937
KPT Income	22,855,170,000
Total	**23,740,799,937**
Expenditure	18,291,200,000
Balance Cash and Cash Equivalent	5,449,599,937

Audit observed that the closing balances in the bank accounts were Rs.3,528,720,168 which was Rs.1,920,879,769 less than the closing balance of income and expenditure statements. Moreover, the management did not provide the amounts of investment and disinvestments.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends early reconciliation to find the real difference if any.

25.5.4 Illegal allotment of 11 commercial plots without open tender

Para 16 of the Manual for the Estate Department of KPT (Approved by Board 10.08.1983) state that long lease will be granted on rental basis or premium cum rental basis by inviting tender, by auction and by private treaty though negotiation.

The KPT management issued temporary allotments of 11 commercial plots measuring (1000 square meters each) at M.T Khan Road for one year without open auction in July, 2013, however, the temporary allotment was withdrawn on 10.04.2014. The possessions of five plots were handed over to the allottees whereas the remaining six were still in the KPT possession. The subsequent developments in the case were as under:

i. Allottees submitted applications for conversion of temporary allotment into long leases of 25 to 99 years and the High Court Sindh Karachi ordered on 23.04.2014 to maintain status co.

ii. The petition was disposed of on 25.10.2016 and KPT was directed to reconsider the applications and decide by 30.11.2016 in accordance with law.

iii. The Committee constituted by KPT after hearing the allottees decided on 29.11.2016 that the temporary allotment period had expired after one year and Authority cannot grant conversion of one year license into 99 years lease.

iv. The Sindh High Court again ordered on 13.12.2016 not to take any adverse action against the petitioners and directed the KPT Board on 24.01.2018 to consider the representation filed by the petitioners and pass a speaking order after affording opportunity to the petitioners within one month.

v. The KPT Board after hearing the petitioners in persons on 15.02.2018 issued the speaking order rejecting yet again the conversion of one year temporary allotment into 25 or 99 years of lease.

vi. The petitioners again filed petition in the Sindh High Court on 02.04.2019.

Audit observed that the temporary allotments made were irregular ab-initio and the management provided enough time deliberately to the allottees to obtain stay orders in 2014 and in 2018-19 by not taking possession of the plot in the period when there was no stay order from the Court.

Audit further observed that the provision of temporary allotment by Private Treaty in Para 16 of the Manual for the Estate Department of KPT is contrary to the provision of Basic Rights as provided in the Constitution. There is no special condition in Para-16 of the Manual for the Estate Department of KPT which logically provides the necessity of allotment through private treaty in any special circumstances.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends that the responsibility be fixed.

25.5.5 Loss due to allotment of KPT Land to Housing societies at Lower rate - Rs.8,115.12 million

Article 23 of the constitution of Islamic Republic of Pakistan states that every citizen shall have the right to acquire, hold and dispose of property in any part of Pakistan, subject to the Constitution and any reasonable restrictions imposed by law in the public interest.

Para 16 of the Manual for the Estate Department of KPT (Approved by Board 10.08.1983) state that long lease will be granted on rental basis or premium cum rental basis by inviting tender, by auction and by private treaty though negotiation.

The KPT Board Agenda No. 3 regarding revision of rental structure fixed the rate of rent for different areas vide BR No. 299 dated 26.03.2003. The lease rates for Kemari Town Ship and Kemari villages for the year 2006-07 was Rs.80.64 per square meter per annum plus 7% escalation per annum compound.

The KPT Board allotted three pieces of land to the housing societies/authority as per following details:

1. Vide Resolution No. 341 dated 12.07.2005 allotted 881 Acre (3,565,292 Sq. Meter) KPT land at Kemari Town Ship and Kemari Village Area Karachi to Defence Housing Authority for 99 years lease @ Rs.0.18 per sq. meter per annum. The lease rent per annum comes to Rs.287,505,146.
2. Vide Resolution No. 696 dated 18.10.2006 allotted 250 Acre (1011717.3 Sq. Meter) KPT land at Hawks bay to M/s United Workers Front of KPT housing society for 99 years lease@ Rs.0.10 per sq. meter per annum. The lease rent per annum comes to Rs.81,584,883.
3. vide resolution No. 665 dated 16.06.1996 read with BR no. 863 dated 28.03.1990 allotted 130 Acre (526,093 Sq. Meter) KPT land at MT Khan Road Karachi to M/s KPT Officers Cooperative Housing Society Limited for 99 years lease @ Rs.0.10 per sq. meter per annum. The lease rent per annum comes to Rs.3,040,818

Audit observed as under:

i. The allotment was made without providing equal opportunities to other officers/employees Housing Societies through open tender.

ii. The lease rent was fixed much lower than approved for the areas i.e. of Rs.80.64 per Sq. Meter per annum which resulted into loss of Rs.8,115.12 million per annum. The amount with escalation becomes much higher than the calculated loss.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends that responsibility be fixed and amount be recovered.

25.5.6 Non-recovery of Royalty from Port De Grand - Rs.221.055 million

Section 84 of the Karachi Port Trust Act, 1886 states that all fees and sum due on account of property for the time being vested in the Board, and all areas of tolls, charges, rates and dues imposed under this act may be recovered, in addition to the other modes herein before provided, upon a summary proceeding before a magistrate in the manner provided in the code of Criminal Procedure, 1882 for the recovery of fines.

KPT entered into an implementation agreement with a private Firm M/s Grand Leisure Corporation Pvt. Ltd. (FCOC) on 7th February, 2006 for establishment of Food Court at Old Napier Mole Boat Bridge and at The Park Under Rotary of Jinnah Bridge Karachi Port Trust. The total area was 8.45 Acre (34196 Sq. Meter). Earlier the implementation agreement was signed on 19.11.2004.

The lease rent for this area (MT Khan Road) during 2005-06 was Rs.227.55 per Sq. meter per annum. At this rate the lease amount comes to Rs.7,781,310 per annum.

Under clause 8.1 of implementation agreement the FCOC shall pay to KPT a royalty in Pakistani Rupees. The Royalty shall be made monthly within 10 days of each month as per the following schedule.

(Rupees in million)

Sr.#	Period (Years)	Years	Percentage increase %	Payment/ Month	Amount
1	0-4	4	Nil	1.00	48.00
2	5-9	5	A+20	1.200	72.00
3	10-14	5	B+25	1.500	90.00
4	15-20	6	C+30	1.950	140.40
Total royalty payment within 20 years					**350.40**

Under clause 8.2.2 of IA, in the event the royalty payment due from FCOC to KPT was not paid within the period specified, then KPT shall be entitled to receive compensation from FCOC an amount of 10% per annum of the unpaid amount. KPT shall be entitled to withhold/deduct all such outstanding amount by setting off from any payment due to FCOC.

Audit observed that the property was leased without open tenders and FCOC stopped the royalty payment on 01.07.2008. KPT provided reasonable time to lessee to take the case into the court on 05.11.2010. The total outstanding payment after adjusting the advance up to 30.07.2019 comes to Rs.221,055,698.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends that responsibility for negligence be fixed.

25.5.7 Irregular and unauthorized allotment of properties and non-recovery of rent - Rs.210.74 million

Para 15 of the Estate Manual Lands and Building of Karachi Port Trust Karachi states that land and buildings will be disposed of by inviting tenders in case of non-residential plots and through auction in case of residential plots.

Para 16 of the Manual for the Estate Department of KPT (Approved by Board 10.08.1983) state that long lease will be granted on rental basis or premium cum rental basis by inviting tender, by auction and by private treaty though negotiation.

The management made temporary allotments of 88 plots to different parties on request basis during 2006-14. Similarly, management allotted 28 different sites to various advertising companies for hoardings during 2013-14 and 28 sites at different locations to various telecom companies and other parties for installation of BTS during 2006-14.

The Prime Minister's Office vide U.O No. 7(8)/DS/E-II/14 dated 09.05.14 ordered KPT as under:

i. To initiate an indiscriminate anti-encroachment operation with a complete ban on temporary allotment.
ii. To cancel all temporary allotments where any violation of the terms has been made or in any way, hamper port related operations.
iii. To furnish the details of all temporary allotments indicating the period purposes violation (if any) and the name (s) of the approving authority.
iv. The above exercise is to be completed by Chairman KPT, with in period of three months.

Audit observed as under:

i. The Plots/sites were allotted without open bidding and approval of board.
ii. No any special condition in Para 16 of the Manual provides the necessity of allotment through private treaty in special circumstances.

iii. The plots were under the unauthorized occupation as allotees did not vacate even after expiry of temporary allotment period. The outstanding rent is Rs.210.74 million.

iv. The compliance report in response to PM directives was not available.

Audit is of the view that undue favour was extended to the private persons at the cost of KPT fund.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends that matter be investigated to fix the responsibility.

25.5.8 Outstanding rent against illegally allotted commercial plots - Rs.526.129 million

Section 84 of the Karachi Port Trust Act, 1886 states that all fees and sum due on account of property for the time being vested in the Board, and all areas of tolls, charges, rates and dues imposed under this act may be recovered, in addition to the other modes herein before provided, upon a summary proceeding before a magistrate in the manner provided in the code of Criminal Procedure, 1882 for the recovery of fines.

KPT allotted 48 residential and commercial plots to different persons. Details are at Annexure 25-A.

Audit observed that the procedure of allotment and details of auction (if any) was not produced to audit.

Audit further observed that rent of Rs.526.129 million was outstanding against the allotees.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends investigation in the matter and recovery of rent.

25.5.9 Loss due to non-handing over possession of 07 plots - Rs.29.400 million

Section 18 of Karachi Port Trust Act, 1887 states that the Board shall be competent subject to the restriction contained in the subsection 2 to lease sell or otherwise transfer any moveable or immovable property.

Para 15 of the Estate Manual Lands and Building of Karachi Port Trust Karachi states that land and buildings will be disposed of by inviting tenders in case of non-residential plots and through auction in case of residential plots.

KPT allotted 88 plots during the year 2011-13 to different persons. The procedure of allotment was not shared with audit. However, seven out of 88 allottees were not handed over possession resulting in loss of rent as per following details:

S. No.	Plot No.	Allotees	Area Sq. Meter	Rate	Total	Total Rs.
1.	KPT Land 200 Sq. Meter at Manora	Mr. Imran Khan	200	208.62	41,724	292,068
2.	KPT Land 200 Sq. Meter at Manora	Mst. Sawalia	200	208.62	41,724	292,068
3.	Pot no.38/1, Timber Pond	M/s Arab o Ajam	2665	342.09	911,670	6,381,689
4.	Plot no.37, Oil installation area Keamari	M/s Delo Truck	4540	414.9	1,883,646	13,185,522
5.	Plot no.12-G C group MT Khan Road	Mr. Fazal ur Rehman	1000	586.45	586,450	4,105,150
6.	12-K, C group MT Khan Road	M/s Noarsh & Company	1000	586.45	586,450	4,105,150
7.	Nil, Kala Pani Boat building yard west wharf	M.M International corporation	500	296.88	148,440	1,039,080
Total					**4,200,104**	**29,400,727**

Audit observed that management neither auctioned the plots nor brought the same into their own utilization.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends that responsibility be fixed.

25.5.10 Misuse of KPT property by the Karachi Port & Dock Workers Union and non-payment of rent - Rs.7.517 million

Para 125 of the Manual of the Estate Department of KPT states that if a tenant fails to make payment the authorized officer shall cause to recover the dues in any one or more of the following manner.

i. By stopping the transaction of the tenants with the Board.

ii. By adjusting the outstanding amount from any amount due to the tenants.

iii. By taking action under Section 84 of the KPT Act for the recovery of the amount due or through civil suit or under any other law for the time being in force.

iv. By recommending cancellation of allotment to the Board, if the tenant is persistent defaulter.

The KPT Plot No. 17, (1728.21 square meters) at Shah Walliullah Road, Miscellaneous Area/West Wharf, Karachi was leased out to M/s Karachi Port & Dock Workers Union for offices and particularly for building a calling station for the use of port and dock workers for 25 years vide B.R. No. 110 on 15.06.1960 @ Rs.1.50 per annum plus taxes.

The lease was renewed for another 25 years w.e.f. 07.08.1985 to 06.09.2010 vide B.R. No. 307 dated 28.02.2001.

Audit observed as under:

i. The Dock Worker Union changed the purpose of plot "from office & accommodation of union and staff of union" to residential flats shops and Godowns etc.

ii. Approval of Ground plus 2 Stories building was obtained from KPT but the allotees constructed ground plus 4 stories.

iii. Bill issued in July, 2019 showed an outstanding rent of Rs.7,517,454.

iv. The premises were sublet unauthorizedly.

v. The Godown No. 4 Plot No. 17 was unauthorizedly sold out by the Union to a private person through advertisement on 15.12.2017 in the newspaper.

vi. KPT Board cancelled the allotment vide Resolution No. 950 dated 15.08.2007 and also ordered to start proceeding for ejectment in the Court. But no further action was taken by the management.

vii. According to complaint submitted by Mr. Ashiq Hussain on 13.12.2017 a person namely Shams-ur-Rehman had been coming to the area for recovery of rent from the persons unauthorizedly residing in the flats. The said person vide his circular dated 16.10.2016 announced the revised rates of rent of shops, flats, godown etc. and directed the tenants to deposit the amount of rent with him.

viii. Audit holds that the said person was neither authorized for recovery of rent nor a single a penny was deposited by him in the KPT account.

Audit is of the view that undue favor was extended to the allotees by not taking the effective measures to take possession of the property.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends that outstanding rent may be recovered from the payable amounts to the Karachi Port & Dock Workers Union and property may be taken over and leased out through open auction.

25.5.11 Non-payment of rent by KESC and Sindh Engineering - Rs.40.071 million

Para 125 of the Manual of the Estate Department of KPT states that if a tenant fails to make payment the authorized officer shall cause to recover the dues in any one or more of the following manner.

i. By stopping the transaction of the tenants with the Board.

ii. By adjusting the outstanding amount from any amount due to the tenants.

iii. By taking action under Section 84 of the KPT Act for the recovery of the amount due or through civil suit or under any other law for the time being in force.

iv. By recommending cancellation of allotment to the Board, if the tenant is persistent defaulter.

The KPT allotted Plot No. 15-E measuring 6822 Sq. meters at Mauripur Road, Karachi to M/s Karachi Electric Supply Corporation Ltd. on 22.07.1995 at initial rate of Rs.75 per Sq. meter for a period of 25 years w.e.f. 15.08.1994.

Similarly, Plot No. 18, (measuring 8351 Sq. meter) at Industrial Area/West Wharf, Karachi was allotted to M/s Sindh Engineering (Pvt.) Limited on 20.07.2012 at initial rate of Rs.107.65 per Sq. meter (current rate is Rs.283.65 per sq. meter) for a period of 25 years from 01.07.2004 to 30.06.2029.

Audit observed as under:

i. The KESC failed to pay the rent from 15.08.1994 to 31.12.2019 amounting to Rs.16,312,398 The KPT submitted an application in the Court of law on 23.10.2019 but no recovery was made till date.

ii. The M/s Sindh Engineering also failed to pay the rent from 01.01.2004 to 31.12.2019 amounting to Rs.23,761,764.

iii. The Sindh Engineering made agreement with Pakistan Navy and handed over the plot for parking without the permission of KPT.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends that outstanding rent be recovered and legal action be taken as per KPT Act.

25.5.12 Non-recovery of subletting charges from PNSC - Rs.8.192 million

Para 125 of the Manual of the Estate Department of KPT states that if a tenant fails to make payment the authorized officer shall cause to recover the dues in any one or more of the following manner.

i. By stopping the transaction of the tenants with the Board.

ii. By adjusting the outstanding amount from any amount due to the tenants.

iii. By taking action under Section 84 of the KPT Act for the recovery of the amount due or through civil suit or under any other law for the time being in force.

iv. By recommending cancellation of allotment to the Board, if the tenant is persistent defaulter.

The KPT allotted Plot No. 30-A, at /M.T. Khan Road/ Mai Kolachi Road, Karachi measuring 6,552 Sq. meters to Pakistan National Shipping Corporation on 28.03.1993 at initial rate of Rs.100 per Sq. meter (Current rate is Rs.200 per Sq. meter) for a period of 25 years from the date of possession as per copy of bill provided to audit.

Audit observed as under:

i. The possession of plot was not taken over on completion of lease period on 28.03.2018.

ii. The Pakistan National Shipping Corporation sublet the plot on 01.07.2004 to another party. KPT issued notice to PNSC on 23.04.2018.

iii. The PNSC did not pay the subletting charges from 01.07.2004 to 30.06.2019 amounting to Rs.8,192,870.

iv. The management did not take action under Section 84 of the KPT Act.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends recovery of outstanding dues beside action on subletting.

25.5.13 Unauthorized construction on plot No. 17, Jungle Shah Area and non-recovery of rent - Rs.6.665 million

Para 125 of the Manual of the Estate Department of KPT states that if a tenant fails to make payment the authorized officer shall cause to recover the dues in any one or more of the following manner.

i. By stopping the transaction of the tenants with the Board.

ii. By adjusting the outstanding amount from any amount due to the tenants.

iii. By taking action under Section 84 of the KPT Act for the recovery of the amount due or through civil suit or under any other law for the time being in force.

iv. By recommending cancellation of allotment to the Board, if the tenant is persistent defaulter.

The KPT allotted Plot No. 17 at Jungle Shah Area, Kemari, Karachi measuring 2350 Sq. meters to Haji Zareen Khan Jadoon on 26.04.1994 at initial rate of Rs.126 per Sq. meter for a period of 25 years for construction of 3 storey Container Stacking, Storage and Warehouse. The possession was handed over on 05.04.1999

Audit observed as under:

i. The tenants converted the Godowns to shops and flats in 2001.

ii. The construction was made without approved plan from the KDA and KPT.

iii. As per KPT letter dated 18.11.2003, the KPT Board resolved to eject the tenant and to recover the possession through process of law. The KPT management issued last show cause notice on 13.06.2016.

iv. An amount of Rs.6,665,757 was outstanding against the tenants as per last bill issued by the KPT in July, 2019.

v. The management did not take action under Section 84 of the KPT Act.

Neither the department replied nor was DAC convened.

Audit recommends that outstanding dues be recovered and legal action be taken as per KPT Act.

25.5.14 Non-recovery of lease rent from Karachi Shipyard and Engineering Works - Rs.973.117 million

Section 84 of the Karachi Port Trust Act, 1886 states that all fees and sum due on account of property for the time being vested in the Board, and all areas of tolls, charges, rates and dues imposed under this act may be recovered, in addition to the other modes herein before provided, upon a summary proceeding before a magistrate in the manner provided in the code of Criminal Procedure, 1882 for the recovery of fines.

The KPT leased out 266130 Sq. meter area of Plot No.50 Industrial area at West Wharf Karachi to Karachi Shipyard and Engineering work for the period ending on 17.09.1997 at the lease rent of Rs.21.15 per Sq. meter per annum.

The KPT Board vid resolution No.633 dated 07.06.2000 offered the terms and conditions for renewal of lease agreement from 18.09.2017 to 17.09.2000 at the rent of Rs.46.25 per Sq. meter but this offer was not accepted by the Karachi Shipyard. The KPT vide letter dated 18.10.2000 also requested the Karachi Shipyard and Engineering Work to deposit the security of Rs.12,308,513 but the Karachi Shipyard and Engineering work requested to wave off the same, being a government formation.

As per rental structure approved by the KPT Board vide resolution No. 672 of 1998 the rate of rent for the said area was Rs.192.86 / sq. per annum with 7% escalation yearly on compound basis.

Later on, Karachi Shipyard and Engineering Works was offered rate of Rs.85.60 per Sq. Meter per annum with 7% annual compound increase excluding all government and city government taxes. This offer was also not accepted.

Audit observed as under:

i. The rate of Rs.46.25 offered by the KPT was against the Board Resolution No.672 of 1998.

ii. The management issued bills @ Rs.46.25 with escalation of 4% whereas in the letter the arrear claims had been worked out @ Rs.185.60.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry to fix responsibility besides recovery of outstanding amount.

25.5.15 Non-existence of monitoring /vigilance system of KPT properties

Para 125 of the Manual of the Estate Department of KPT states that if a tenant fails to make payment the authorized officer shall cause to recover the dues in any one or more of the following manner.

i. By stopping the transaction of the tenants with the Board.

ii. By adjusting the outstanding amount from any amount due to the tenants.

iii. By taking action under Section 84 of the KPT Act for the recovery of the amount due or through civil suit or under any other law for the time being in force.

iv. By recommending cancellation of allotment to the Board, if the tenant is persistent defaulter.

As per information provided the KPT had large number of properties in the Karachi. Details are as under:

S. No.	Area	Number
1.	Oil Installation	66
2.	Commercial/Warehouse/Container Staging area	147
3.	List of Huts sites/Residential /recreational	236
4.	Residential cum commercial plots	189
	Total	**638**

Audit observed that no mechanism of periodic inspection/monitoring of properties in the KPT existed, resulting in illegal occupation and lengthy litigation.

Audit is of the view that in the absence of proper laid down mechanism of periodic inspection of properties the actual status cannot be ascertained and management cannot take timely action against any violation.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends that proper mechanism of monitoring/inspection of properties and its reporting to the Chairman/Board/Ministry be established.

25.5.16 Non-deposit of sales tax and Federal excise duty - Rs.3,816.760 million

According to entry No. 14 of Table-II of First schedule to the Federal Excise Act, 2005 read with rule 43-B of the Federal Excise Rules Operators shall be liable to duty at the rate of sixteen percent.

The FBR letter No. DCIR/E&C-1/ST&FE/KPT/Z.III/LTU/2014 dated 06.01.2015 states that KPT provided services valuing Rs.23,854.800 million during the tax period 2012 & 2013 as per the returns filed by management for the said tax period. However, Federal Excise duty @ 16% of Rs.3,816.760 million leviable thereon had not been paid into Government Treasury which was recoverable along-with default surcharge & penalty in terms of Section 3,8&19(1) of the Federal Excise Act, 2005.

The above said FBR letter further states that if KPT had already deposited the aforesaid amounts into government treasury, photocopy of the challan may be furnished.

Audit observed as under:

i. Management did not produce to audit any deposit treasury challan showing the payment of Federal Excise duty @ 16% of Rs.3,816.760 million.

ii. There was no record with the management that matter had been resolved or FBR had withdrawn the claim.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends that amount be deposited into government treasury.

25.5.17 Non-payment of Income tax for the year 2011 - Rs.862.609 million

Section 137(2) of Income Tax Ordinance 2001 states that Where any tax is payable under an assessment order or an amended assessment order or any other order issued by the Commissioner under this Ordinance, a notice shall be served upon the taxpayer in the prescribed form specifying the amount payable and thereupon the sum so specified shall be paid within 15 days from the date of service of the notice.

The Additional Commissioner Inland Revenue vide letter No.01/51 dated 24.05.12 directed the KPT to deposit Rs.862,609,570 as Income Tax for the tax year 2011.

Audit observed that management did not deposit income tax as no record for depositing the tax was available.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends that tax amount be deposited to government accounts for the year 2011 and onward.

25.5.18 Less deduction of income tax on supply of medicine by retailer - Rs.7.056 million

Section 153 of the Income Tax Ordinance, 2001 states that every prescribed person making a payment in full or part including a payment by way of advance to a resident person or (a) for the sale of goods; (b) for the rendering of or providing of services; (c) on the execution of a contract [including contract signed by a sportsperson] [but not including] a contract for the sale of goods or the rendering of or providing services, shall, at the time of making the payment, deduct tax from the gross amount payable (including sales tax, if any) at the rate specified in Division III of Part III of the First Schedule.

KPT purchased medicines costing to Rs.93,886,903 and Rs.107,723,679 from M/s Taj Medicos, Karachi during the year 2017-18 and 2018-19 respectively. As per FBR record, checked online, M/s Taj Medicos with registration No.4230155035073 were retail business concern of pharmaceutical and medical goods. The rate of withholding income tax on retailer is 4.5%. On this rate the amount of income tax comes to Rs.4,847,565.

Audit observed that KPT deducted income tax of Rs.1,077,236 @ of 1% instead of 4.5% despite considering M/s Taj Medicos as retailer.

Audit is of the view that less deduction of income tax from the supplier resulted into loss of Rs.7,056,370 during 2017-19 to the public exchequer.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends that the amount be recovered and deposited into government account.

25.5.19 Non-recovery of Tax from KICT

Article 18 of implementation agreement dated 01.06.1996 states that all present and future Federal , Provincial, Municipal or other lawful income and other taxes, duties, levies or other impositions whatsoever applicable to TOC, its

Contractors, sub-contractors, the Terminal, TOC employees and dock labor, or TOC's other assets shall be paid to TOC, its Contractors, sub-contractors and their employees and dock labor, respectively as the case may be in accordance with the requirements of the Laws of Pakistan. KPT will not assume any tax liability, whatsoever on behalf of TOC, nor will TOC assume any tax liability on behalf of KPT.

The KPT made an agreement on 01.06.1996 with M/s American President Lines and International Container Terminal Services Inc., to set up a common user Container Terminal at Karachi Port on the existing berths 22, 23, 24 and 24A, at West Wharf which were renumbered as berths 28, 29 and 30 on a Build, Operate and Transfer (BOT) basis.

The Excise and Taxation Department Government of Sindh assessed leased area of berth No. 22 to 24A and demanded property tax from M/s Karachi International Container Terminal (KICT) on 27.11.2000. Against the demand notice, the KICT filed a constitution petition No. D-1930/2000 in the Sindh High Court. The judgment of the court was as under:

"We are therefore, of the opinion that taxes under the Act can only be recovered from the owner of the building. Any agreement as to the payment of the tax between the party in occupation and the owner is an internal matter between them. In this regard reliance can be made on the case, Trustees of Port of Karachi vs Secretary Excise (1990 CLCL 92). The demand has been wrongly addressed to the petitioner and would therefore set aside the same on the basis alone"

A termination notice was issued to the KICT on 26.04.2003 under article 20.3(f) of the implementation agreement with the reasons that the KICT defaulted to pay the property tax as per contract agreement.

Audit observed that the issue of payment of tax has not been resolved between KPT and KICT as directed in the judgement of the court.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends resolving of tax issue as directed by the court.

25.5.20 Less deduction of Income Tax from contractors - Rs.1,866.12 million

Section 153 of the Income Tax Ordinance, 2001 states in Division IV of Part I of the First Schedule that the rate of tax imposed under section 6 on payments to non-residents shall be 15% of the gross amount of the royalty or fee for technical services.

The KPT management made payment to the contractors and consultants, engaged on the construction of Pakistan Deep Sea Port, during the period 2008-2017. Details are as under:

(Rupees)

Contractor /Consultant	Work	Period	Gross Claim	Income Tax Deducted	%
M/s China Harbor Engineering (Cont)	Construction of Quay Wall	2010-17	24,504,045,524	274,931,053	1.12
China International Water Electric Corporation (Cont)	Dredging &Reclamation	2009-17	15,759,666,669	512,108,538	3.25
M/s Inros Lackner AG (Cons)	Construction of Quay Wall	2010-18	164,639,559	19,586,377	12.00
M/s Indus Associates (Cons)	-do-	2010-18	170,921,854	16,463,995	10.00
M/s Techno consultant (Con)	Dredging &Reclamation	2009-19	301,440,642	23,319,650	7.75
Royal Hasckoning (Con)	-do-	2009-19	306,660,317	45,999,445	15.00
M/s China Harbor Engineering	Marine Protection Wall	2009-14	14,130,569,282		
	Marine Protection Wall	2009-14			

Audit observed as under:

i. M/s Indros Lackner AG and M/s Royal Hasckoning were both foreign consultants but income tax was deducted @ 12% instead of 15% resulting in less deduction of 3% i.e. Rs.4.439 million.

ii. The dredging work was also a services contract but income tax deducted was @ 3.25% instead of 15%, resulting in less deduction of Rs.1,852.93 million.

iii. M/s Indus Associates and M/s Techno Consultant were both local consultants but income tax deducted at a non-uniform rate resulting in less deduction of Rs.6.029 million.

iv. The income tax deduction from the Consultant of construction of Quay Wall was not made up to 34th IPC. The tax was deducted at the rate of 14.29% from 35th and 36th and at the rate of 10% for the remaining except on 42th, 54th and 55th which was less than 10% resulting in loss of Rs.2.722 million.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquire the matter besides production of total record to audit.

25.5.21 Hiring of tax consultant without open competition - Rs.30.579 million

Rule 12(2) of PPRA, 2004 states that all procurement opportunities over two million rupees should be advertised on the Authority's website as well as in other print media or newspapers having wide circulation. The advertisement in the newspapers shall principally appear in at least two national dailies, one in English and the other in Urdu.

KPT made payments on account of tax consultancy services during the year 2018-19. Details are as under:

(Rupees)

S. No.	Consultant	Purpose	Amount
1	M/s T&D Block	Hiring of tax consultant from Jan to Mar, 2019	648,000
2	M/s T&D Block	Hiring of tax consultant from Jul, 17 to Dec, 2018	3,888,000
3	M/s Arshad Malik	Sales Tax return	20,485,000
4	M/s A.F. Ferguson & Co	Tax consultancy	5,557,540
		Total	**30,578,540**

Audit observed that the services of the firms were hired without open competition and the Terms & Conditions laid down and rate of payments were not provided. Moreover, the record pertaining to recovery of Rs.450 million made by Sind Revenue Board (SRB) was not available.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends that responsibility be fixed.

25.5.22 Loss due to investment by non-considering higher rate - Rs.164.550 million

GFR-23 states that every Government officer should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other Government officer to the extent to which it may be shown that he contributed to the loss by his own action or negligence.

The KPT management made short term investments of Rs.28,000 million during the years 2008-15.

Audit observed that management ignored the higher rates offered by AAA rated NBP and invested in banks with lower PACRA rating and offering lower interest rates in violation of Ministry of Finance Investment Policy resulting in loss of Rs.164.55 million. Details are as under:

(Rupees in million)

Date	Invested in	Investment	Rate invested	Higher Rates offered	Loss on interest
30.01.2009	Allied Bank Limited	2,000	17.10%	18.50% by NBP	28.000
	Habib Bank Limited	3,000	16.00%	18.50% by NBP	75.000
28.06.2012	Habib Bank Limited	5,000	12.10%	12.40% by PIB	15.000
	Faysal Bank Limited	3,500	12.15%	12.40% by PIB	8.750
	Bank Al Habib Limited	2,000	12.15%	12.40% by PIB	5.000
28.03.2013	Pak. Libya Holding Co.	2,000	9.50%	9.66% by Soneri Bank	3.200
	Allied Bank Limited	1,000	9.26%	9.66% by Soneri Bank	4.000
	Faysal Bank Limited	1,000	9.25%	9.66% by Soneri Bank	4.100
31.10.2013	Allied Bank Limited	2,000	9.70%	9.91% by NBP	4.200
	Habib Bank Limited	1,500	9.70%	9.91% by NBP	3.150
	Bank Al Habib Limited	1,500	9.70%	9.91% by NBP	3.150
23.10.2014	Bank Al Habib Limited	2,500	10.35%	10.65% by Soneri Bank	7.500
	Faysal Bank Limited	1,000	10.30%	10.65% by Soneri Bank	3.500
Total					**164.55**

Neither management replied nor was DAC convened till finalization of report.

Audit recommends that responsibility be fixed for the loss.

25.5.23 Non-reconciliation of investments in ledger and annual accounts - Rs.48,704.00 million

GFR-23 states that every Government officer should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other Government officer to the extent to which it may be shown that he contributed to the loss by his own action or negligence.

In the annual accounts of KPT produced to audit the sum of amount invested and bank balances during the period 2009-17 was Rs.273,125.00 million. Whereas, in KPT ledgers sum of invested amount and bank balances were Rs.224,421.00 million.

Audit observed that there was a difference of Rs.48,704.00 million in the figures of annual accounts and ledgers. The year wise details are as under:

(Rupees in million)

Investment	Year	KPT annual A/c figure	KPT Ledger figure	Difference
Long Term	2009-10	25,070	14,678	10,392
Short term	2007-08	37,800	37,000	800
……do…...	2009-10	46,628	45,628	1,000
……do…...	2010-11	50,100	42,600	7,500
……do…...	2012-13	29,500	17,500	12,000
……do…...	2013-14	28,274	23,000	5,274
……do…...	2015-16	18,500	18,000	500
……do…...	2016-17	4,500	2,000	2,500
Bank Balance	2008-09	2,270	1,185	1,085
……do…...	2010-11	1,083	1,023	60
……do…...	2011-12	12,352	7,174	5,178
……do…...	2012-13	6,091	6,074	17
……do…...	2013-14	2,345	156	2,189
……do…...	2014-15	5,597	5,389	208
……do…...	2015-16	3,015	3,014	1
Total		**273,125**	**224,421**	**48,704**

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry to reconcile the amount and fix responsibility.

25.5.24 Delay in encashment of TDRs - Rs.23,107 million

GFR-15 states that every officer whose duty it is to prepare and render any accounts or returns in respect of public money or stores is personally responsible for their completeness and strict accuracy and their dispatch within the prescribed date.

Management of KPT invested their surplus funds in different banks during the financial years 2007-08, 2009-10 and 2012-13. Details are as under:

(Rupees.)

Date of Investment	Name of Bank	Investment	Rate	Principal along with interest	Bank of deposit in the record	Date mentioned in record
29.03.2008	Allied Bank Limited	1,000,000,000	10.25%	1,103,100,000	HBL	01.04.2009
29.02.2008	Bank Al-Habib	500,000,000	10.00%	550,136,986	HBL	31.01.2009
23.06.2008	National Bank of Pakistan	2,900,000,000	13.50%	3,291,000,000	NBP	19.06.2009
19.09.2009	Allied Bank Limited	500,000,000	12.00%	1,108,295,890	NBP	20.09.2010
19.09.2009	Allied Bank Limited	500,000,000	12.00%			
19.02.2013	Faysal Bank Limited	1,000,000,000	9.25%	1,009,468,493	HBL	26.04.2013

Audit observed that the TDRs after maturity were not deposited back into the bank from where the money was taken for investment resulting in undue favour to the banks where TDRs were placed.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends that matter be investigated.

25.5.25 Non-deposit of interest accrued on PIB - Rs.10,047 million

GFR-23 states that every Government officer should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other Government officer to the extent to which it may be shown that he contributed to the loss by his own action or negligence.

KPT made investment of Rs.10,047.357 million in the Pakistan Investment Bond during financial years 2007-17.

Audit observed that record pertaining to receipt and deposit of interest accrued on Pakistan Investment Bonds was not available with the management.

Neither the department replied nor was DAC convened

Audit recommends that matter be investigated.

25.5.26 Non-recovery of rent from the Oil Companies - Rs.820.497 million

Under clause 3 of the Contract Agreement the tenants shall promptly pay to the board or as the board may direct all rates, taxes, charges, assessments, duties, impositions and other outgoings whatsoever now or hereafter during the said term to become payable in respect of the premises or any part thereof or any buildings or erections built or to be built thereon, whether to the Board, government the Karachi Municipal Corporation or otherwise.

Clause 21(VI)(h) of the Contract Agreement states that in the event of the Tenants failing to pay any sum due under or in accordance with these presents the same may without prejudice to any other remedy open to the board and whether or not the rights of the tenants in the premises have been determined in the manner aforesaid, be recovered with interest thereon together with all expends of recovery at the rate of 6% of the amount of arrears summarily under the provisions of section 84 of the Karachi Port Trust Act,1886 or any other law for the time being in force.

KPT entered into lease agreement with oil companies on 13th March, 1973 with the lease period from 01.05.1966 to 30.09.1980. The lease periods were extended time and again. The last extension was made for twenty five years from 2005 to 2030.

As per record provided to audit huge amount was outstanding against different Oil Refineries and Oil Marketing Companies. Details are as under:

(Rupees)

Sr. No.	Company	Outstanding Amount	Deposit	Net outstanding
1	PSO	989,547,944	699,336,856	290,211,088
2	Shell Pakistan	703,885,907	492,571,649	211,314,258
3	PARCO	88,599,644	66,088,940	22,510,704
4	National Refinery	416,437,518	278,308,149	138,129,369
5	CALTEX	172,551,391	93,165,944	79,385,447
6	Pakistan Refinery	311,599,349	232,652,955	78,946,394
Total		**2,682,621,753**	**1,862,124,493**	**820,497,260**

Audit observed as under:

i. The companies did not sign the renewal of agreement in 1980 and 2005 after the expiry of original agreement.

ii. Management did not take legal action against the defaulting companies as required under Clause 21(VI)(h) of the Contract Agreement.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends legal action to ensure recovery of outstanding amounts.

25.5.27 Non-imposition of Liquidated Damages and overpayment to contractor - Rs.1,798.998 million

GFR-23 states that every Government officer should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other Government officer to the extent to which it may be shown that he contributed to the loss by his own action or negligence.

KPT awarded the construction work of Quay Wall of Pakistan Deep Water Container Port to M/s China Harbor Engineering Company and M/s Pemcom Geo Engineering Joint Venture on May, 2010 at tender cost of Rs.18,256,166,070 with foreign exchange component of Rs.4,564,041,518. The stipulated completion period was 36 months (i.e. by May, 2013). However, the work was completed on 15.12.2017 and detail of expenditure is as under:

(Rupees)

S. No	Description	As per KPT Management	Certified by consultant
1	The Total amount of work done certified by the consultant up to 55th IPC on 13.04.2019	24,504,045,524	24,360,590,628
2	Amount recoverable from the contractor	3,749,940,871	2,594,401,634
3	Net payable amount	20,754,104,653	21,766,188,994
4	Amount already paid	21,482,206,488	22,553,002,363
5	Balance payable/receivable	(1,798,897,710)	283,982,506

Audit observed as under:

i. The work was delayed for 4 years resulting in loss of royalty to KPT @ Rs.2.00 billion per year as the royalty for the year 2018 from the Pakistan Deep Sea Water Port was $ 16,698,765.

ii. Instead of imposing liquidated damages for four years delay in completion the contractor was paid Rs.219,317,029 as late payment charges and Rs.274,931,054 as escalation, whereas the extension was granted on the request of the contractor.

iii. The management overpaid Rs.1,798,897,710 to the contractor on plea of encashing performance guaranty of Rs.1,825,616,606 but the court issued stay order against that.

iv. The difference in the amounts calculated by the KPT and certified by the consultant has not been reconciled due to which the accounts of the project have not been closed even two years after completion.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry to fix the responsibility.

25.5.28 Irregular allotment of additional areas to KICT and non-recovery of charges - Rs.1,235.658 million

Section 18(2) of Karachi Port Trust Act, 1887, states that in case of every lease of immovable property for a term exceeding twenty-five years with an option to renew for a like period of twenty-five and, in the case of every sale or other transfer of any such property, the previous sanction of Government is required. Section 29(A) of the Act provided that the Board may lease out or assign any work to any other person, agency, on such terms and conditions as may be prescribed by the Federal Government.

Clause 8.2.1 of Amended Implementation Agreement dated 28.01.2005 Container Terminal at Karachi Port on berths No. 26, 27, 28, 29 and 30 between Karachi Port Trust (KPT) and M/s. Karachi International Container Terminal Operators (KICT) states that Handling, Marshalling and Storage Charges (HMS Charges) for containers/other specified cargo shall be payable by KICT to KPT at a unit rate of Rupees Four Hundred and eleven only (Rs.411) per square meter per annum in respect of the Site w.e.f 29.01.2005 and Rs.445 w.e.f 01.04.2005.

Rule 20 of Public Procurement Rule 2004 states that open competitive bidding should be adopted for the procurement of goods, services and works.

The KPT made an agreement on 01.06.1996 with M/s American President Lines and International Container Terminal Services Inc. to set up a common user Container Terminal at Karachi Port on the existing berths No. 22, 23, 24 and 24A, at

West Wharf which were renumbered as berths No. 28, 29 and 30 on a Build, Operate and Transfer (BOT) basis.

The contract was amended on 29.01.2005 and existing berths No. 22, 23, 24 and 24A at West Wharf (renumbered as Berths 28, 29 and 30) were replaced with Berths No. 26, 27, 28, 29 and 30 and terminal operator was re-named as Karachi International Container Terminal (KICT).

The KPT filed suit No.710/2007 against KICT in the Sindh High Court for recovery of HMS charges. The case was placed before the KPT board on 22.11.2011. The board vide Resolution No. 887 resolved as under:

"Why at the time of agreeing extension of KICT, this aspect was not kept in view and resolved. The General Manager P&D is to examine and give his report.

Audit observed as under:

i. The lease agreement with KICT regarding berths No.26 and 27 was made without adopting open competition. Their original lease agreement was for Berths No.28, 29 and 30 which was based on competitive basis and was limited to these Berths only.

ii. The management also placed an additional area of 24,932 sq. meters at the disposal of KICT.

iii. The original lease agreement was for 20 years commencing from 01.06.1995, which was extended to 21 years from the date of completion of third completion certificate i.e. 16.02.2009. Resultantly, the lease was changed for an extended period of 34 years commencing from 1st lease i.e. 01.06.1995 which was in violation of Section 18 (2) of Karachi Port Trust Act 1887.

iv. The KICT defaulted in the payment of HMS charges w.e.f. January, 2005 and there was an outstanding amount of Rs.1,235,658,770 against them up to 30.06.2019 as detail below:

(Rupees)

Period	Area	Rate	Amount
29.01.2005 to 31.03.2005	136222.4	411	9,510,190
01.04.2005 to 31.03.2008	136222.4	445	181,856,904
01.04.2008 to 31.03.2011	136222.4	511.75	209,135,440
01.04.2011 to 31.03.2014	136222.4	588.5125	240,505,756
01.04.2014 to 31.03.2017	136222.4	676.7894	276,581,619
01.04.2017 to 31.03.2020	136222.4	778.3078	318,068,862
		Total	**1,235,658,770**

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry to fix responsibility.

25.5.29 Non-recovery of HMS charges from PICT - Rs.797.569 million

The KPT entered into agreement with Premier Mercantile Services Pvt. Ltd Chundrigarh Road Karachi on 18.06.2002 for the development of existing berths No.6 to 9 at East Wharf on BOT basis.

Article 18 of implementation agreement states that all present and future Federal, Provincial, /applicable to TOC, its Contractors, sub-contractors, the Terminal, TOC employees and dock labor, or TOC's other assets shall be paid to TOC, its Contractors, sub-contractors and their employees and dock labor, respectively as the case may be in accordance with the requirements of the Laws of Pakistan. KPT will not assume any tax liability, whatsoever on behalf of TOC, nor will TOC assume any tax liability on behalf of KPT.

The Pakistan International Container Terminal (Limited) (PICT) started deducting property tax from the amount of HMS charges payable to KPT and also filed a suit No.827/2007 against the Excise and Taxation office, Karachi Sindh Government in the Sindh High Court. The Sindh High Court vide order dated 10.04.2015 directed to deposit MS charges payable to KPT from 14.07.2014 onward with Nazir of the High Court till the disposal of the suit.

The accumulated amount of outstanding HMS charges was Rs.720,031,484 since July,2014 as detailed below:

(Rupees)

S. No.	Area	w.e.f.	Amount.
1.	9697	July,14	38,033,882
2.	11330	July,15	46,223,538
3.	86871	July,15	356,612,571
4.	25510	July,15	87,700,272
5.	3898	July,15	16,018,199
6.	14682	July,15	60,702,044
7.	13093	July,15	54,382,535
8.	15430	July,15	55,893,589
9.	6260	July,15	23,765,682
10.	2352	July,15	8,752,600
11.	3659	July,15	14,989,472
12.	3675	July,15	14,510,802
13.	3620.85	July,15	13,746,323
14.	1495	July,15	6,238,453
		Total	**797,569,962**

Audit observed that amount deposited pertained to HMS charges instead of the disputed amount of property tax. KPT did not file any review appeal with the court for the recovery of amount and case was pending since 10.04.2015.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends filing of review petition and recovery of HMS charges.

25.5.30 Heavy expenditure on study to be completed by 16.05.2017 but remains incomplete till date - Rs.43.213 million

Para 10 (I & II) of GFR Volume-I states that 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. The expenditure should not be prima facie more than the occasion demands.

KPT awarded a consultancy contract to M/s National Engineering Service Pakistan (Pvt.) Limited (NESPAK) and M/s KPMG Taseer Hadi & Co. for conducting study titled "Establishment of Environmental Friendly Multi-Purpose Bulk Cargo Terminal" at East Wharf of Karachi on 06.09.2016. Total cost of the study was Rs.43,213,524 against which an amount of Rs.21,796,302 has been paid up to 27.08.2019.

Audit observed that:

i. The firms have failed to complete the study within stipulated period of time i.e. up to 16.05.2017 despite getting payment of Rs.21.796 million

ii. No penalty clause was included in the contract. Resultantly, no penalty could be implemented upon the firm despite delay of 898 days.

iii. Instead of getting the study completed within due date, another consultant Mr. Ahmed Rana was engaged by the KPT and expenditure of Rs.495,000 was incurred for the same purpose.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry to fix responsibility for awarding the faulty study contract.

25.5.31 Loss due to fixation of less rate of royalty - US$ 8.229 million (Rs.1,234.35 million)

Rule 20 of Public Procurement Rule 2004 states that open competitive bidding should be adopted for the procurement of goods, services and works.

The KPT made an agreement on 01.06.1996 with M/s American President Lines and International Container Terminal Services Inc., to set up a common user Container Terminal at Karachi Port on the existing berth Nos. 22, 23, 24 and 24A, at West Wharf which were renumbered as berth Nos. 28, 29 and 30 on Build, Operate and Transfer (BOT) basis.

Under clause 8.1.1 of implementation agreement dated 01.06.1996 the contractor will pay royalty @ 15% of its printed / published container loading/unloading charges. If the TOC handled containers in excess of 400,000 per year the royalty will be 20% of printer/published charges up to 450,000 and 25% from 450,000 to onward.

The contract was amended on 29.01.2005 and existing Berth Nos. 22, 23, 24 and 24A at West Wharf (renumbered as Berth Nos. 28, 29 and 30) were replaced with Berth Nos. 26, 27, 28, 29 and 30 and terminal operator was re-named as Karachi International Container Terminal (KICT). The rate of royalty was fixed as US$ 13.02 per move with 5% indexation after every three years and 1st indexation will be made five years after the date of 3rd completion on 16.02.2009. BOG vide resolution No. 426 dated 30.06.2010 approved the date of completion.

The management placed an additional area of 24,932 sqm at the disposal of KICT without open tender and also extended the original lease agreement of 20 years to 34 years in violation of Section 18 (2) of Karachi Port Trust Act 1887.

Audit observed that at the date of approval of Board Resolution i.e. 30.06.2010, two contract agreements with two other TOCs were available whose rates of royalties were higher than approved. Details are as under:

1. With PICT dated 18.06.2002 the rate of royalty was US$ 13.167 on 30.06.2010.
2. With SAPT dated 8.11.2007, the rate of royalty was US$ 28 w.e.f 2018. It was the fresh rate received through open tender which was double of the rate agreed with KICT.

The comparison with SAPT is as under:

(Amount in US$)

Period	SAPT US$	KICT US$	Difference	Move	Loss US$
2018-19	28	14.355	13.645	647074	8,829,325

The comparison with PICT is as under:

(Amount in US$)

Period	PICT rate	KICT rate	Difference	Move	Loss
July,16 to Feb,17	14.52	13.671	0.849	463,068	393,145
March,17 to June,17	14.52	14.355	0.165	210,051	34,658
July,17 to March,18	14.52	14.355	0.165	433,498	71,527
Apil,18 to June,18	15.25	14.355	0.895	139,380	119,912
July,18 to June,19	15.25	14.355	0.895	647,074	579,131
Total					**1,198,373**

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry to fix responsibility besides recovery of loss.

25.5.32 Non-recovery/adjustment of rent from SAPT - U$ 55.264 million (Rs.8,289.600 million)

KPT entered into agreement with Hutchison Port Holdings Limited Company incorporated in the British virgin Ireland on 08.11.2007 to set up a common user container terminal at Pakistan Deep Water Container Port (PDWCP) on a build operate transfer basis. Clause 8.2.1 of the agreement states that lease rent for the site payable by TOC to KPT shall start at a minimum unit rate of Dollars 12.00 (twelve dollars) per square meter per annum.

Clause 8.2.2 of the agreement states that lease rent payments are shown in schedule 13 and they show a compounded escalation calculated at a rate of fifteen percent (15%) at the end of every 3 years based on the immediately preceding rental payment. The starting date of the first three years escalation will be on third anniversary of the possession date.

Audit observed that the management neither recovered nor adjusted the rent due from the date of possession. The management did not include the default clause (delaying charges clause) in the lease agreement.

(Amount in US$)

S. No	Area	Area as per Survey Sq. Meter	Date of Possession	Period	Rent US$
1	Site Preliminary	152,409.22	01.12.2010	Dec,10 to Nov,16	10,973,464
				Dec,16 to 21.04.17	711,521
				22.04.17 to 21.04.20	6,309,742
2	Phase 1A	148,708.683	22.04.2014	22.04.14 to 21.04.17	5,353,513
				22.4.17 to 21.04.20	6,156,539
3	Phase 1A (coal)	24,315.832	05.03.2018	May,18 to May,20	671,117
4	Phase 1B	157,478.667	18.12.2014	18.12.14 to 21.04.15	641,995
				22.04.15 to 21.04.17	3,779,488
				22.04.17 to 21.04.20	6,519,617
5	Phase 1C	187,457.472	21.09.2016	21.09.16 to 21.04.17	1,306,553
				22.04.17 to 21.04.20	7,760,739
6	Phase 1D	184,052.594	01.01.2018	Jan,18 to Dec,20	5,079,852
				Total	**55,264,140**

Neither management replied nor was DAC convened till finalization of report.

Audit recommends recovery of rent from date of possession till date.

25.5.33 Non-recovery of rent from M/s Spathodia International - Rs.55.537 million

Para 125 of the Manual of the Estate Department of KPT states that if tenants fail to make payment the authorized officer shall cause to recover the dues in any one or more of the following manner.

i. By stopping the transaction of the tenants with the Board.

ii. By adjusting the outstanding amount from any amount due to the tenants.

iii. By taking action under Section 84 of the KPT Act for the recovery of the amount due or through civil suit or under any other law for the time being in force.

iv. By recommending cancellation of allotment to the Board, if the tenant is persistent defaulter.

The Chairman, KPT allotted the Plot No. 5-C & 17-C, (measuring 1622 and 1505 sq. meters) Misc. Area at M.T Khan Road to M/s Spathodia International (Pvt.) Limited in 1989 directly without auction/tender. KPT Board vide B.R No. 814 dated 10.04.1994 cancelled the allotment due to nonpayment of KPT rental charges.

After cancellation of plots by KPT, party filed civil suit No. 32/94 in the Honorable High Court of Sindh. Case was dismissed vide Court order dated 24.12.2003. Party filed CA-08/2004 against Court Order.

Legal Adviser vide letter dated 20.01.2007 informed that in the event of failure to pay aforesaid rent, injunction in their favour shall stand automatically vacated. Thus, on the advice of Legal Adviser, possession of plot 5-C and 17-C were taken over by KPT on 22.01.2007.

The Honorable Court of 1st Session Civil Judge passed the judgment/decision dated 13.02.2012 and ordered that the suit is dismissed. The party again filed appeal bearing No. 49/12 against the order dated 13.03.2012 which is still subjudice.

Party vide letter dated 16.05.2012 requested for out of Court settlement, as well as restoration of allotment and extension in lease period for 25 years to 99 years. The department issued letter dated 01.06.2012 to the party for meeting.

KPT Board vide B.R No. 67 (Item No. II) dated 30.08.2012 sanctioned out of court settlement for restoration of Plot No. 5-C & 17-C and extension from 25 years to 99 years with the condition that the party viz M/s Spathodia International (Pvt.) Limited shall clear the entire outstanding dues amounting to Rs.21,206,229 in respect of plot No. 5-C and amounting to Rs.19,657,695 in respect of Plot No. 17-C. (inclusive of outstanding dues and interest amount for the period up to 30.06.2012).

Audit observed that possession of the plot remained with the KPT from 22.01.2007 to September, 2012 but the plot was not leased out through open auction.

Audit further observed that no agreement was executed with M/S Spathodia International (Pvt.) Limited. The possession was handed over to the tenant without receiving outstanding rent of Rs.55,537,897 for the period 01.01.2004 to 31.12.2019. The present status of the plot is still not available on record.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry to fix responsibility besides recovery.

25.5.34 Non-recovery of rent from M/s Delta Innovations Rs.33.816 million

Para 125 of the Manual of the Estate Department of KPT states that if tenants fail to make payment, the authorized officer shall cause to recover the dues in any one or more of the following manner.

i. By stopping the transaction of the tenants with the Board.

ii. By adjusting the outstanding amount from any amount due to the tenants.

iii. By taking action under Section 84 of the KPT Act for the recovery of the amount due or through civil suit or under any other law for the time being in force.

iv. By recommending cancellation of allotment to the Board, if the tenant is persistent defaulter.

The KPT Board sanctioned allotment of Plot No. 65, (measuring 2,481.16 Sq. meters) at Estuary of River Lyari, Mauripur Road, Karachi to M/s Delta Innovations (Pvt) Limited on 21.03.2001 at initial rate of Rs.55.10 per Sq. meter for a period of 25 years w.e.f. 21.03.2001 vide its Resolution No. 307 dated 28.02.2001.

The lease of the plot was cancelled by the KPT Board vide B.R No. 92 dated 22.01.2015 by rejecting the request of the allottees M/s Delta Trading for transfer and directed to vacate the plot.

Audit observed that despite cancellation, the possession of the plot was not taken over by the KPT management. As per lease rent bill issued in July, 2019 an amount of Rs.33,816,847 was outstanding.

Audit further observed that the PSF was unable to safeguard its property as KPT (Estate Department) letter dated 17.03.2017 revealed that an illegal occupant Mr. Jalal Din had occupied the plot and started dumping containers and removed the partitioning wall between Plot No. 64 & 85.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends that possession of the plot be gained beside recovery.

25.5.35 Non-recovery of rent from Al-Murtaza Limited and encroachment of plot - Rs.17.784 million

Para 125 of the Manual of the Estate Department of KPT states that if tenants fail to make payment the authorized officer shall cause to recover the dues in any one or more of the following manner.

i. By stopping the transaction of the tenants with the Board.

ii. By adjusting the outstanding amount from any amount due to the tenants.

iii. By taking action under Section 84 of the KPT Act for the recovery of the amount due or through civil suit or under any other law for the time being in force.

iv. By recommending cancellation of allotment to the Board, if the tenant is persistent defaulter.

The KPT allotted Plot No. 41 & 42, at Oil Installation Area Kaemari, Karachi measuring 11442 Sq. meters (5452+5990) to M/s Al-Murtaza Ltd. on 28.01.1990 at initial rate of Rs.142 per Sq. meter for a period of 25 years from the date of 23.01.1990.

Audit observed that the tenant did not pay the rent from 28.01.1990 to 16.12.1998 amounting to Rs.17,784,591. KPT filed suit for recovery of dues and forfeiture of security deposit in which an interim order was passed in favor of KPT.

However, the said plot was encroached by unauthorized persons and no legal action was taken by the management.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends taking over the possession beside the recovery of rent.

25.5.36 Undue favor by extension of lease and Violation of agreement by M.E.C. Developers - Rs.8.385 million

Para 125 of the Manual of the Estate Department of KPT states that if a tenant fails to make payment the authorized officer shall cause to recover the dues in any one or more of the following manner.

i. By stopping the transaction of the tenants with the Board.

ii. By adjusting the outstanding amount from any amount due to the tenants.

iii. By taking action under Section 84 of the KPT Act for the recovery of the amount due or through civil suit or under any other law for the time being in force.

iv. By recommending cancellation of allotment to the Board, if the tenant is persistent defaulter.

The KPT allotted Plot No. 5, Miscellaneous Area, Bunder Road, Kemari, Karachi measuring 2146 Sq. meters to M/s. M.E.C. Developers & Builders (Pvt.) Ltd. for a period of 25 years w.e.f. 16.11.1976 to 31.01.1999 at initial rate of Rs.90 per Sq. meter.

Audit observed that KPT Board on 22.09.1993 sanctioned the transfer of plot and approved the plots to be used for flats, offices and shops without keeping into view that only six years of lease were left in expiry on 31.01.1999.

Audit further observed that lessee violated the building plan by reducing the shop area to increase the number of shops and constructed additional stories. Due to lack of binding clause, tenants did not pay the rent of Rs.8,385,928 from 01.07.2005 onwards.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry to fix responsibility besides recovery.

25.5.37 Procurement of items and repair of ships without tendering - Rs.184.469 million

Rule 12(2) of PPRA, 2004 states that all procurement opportunities over two million rupees should be advertised on the Authority's website as well as in other print media or newspapers having wide circulation. The advertisement in the newspapers shall principally appear in at least two national dailies, one in English and the other in Urdu.

KPT incurred an expenditure of Rs.184.469 million on repair & maintenance of ships and procurement of different items during 2018-19. Details are as under:

(Rupees in million)

S. No	Description	Amount
1	Repair of THSD AUL	31.530
2	Purchase of C.C Paver 80mm	9.097
3	Purchase of Paint	6.400
4	Dietary Items for Hospital	3.932
5	Civil Works	138.510
Total		**189.469**

Audit observed that the expenditure was incurred without calling open tender and purchase orders were split up to avoid calling of open tender.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry to fix responsibility.

25.5.38 Hiring of Private Laboratory without open tender Rs.21.356 million

Rule 12(1) of the Public Procurement Rules, 2004 states that procurements over one hundred thousand rupees and up to the limit of two million rupees shall be advertised on the Authority's website in the manner and format specified by regulation by the Authority from time to time. These procurement opportunities may also be advertised in print media, if deemed necessary by the procuring agency.

The KPT management hired the services of Dr. Essa Laboratory & Diagnostics Center, Karachi on 26.03.2012 for the pathological tests of the patients in KPT hospital. The total amount paid during 2014-19 was Rs.21,356,854.

Audit observed that the same test facilities were also available in the KPT hospital but were hired externally without open tender.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends that responsibility be fixed and practice be discontinued.

25.5.39 Irregular procurement of medicines - Rs.107.161 million

Rule 10 of Public Procurement Rules 2004 states that specifications shall allow the widest possible competition and shall not favour any single contractor or supplier nor put others at a disadvantage. Specifications shall be generic and shall not include references to brand names, model numbers, catalogue numbers or similar classifications. However, if the procuring agency is convinced that the use of or a reference to a brand name or a catalogue number is essential to complete an otherwise incomplete specification, such use or reference shall be qualified with the words "or equivalent".

KPT invited tender for purchase of medicines on 03.05.2018 mentioning the brands names of medicines. Total 25 firms participated but none of the firm quoted the rates for medicines which had been quoted by other firms. Therefore, no comparative statement was drawn. The quoted rates were accepted and supply orders were issued to all the firms. The total expenditure incurred during the year was Rs.107,161,746.

Audit observed that generic specification was not mentioned in the tender documents which avoided economical competitive rates. Specifying the brand names helped all firms to get technically qualified without competitive bidding.

Audit further observed that in addition to procurement from the above 22 selected firms, management also purchased medicines from M/s. Taj Medicos Karachi amounting to Rs.127.097 million (45% of the total annual procurement of medicines).

Neither management replied nor was DAC convened till finalization of report.

Audit recommends that responsibility be fixed.

25.5.40 Un-necessary expenditure on hiring of vehicles for pilots - Rs.12.304 million

GFR 10 (ii) states that the expenditure should not be prima facie more than the occasion demands.

KPT provided fifteen vehicles including one Hiace Van for Deputy Conservator, Harbor Master, Pilots and other employees in their offices. Detail is as under:

S. No	Vehicle No.	Model	User
1	GP8533	Toyota Corolla	Traffic manager
2	GP8537	Toyota Corolla	Deputy Conservator
3	GA-8957	Toyota Corolla	Harbor master
4	GA-9858	Toyota Corolla	Dock Master
5	GP-7722	Suzuki Cultus	Deputy Harbor master
6	GP-2011	Suzuki Cultus	Deputy traffic manager
7	GP-7714	Suzuki Cultus	Deputy Traffic manager
8	GP-7624	Suzuki Alto	Deputy traffic manager
9	Gp-5682	Toyota Van	For pilot
10	BGN-657	Suzuki Cultus	For pilot
11	GP-7717	Suzuki Cultus	For pilot
12	GA-5793	Suzuki Cultus	For pilot
13	GS-4633	Mitsubishi Van	Port department
14	GP-7727	Toyota single cabin	Port department
15	GA-8886	Toyota pick up	Port department

Audit observed that despite above designated vehicles, KPT paid an amount of Rs.8.236 million during 2017-18 and Rs.4,068,000 to M/s United Transport Services Karachi on account of hiring of 02 Suzuki Cultus vehicles @ Rs.339,000 per month for pick and drop of harbor pilots during the year 2018-19.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends to stop the practice beside recovery.

25.5.41 Violation of maximum utilization period of rented pilot boats - Rs.29.491 million

The KPT management entered into agreement with M/s Seamax Marin Services, Karachi for hiring of pilot boats on 24.09.2016 which was extended up to June,2019. As per clause 3 of the agreement, the Board shall pay for the operational use of the pilot boat at the rate of Rs 59,786 per day assessed at about 200 days per year.

In a query by the Ministry of Maritime Affairs for placing an advertisement in press for hiring of chartered boat, it was replied by the KPT that the boat would be hired on as and when required basis. Chairman, KPT approved for hiring of the pilot boat on charter basis "As and When Required".

KPT paid an amount of Rs.63.632 million on account of rent of the hired pilot boat during the year 2016-19.

Audit observed that the management violated the maximum utilization period of 200 days in a year which resulted into excess expenditure of Rs.10,422,916 (Rs.34,337,316 - Rs.23,914,400) during 2017-18. As per payment record the management used the rented boats for 668 days without any break during 2016-18 despite having its own two operational boats (Zohra and Marvi) on which the expenditure incurred was Rs.34.337 million.

Audit further observed that during May, 2018 to August, 2018 all the three boats owned by KPT were out of order and only one rented boat was meeting the requirements full time. But when two boats of KPT became operational after repair i.e. Marvi in September, 2018 and Zuhra in December, 2018, the management continued to use the third rented boat for 306 days incurring expenditure of Rs.18.295 million.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends that responsibility be fixed.

25.5.42 Mis-procurement of 04 Quick Response Boats - Rs.13.959 million

Rule-30 (1) of the PPRA Rules, 2004 states that all bids shall be evaluated in accordance with the evaluation criteria and other terms and conditions set forth in the prescribed bidding documents. Save as provided for in sub-clause (iv) of clause (c) of rule 36 no evaluation criteria shall be used for evaluation of bids that had not been specified in the bidding documents.

Rule-31 (1) of the PPRA Rules, 2004 states that no bidder shall be allowed to alter or modify his bid after the bids have been opened. However, the procuring agency may seek and accept clarifications to the bid that do not change the substance of the bid.

The KPT invited open tender on 27.12.2017 for procurement of four Quick Response 4 Stroke Boats (2x85=170 HP) of recognized brand of Japan/USA for Port Security Force. The letter of intent was issued to M/s Business and Engineering Trends Karachi on 17.08.2018 being the lowest bidder quoting Rs.13.959 million.

Audit observed that the requisite boats of given specification in tender documents were not supplied by the firm and supplier provided a different model i.e. F90B.

Audit further observed that the Port Security Force vide their letter dated 26.03.2019, pointed out severe defects in boats but the defects were not removed by the firm.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry to fix the responsibility.

25.5.43 Wasteful expenditure on repair of non-operational BHD Ali Dredger - Rs.1,281.185 million

GFR-10 states that 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. The expenditure should not be prima facie more than the occasion demands.

The dragger BHD Ali went out of order in March 2014 and management incurred expenditure on its repair through the foreign and local vendors as detailed below:

S. No	Contractor	Contract Value	Amount advanced	Date of Advance	Completion period / date	Penalty rate
1	M/s Keller Gear Box and Pump	Euro 1,480,905	Euro 370,226	15.11.2015	16.08.2016	1% per month
			Euro 370,226	12.12.2015		
			Euro 370,226	22.12.2015		
2	M/S KS&EW	Rs.144,058,722	Rs.70,008,222	04.12.2018		10 %
3	M/s Keller Gear Box and Pump	Euro 2,139,321	Euro 2,139,321	13.08.2018		

Audit observed that inspite of the expenditure of Euro 3,620,226 and Rs.144,058,722, the ship was still un-operational.

Audit further observed that management neither recovered penalties from vendors for delay nor adjusted advances. The whereabouts of old parts replaced and the new parts purchased but not installed were also not made known

Neither management replied nor was DAC convened till finalization of report.

Audit recommends recovery of penalty besides fixing responsibility.

25.5.44 Loss due to supply of 300,000 liter POL to non-operational Dredger BHD(Ali) - Rs.25.769 million

GFR-23 states that every Government officer should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other Government officer to the extent to which it may be shown that he contributed to the loss by his own action or negligence.

Dredger engineer of Back Heu Dredger (BHD)Ali reported on 26.03.2014 that the Dredger was non-operational. He submitted the break down report and work order vide no. 4400/448 dated 26.06.2014. Resultantly technical team inspected the ship and submitted its report. Work order for the supply of POL was issued and equipment were imported but not installed due to technical problems. When ship was under repair and on the bay, the electric supply was provided from the berth outside instead of running the generator of ship.

Audit observed that management issued eight supply orders for the supply of POL worth Rs.25,768,961 w.e.f. 15.09.2014 to 28.11.2018 whereas the dredger was non-operational and electric connection was provided to such ship from the port.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends investigation to fix responsibility.

25.5.45 Unauthorized expenditure on repair of Ship TSHU ABUL from KS&EW - Rs.724.013 million

Para 213(5) of the GFR states that advances made for public expenditure will be held under objection until a detailed account duly supported by vouchers is furnished in adjustment of them.

Rule 668 of FTR Vol-I states that advances granted under special orders of competent authority to Government officers for departmental or allied purposes may be drawn on the responsibility and receipt of the officers for whom they are sanctioned, subject to adjustment by submission of detailed accounts supported by vouchers or by refund, as may be necessary.

Clause 6 of the MoU between and KS&EW state that on late completion of work a penalty of @ 1% per week for first two weeks and @ 3.5% per week for the remaining period of delay. Max up to the 10% of the contract value will be recovered from the payment to be made to the KS&EW.

The KPT management awarded the work for repair of TSHD ABUL to M/s KS&EW on 26.03.2016 with stipulated date of completion as 02.08.2016. The total contract amount was Rs.1,018,968,653. Against the order, the KS&EW sent a draft bill for Rs.724,013,688 showing the advance payment received as Rs.706,766,011. The management provided an unsigned statement of expenditure that revealed the details as under:

Total Expenditure	Tariff	Non-Tariff	Not specified as tariff or Non-tariff
724,068,727	95,609,100	200,255,495	428,204,132

Audit observed that:

i. The work was awarded without tendering.

ii. The proper signed invoice of the vendor showing actual expenditure with detail of tariff and non-tariff items and service charges was not provided.

iii. The actual period of repairs i.e. logbook of the ship showing the inward and outward journey to the repairing site was not available.

iv. Income tax was not deducted at source and item wise GST and Sindh Sales Tax was not paid.

v. The claim was not finalized even after laps of three years of completion of work.

vi. The variation statement prepared after the completion of work showing the parts replaced was not available in the record.

vii. The audit certificate by DG Audit Defence Services South, Karachi showing the expenditure had been audited by them was not received.

viii. The whereabouts of old parts replaced and new parts purchased but not installed was not known.

ix. The penalty on late completion of work not charged as per clause 6 of MoU signed between KPT and KS&EW 1997.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry to fix responsibility.

25.5.46 Irregular expenditure on repair of Crafts - Rs.112.020 million

Para 213(5) of the GFR states that advances made for public expenditure will be held under objection until a detailed account duly supported by vouchers is furnished in adjustment of them.

Clause 6 of the MoU between and KS&EW states that on late completion of work, a penalty @ 1% per week for first two weeks and @ 3.5% per week for the remaining period of delay, maximum up to the 10% of the contract value will be recovered from the payment to be made to the KS&EW.

The KPT management made payments to KS&EW for the repair of its crafts during the year 2018-19. Detail is as under:

(Rupees)

S. No	Name of Craft	Contract amount	Advance amount	Payment
1	MT Sohrab	137,143,153	36,321,458	36,321,458
2	FB Surkhab-II	41,349,031	10,658,076	10,658,076
3	SHB Sehwan	30,561,819	7,598,800	19,080,310
4	MT Shehzor	26,617,518	12,510,902	14,462,912
5	FB ARFA Karim	32,327,005	8,086,817	31,497,279
			Total	**112,020,035**

Audit observed as under:

i. The amount of penalty on late completion of work has not been recovered as per clause 6 of MoU signed between KPT and KS&EW 1997.
ii. The invoice of the vendor showing actual expenditure with detail of tariff and non-tariff items and service charges with sales tax detail was not provided.
iii. The actual period of repairs i.e. logbook of the ship showing the inward and outward journey to the repairing site was not available.

iv. Income tax was not deducted at source and item wise GST and Sindh Sales Tax were not paid.

v. The claim was not finalized even after laps of three years of completion of work.

vi. The variation statement prepared after the completion of work showing the parts replaced was not available in the record.

vii. The audit certificate by DG Audit Defence Services South, Karachi showing the expenditure had been audited by them was not received.

viii. The whereabouts of old parts replaced and new parts purchased but not installed were not known.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry to fix the responsibility.

25.5.47 Less recovery of auction amount of VSP Sindhbad (Tug) - Rs.4.200 million

GFR 23 states that every Government officer should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other Government officer to the extent to which it may be shown that he contributed to the loss by his own action or negligence

KPT called open tender for the auction of Sindhbad (tug) on 17.02.2018 on the direction of Board Resolution 181(Item Vi) dated 15.01.2018. As per terms and conditions of tender document, the bidder shall deposit earnest money equal to 5% of their quoted price.

Three firms participated in the bidding process and the highest rate quoted from M/s Gull Metal detail is as under:

(Rupees)

S. No.	Name of the firm	Total bid value	5% Earnest Money
1.	Standard steel mills	9,000,000	500,000
2.	Gull Metal (Pvt) ltd.	21,800,000	1,300,000
3.	Sosafe Traders	10,005,000	772,000

Audit observed that as per earnest money deposited (Rs.1300,000) the amount of quoted price comes to Rs.26.00 million whereas the amount shown in the comparative statement was of Rs.21.800 million which resulted into less recovery of

Rs.4.2 million. Further, there was over writing on the figures quoted in the bids submitted.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry to fix responsibility.

25.5.48 Non-implementation of inquiry recommendations regarding irregularities in repair maintenance of Dry Dock at Manora - Rs.197.318 million

The ministry of Maritime Affair conducted inquiry on repair and rehabilitation work of Manora Dry Dock in 2018. Facts given in the reports are as under:

The consultancy was awarded to M/s Umar Munshi Associates and agreement was signed on 10.10.2008 with the following stages.

Stage-1 Feasibility study report within 3 months.

Stage-2 Supervision of immediate nature of work 6 months.

Stage-3 Detail design and Supervision 12 months.

The work order for construction was issued on 14.01.2010 to M/s Muhammad Ayub and Brothers. Contract was signed on 02.03.2010. Only 20% work was completed up to the planned day of completion i.e. 05.04.2011.

The contractor filed suit on 31.01.2012 and court directed neither to encash the performance bond nor hand over the work to new contractor. The out of court settlement was made with contractor on 20.11.2012. Only 30% work was completed up to 28.07.13. When it was observed by the management that technical specifications were not clearly mentioned, the services of contractor were terminated and a notice was issued for payment of Rs.18,468,450 as claim of damages.

Though the P& D department of KPT issued substantial completion certificate on 01.09.2015 to the contractor, the end user i.e. the CM&EE department did not take over the Dry Dock and in the meantime the defect liability period of the contract expired on 31.07.2016.

The finance department of KPT issued notice for encashment of bank guarantee against which Sindh High Court issued stay order on 24.02.2017. KPT also filed suit in 2017 against the consultant for recovery of damages. Both the cases are subjudice.

The findings of the inquiry were as under:

1. The work was delayed due to incomplete specifications for which the consultant was responsible. The appointed consultant lacked the required expertise and skills in preparation of specification of work, BOQ and subsequent supervision. Therefore, the KPT officers who made the appointment of consultant were responsible for the wasteful expenditure of Rs.17.740 million made to the consultant up to 01.08.2013 and Rs.179.578 million made to the contractor on 01.08.2013.
2. The project was abnormally delayed which resulted into loss to KPT due to sheer negligence of KPT management to ensure the smooth execution of the project. Dearth of the vision regarding availability of mechanical and technical staff, lack of coordination and absence of team work resulted into devastating delay.
3. The P&D department of KPT issued Substantial Completion Certificate in 2015. But the user department CM&EE did not take over the possession.
4. The project repair of Dry Dock Manora was a victim of sheer misconception and mismanagement.
5. The working strength of the CM&EE department needs revision by taking the manpower of relevant qualification and abolishing the irrelevant post.

Audit observed as under:

i. The contractor did not complete the work up to stipulated date of completion i.e. 05.04.2011 but management neither recovered the delaying charges from the contractor nor encashed bank guarantee of Rs.20.300 million and waited for eight months when he obtained stay order in court.

ii. Management did not take any administrative action against officers held responsible as a result of inquiry.

iii. Due to the minor deficiencies in the work, the repair work was not started in the Dry Dock of the small craft till October,2019.

iv. The salary expenditure of CM&EE department (Rs.3,113.526 million) was 31% of the total establishment expenditure and more than any other department of KPT but 90% of the repair work was got done from the out sources.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends that action be taken as per recommendations of inquiry report.

25.5.49 Over consumption of POL in Tugs 368361 liters

GFR-23 states that every Government officer should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other Government officer to the extent to which it may be shown that he contributed to the loss by his own action or negligence.

KPT used its six tugs during the year 2018-19.

Audit observed that consumption per act in different months were different resulting in over consumption of 368361 Liters fuel as worked out by audit on the basis of lowest average consumption for same ship. Details are at Annexure 25-B.

The log books of the ships (Tugs) were also not provided for scrutiny.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends that responsibility be fixed.

25.5.50 Over consumption of POL in Pilot boats 112248 Liter

GFR-23 states that every Government officer should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other Government officer to the extent to which it may be shown that he contributed to the loss by his own action or negligence.

KPT used its two boats Marvi and Zuhra and one boat hired from M/s Cimex during the year 2018-19.

Audit observed that consumption per act in different months were different resulting in over consumption of 1122481 litters fuel as worked out by audit on the basis of lowest average consumption for same boat. Details are at Annexure 25-C.

The log books of the boats were also not provided for scrutiny.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends that responsibility be fixed.

25.5.51 Non-recovery of KPT charges from sales proceeds of auctioned goods - Rs.771.469 million

Section 38 of the Karachi Port Trust Act, 1886 states when government appoint, under the provisions of any Act for the levy of sea custom duties, any wharf, quay, stage, jetty, pier, warehouse or shed or portion provided under this Act for the use of seagoing vessels to be wharf for the landing or shipping, or a warehouse for the storing of goods within the meaning of such Act, the Board shall set apart, maintain and secure on in such wharf, quay, stage, jetty, pier warehouse or shed such portion thereof or place therein, or adjoining thereto, for the use of the officers of customs as the federal Government approves or appoints in that behalf.

The Collectorate of Customs East and West Karachi disposed of unclaimed goods through open auction during 01.05.1987 to 21.03.2019. Details are as under:

(Rupees)

Period	Wharf	Auctioned amount	KPT Share	Amount Received	Receivable
01.05.87 to 28.02.13	East	1,188,042,864	475,217,146	78,871,795	396,345,350
29.09.13 to 27.01.18	East	404,802,208	161,920,883	61,973,684	99,947,196
07.01.2000 to 21.03.2019	West	644,765,784	429,843,856	154,666,655	275,177,201
Total		**2,237,610,856**	**1,066,981,885**	**295,512,134**	**771,469,747**

Audit observed that Collectorates of Customs did not pay to KPT the share of sales proceeds of Rs.771,469,747.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends recovery of the KPT share.

25.5.52 Non-recovery of storage charges of unclaimed 1400 lots - Rs.12,152 million

Section 50A (1 & 2) of the Karachi Port Trust Act, 1886 states that when delivery of goods placed in the custody of the Board is not claimed by the owner before the expiration such period as may be prescribed by by-laws made under this Act, the Board shall cause a notice to be served upon the owner requiring him to remove the goods within such period as may be specified in the notice. Such notice shall be published and served in the manner prescribed in paragraph 2, 3, and 4 of the Section, but where the owner is not known, or the notice cannot be served upon him

or he does not comply with the notice, the Board may sell the goods by public auction after the expiration of thirty days from the date on which such goods were place in the custody of the Board as may be prescribed by by-laws made this Act.

KPT reported to audit that they had 1400 lots of 69734 Kg weight for the period from 1973 to 2019 in their store. Details are as under:

(Rupees)

Wharf	S. No.	Details	Total		Storage Charges
			Lots	PKGS	
East	1	General Cargo Storage Charges	529	32332	2,687,680,236
	2	Container Storage Charges	176	303	2,850,899,690
	3	Afghan Cargo Storage Charges	66	13932	2,683,161,294
	4	Personal effect Storage Charges	86	797	29,561,684
	5	Govt. Cargo Storage Charges	25	362	23,555,833
	6	Diplomatic Goods (Excluding Diplomatic Bonds) Storage Charges	23	55	92,367,827
West	7	General Cargo Storage Charges	495	21953	3,784,848,885
	8	General Cargo (Wharfage Charges)	0	0	797,232
	Total		**1400**	**69734**	**12,152,872,681**

Audit observed that unclaimed goods were not sold resulting in outstanding of storage charges of Rs.12,152,872,681. The unclaimed goods were rusting and deteriorating besides occupying the space and causing allied expenses.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends that matter be taken up with FBR for the auction of store and recovery of storage charges.

25.5.53 Non-recovery of dues from Government departments and agencies - Rs.1,490.830 million

Section 39 of Karachi Port Trust Act, 1886 states any wharf, quay, stage, jetty, pier warehouse or shed or portion thereof has, under provisions of the last section, been set apart for the use of the officers of customs and other government departments or functionaries all dues, rates, tolls, charges and rents, including charges on account of use of utilities like electricity, water and telephone, payable under this Act, in respect thereof, or for the use thereof, or for the storage of goods there in, shall be paid and be payable to the board or to such persons as they appoint to receive the same.

KPT had receivables amounting to Rs.1,490,830,204 against "43" different Government departments and agencies out of which Rs.1,076.868 million was against WAPDA.

Audit observed that outstanding amount against Government agencies up to 30.06.18 was Rs.1423.444 million which increases by Rs.67.386 million every year.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends effective efforts to recover the dues.

25.5.54 Overstatement of income - Rs.1,405.875 million

GFR-15 states that every officer whose duty it is to prepare and render any accounts or returns in respect of public money or stores is personally responsible for their completeness and strict accuracy.

The Chief Account Officer of KPT maintained the receipt record from different sources for the year 2018-19.

Audit observed as under:

i. The revenue figures provided by various departments of KPT were Rs.1,405.875 million less than the figures provided by CAO as under;

(Rupees in million)

S. No	Department	CAO Figure	Departmental Figure
1.	Cargo Handling	9,259.34	8,239.907
2	Ship Movement	8,577.47	8,093.753
3.	Property Management	1,052.40	1,149.675
	Total	**18,889.21**	**17,483.335**

ii. The Chief Account Officer had no supporting record of its figures.

iii. The revenue of ship movement worked out by audit, on the basis of the information provided by the management, was Rs.7,560.610 which was even less than the figures of ship movement department.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends investigation in the matter.

25.5.55 Overpayment on account of pension - Rs.1,131.138 million

Section 22 of KPT Act,1986 states that the board may with the prior approval of Federal Government frame regulation for fixing pension etc. for determining any of said officers and servants and if so which of them shall retirement received pension gratuities or compassionate allowance and condition under which such pensions, gratuities or compassionate allowances shall be payable.

There were no any approved governing rules for the Pension fund and KPT was following government pension rules where the commutative value of pension is allowed only 35% of the gross pension. The management of KPT made payments on account of pension during the year 2018-19 as detailed below:

(Rupees)

S. No	Description	Amount
1.	Commutated value of Pension	1,564,313,422
2.	Monthly Net Pension (Non-Gazetted)	5,054,137,156

Audit observed as under:

i. The payment was made by commuting 50% of the gross pension instead of 35%, resulting in overpayment of Rs.469,294,026

ii. 10% additional pension was allowed for the period from 31st to 35th year, resulting in an overall increase of 10% in commutations, hence an overpayment of Rs.156.431 million and Rs.505.413 million was made on account of commutation and net pension to the employees retired during 2018-19.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends revision of pension cases and recovery of overpaid amount.

25.5.56 Variation in the expenditure of KPT - Rs.5,035.859 million

GFR-15 states that every officer whose duty it is to prepare and render any accounts or returns in respect of public money or stores is personally responsible for their completeness and strict accuracy.

KPT has an MIS system to record the voucher wise, cheque wise and department wise expenditures.

Audit observed that the expenditure figures provided by the department were different than booked in MIS. Details are as under:

(Rupees)

Expenditure	Booked expenditure	Supported Expenditure	Variation
Total KPT Expenditure	23,327.059	18,291.200	5,035.859
CM & EE department	1,503.549	1,339.085	164.464
Store Department	964.499	1,634.029	669.530

Neither management replied nor was DAC convened till finalization of report.

Audit recommends investigation in the matter.

25.5.57 Non-approval of Schedule-A pertaining to property area of KPT

Section 25 of Karachi Port Trust Act, 1887 states that the Board shall, for the purposes of this Act, have power to acquire and hold movable and immovable property within or without the limits of the port or city.

Section 27(1) of Karachi Port Trust Act, 1887 states that the property specified in Schedule-A of KPT Properties shall vest in the Board.

i. If any question arises between the Federal Government and the Board as to the boundaries of any portion of such property, Government may define and demarcate such boundaries, and the decision of Government in respect to such boundaries shall be final.

ii. Any portion of the land specified in the said schedule which shall be required by the Federal Government for a public purpose may be resumed by the Federal Government without claim to compensation on the part of the Board, except for buildings or other permanent structures erected thereon.

A DAC meeting regarding Audit Report 2003-04 was held on 03.07.2015 in Ministry of Port and Shipping wherein the management of the KPT was directed to update the Schedule A.

The management replied that Schedule-A had been updated and vetted by the board and sent to the Ministry on 08.03.2016 for approval of the Federal Government.

Audit observed that the approval of the Federal Government was pending on Schedule A for the last three years.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends that the Schedule A should be updated and notified.

25.5.58 Negative impact on performance due to extensive litigation, loss of financial and human resources on 980 court cases

DAC in its meeting held on 03.07.2015 regarding audit Para No. 4.1.3. of Audit Report for 2003-04 directed the management to pursue the court cases and to get the land of KPT vacated from illegal occupants. The DAC also directed that detail of cases with updated position may be reported.

The management provided list of court cases relating to different departments/formations of Karachi Port Trust, Karachi as on 30.06.2019. Details are as under:

S. No.	Formation of KPT	Session & Civil court	High Court	Supreme Court	Total
1	Estate	142	306	3	451
2	Traffic	40	117	1	158
3	Port	5	42	2	49
4	Engineering	3	10	0	13
5	C.M and EE	3	6	0	9
6	Stores	2	0	0	2
8	Planning and Development	2	23	1	26
9	Accounts	6	13	0	19
10	Human Resources	80	169	4	253
Total		**283**	**686**	**11**	**980**

Audit observed that there was an observable trend of providing opportunity to other parties to get into litigation by obtaining stay orders, delayed responses of KPT or faulty agreements.

Audit further observed that ratio of court cases relating to property was 46% and those pertaining to appointment promotions and HR were 26%, reflecting a loose control of the management and non-observance of rules and regulations.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends that the agreements be properly drafted leaving little chance of litigation and action be taken in time to avoid stay orders.

25.5.59 Unauthorized payment of 5th Bonus - Rs.199.461 million

The KPT Board vide resolution of 193 approved bonus of the officer of the KPT up to four basic pay with the condition that it should be based on operation profit of KPT and linked with performance/ efficiency. Board further decided that Chairman KPT may exercise the power of KPT board under section 21 of KPT Act to grant extra

bonus up to three in number in addition to existing bonuses, keeping in view that extra ordinary performance of the individual.

Audit observed that the Chairman KPT accorded approval on 17.04.2017 to increase the bonus from four to five basic pay in respect of KPT officers w.e.f 01.04.2016 to all those who had drawn both part of bonuses in the FY 2015-16 & 2016-17 without linking it with the individual's efficiency/extra ordinary performance.

The total amount of bonus paid during the year 2018-19 was Rs.997,309,608 and the amount of irregular additional 5th bonus comes to Rs.199,461,921.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends that amount be recovered.

25.5.60 Payment of discontinued allowance to the employees of KPT - Rs.154.160 million

Para-6 of the Finance Division 1 (3) imp/2015-630 dated 07.07.15 states that Adhoc Relief granted w.e.f 01.07.11 to 01.07.12 shall cease to exist w.e.f 01.07.15.

Para-6 of the Finance Division 1 (2) imp/2016-333 dated 01.07.16 states that Adhoc Relief granted w.e.f 01.07.13 to 01.07.15 shall cease to exist w.e.f 01.07.16.

Para 6(i) of the Finance Division OM 1(3) imp/2017-500 dated 3rd July, 2017 states that the Adhoc Allowance 2010 @ 50% granted w.e.f 01.07.2010 vide Finance Division OM no. F(i)imp/2010-622 dated 05.07.2010 shall cease to exist with effect form 07.07.2017. Para-7(A) of said OM states that Adhoc Relief 2016 @10% shall stand frozen at its admissibility level 30.06.2017.

As per statement of allowances paid to officers of KPT the expenditure under Adhoc Relief Allowances during the year 2018-19 is as under.

(Rupees)

Allowances	**Expenditure**	
	Gazetted	**Non-Gazetted**
Adhoc Relief, 2009	47,256	0
Adhoc Relief, 2010	2,393,854	3,190,460
Adhoc Relief, 2012	0	16,704
Adhoc Relief, 2013	912,716	1,109,923
Adhoc Relief, 2014	905,756	1,126,747
Adhoc Relief, 2015	940,316	1,061,259
7% Adhoc Relief	0	142,455,430
Total	**5,199,898**	**148,960,523**

Audit observed that discontinued allowances were paid even after the stipulated date.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends that amount be recovered.

25.5.61 Unauthorized payment of allowances/bonuses to Chairman - Rs.8.282 million

Section-6 of the Karachi Port Trust 1886 states that Government shall from time to time appoint a person to be Chairman of the Board. The person so appointed may be a public officer or not. The Chairman shall be trustee.

Section-16 of the Karachi Port Trust 1886 states that the Chairman's remuneration and other conditions of service shall be determined by the Federal Government.

A serving officer of Pakistan Navy Rear Admiral Jamil Akhtar was appointed on deputation basis as Chairman vide Establishment Division Letter No. 1/10/2014-E-6 dated 23.11.2017 for three years. The officer assumed the charge on 23.11.2017. His date of retirement was 12.05.2019.

The KPT board at its own sanctioned the Harbour allowance, Compensatory Allowance, Port Officer Allowance and Conservator Allowance to the Chairman KPT. The KPT board sanctioned Bonus up to four basic pay of the officers in a year with the conditions that it would be linked with operational profit of KPT and individual performance/ efficiency.

Later the Chairman KPT increased the bonus from four to five vide letter No. HR/G/960 dated 17.04.2017 with the same terms and conditions.

Audit observed that management made payment of above allowances and bonuses to the Chairman KPT without the approval of Federal Government inspite of the fact that the Chairman KPT was trustee. Details are as under:

(Rupees)

Allowance	**Rate**	**Amount w.e.f. 01.12.17 to 30.09.19**
Harbour Allowance	68,624	1,509,728
Conservator Allowance	100,000	2,200,000
Compensatory Allow	51,486	1,132,692
Port Officers All	51,468	566,148
Bonus	Five basic pay	1,715,600
	Total	**7,124,168**

Audit further observed that

i. The Chairman KPT received 5th bonus equal to Rs.1,715,600 during 2017-19 by his own approval instead of Federal Government.

ii. The officer was paid deputation allowance whereas he was on contract basis after retirement.

iii. The officer was paid the emoluments which were already accounted in the calculation for emoluments of pension. The additional amount paid after his retirement on 12.05.2019 till now (06 months) comes to Rs.1,858,242.

iv. The officer was paid the yearly Adhoc reliefs along with the compensatory allowance whereas only one was admissible.

v. The officer was paid Harbor allowance in addition to Port officer allowance whereas harbor allowance was meant for the employees working in the harbor and Port officer allowance was meant for the Port officers.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends that amount may be recovered.

25.5.62 Unauthorized payment of utility charges of port house - Rs.1.137 million

GFR-10 (IV) states that public moneys should not be utilized for the benefit of a particular person or section of the community unless-

(1) The amount of expenditure involved is insignificant, or

(2) A claim for the amount could be enforced in a court of law, or

(3) The expenditure is in pursuance of a recognized policy or custom

KPT made payment on account of utility bills of Port House during the year 2018-19. Details are as under:

(Rupees)

Charges	Period	Amount.
Electricity Charges	Jan,18 to June,19	1,122,161
Gas Charges	Nov,17 to May,18	14,860
Total		**1,137,021**

Audit observed that the port house was official residence of the chairman KPT therefore the payment of utility bills from the KPT funds was not admissible. Moreover, the detail of expenditure on standby generator at port house was not provided.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends to stop the practice and affect recovery.

25.5.63 Non-maintenance of separate GP Fund Account - Rs.5,027 million

Section-22 of KPT Act,1986 states that the board may with the prior approval of Federal Government frame regulation for authorizing the payment of contribution at certain prescribed rate and subject to certain prescribed condition which may be established by the board for the benefits of the its officers and servant of which with board approval may be established by its officers and its servants themselves to provident funds.

KPT made deductions on account of contribution of GP Fund from the salaries of employees on monthly basis and the balances were reflected in their monthly pay slips. The amount deducted during the year 2018-19 was Rs.741,216,598. The total of closing (payable amount) balances of GP Fund of all employees on 30.06.2018 was Rs.5,027,056,617.

Audit observed as under:

i. The management did not maintain the separate bank account of the GP Fund.

ii. There was neither any cash book of GP Fund nor employee wise fund register.

iii. There was no separate investment of GP Fund.

iv. There were no approved governing rules for the fund.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends that GP fund of the employees be separated from KPT Fund.

25.5.64 Non /maintenance of separate Pension Funds - Rs.4,979.552 million

Section-22 of KPT Act,1986 states that the board may with the prior approval of Federal Government frame regulation for fixing pension etc. for determining any of said officers and servants and if so which of them shall retirement received pension gratuities or compassionate allowance and condition under which such pensions, gratuities or compassionate allowances shall be payable.

KPT made payments amounting to Rs.3,415.239 million on account of monthly pension and Rs.1,564.313 million on account of commutation to its retired employees during the financial year 2018-19.

Audit observed that absence of approved governing rules for the Pension fund resulted in following irregularities:

i. The management did not create a separate pension fund account and pension payments were made directly from KPT fund.

ii. Pension contributions from the KPT Fund on prescribed rates were not deducted.

iii. Neither cash book of Pension Fund nor separate investment record was maintained.

iv. The management did not work out the pension liability of its employees.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends that the Pension fund of the employees be separated from KPT Fund and pension liability of employees be worked out.

25.5.65 Non-maintenance of cash books and non-reconciliation of deposits - Rs.3,528.720 million

FTR-77 (i) states that every officer receiving money on behalf of government should maintain a cash book.

All monetary transactions should be entered in cash book as soon as they occur and attested by the head of the office in token of the clerk.

KPT was maintaining 08 bank accounts where the receipts from different sources were deposited and payments against the expenditure and investments were

made. As per statements provided to audit the amount deposited, withdrawn, opening and closing balances for the year 2018-19 are at Annexure 25-D.

Audit observed that neither record of bank accounts and cash book was maintained nor reconciliation of balances with its receipt and payment record was done.

Audit is of the view that in the absence of reconciliation audit could not ascertain the authorized transactions.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends that responsibility of this serious lapse be fixed and reconciliation for the year be carried out.

25.5.66 Unauthorized provision of vehicles to the Federal Minister, Ministry and Chairman KPT - Rs.3.635 million

Section 7 of the Federal Minister and Ministers of State (Salaries, Allowances and Privileges) Act 1975 states that the Ministers are entitled to avail the facility of one official vehicle only.

Rule 3(3) of Rules for use of Staff Cars, 1980 states that the Division concerned will be responsible for provision of staff cars to Minister and Minister of State and Advisors etc.

Rule 11 of Staff Car Rules, 1980 states that a staff car belonging to an attached department or subordinate office of a Division shall not be used by the Administrator Department and every Department or office shall be responsible for any misuse or irregularity committed in this behalf.

As per KPT transport guidelines/policy, Chairman KPT was entitled to retain only one 1600cc car for official use.

Karachi Port Trust (KPT) incurred an expenditure of Rs.3,635,341 on account of POL and repair and maintenance of vehicles. Details are as under:

(Rupees)

S. No.	Vehicle No.	Make	User	Total.
1	GPA-015	Toyota Land Cruiser V-8 (Bullet Proof)	Federal Minister	667,557
2	GPA-455	Toyota Corolla		165,328
3	CW-6649	Double cabin pickup		Not provided
	Total			**832,885**
4	GP-3081	Toyota Corolla 1600cc model 2013	Ministry	616,388
5	GPA-452	Toyota Corolla 1300cc model 2016		480,893
	Total			**1,097,281**
6	GP-8833	Toyota Premeo	Chairman KPT	346,816
7	BF-3421	Toyota Parado Jeep		331,987
8	GP-5530	Toyota Corolla		665,736
9	AUQ-374	Toyota Corolla		286,777
10	ATA-363	Toyota Altis		73,859
			Total	**1,705,175**
			Grand Total	**3,635,341**

Audit observed that vehicles were provided over and above the entitlement and authorization of Minister and Chairman.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends to stop the practice besides recovery.

Government Shipping Office, Karachi

25.5.67 Un-authorized opening of private bank accounts and retention of balances - Rs.222.379 million

Para-7 of GFR Vol-I states, unless otherwise expressly authorized by any law or rule or order having the force of law, money may not be removed from the Public Account for investment or deposit elsewhere without the consent of the Ministry of Finance.

Government Shipping Office, Karachi was maintaining two private bank accounts in Habib Bank Limited Elephstone Street Branch Saddar, Karachi, Special Saving Deposit Account No.0044-00400015-01 and Daily Progressive Account No.0044-79000860-01 having balances of Rs.42,784,294.80 and Rs.179,527,680.96 on 30.04.2019 respectively.

Audit observed that the private bank accounts were maintained without approval of Finance Division and no record of these bank accounts was provided to Audit

DAC held on 06.02.2020 directed to frame the rules for fund management with the concurrence of Finance Division.

No progress was shown to audit till finalization of report.

Audit recommends regularization of the bank accounts besides fixing responsibility for non-production of record to audit.

Pakistan Marine Academy, Karachi

25.5.68 Non-deposit of receipts into treasury - Rs.18.353 million

According to Para 7(1) of FTR Volume-I, all moneys received by or tendered to Government Officers on account of the revenues of the Federal Government shall without undue delay be paid in full into a Treasury or into the Bank and shall be included in the Federal Consolidated Fund of the Federal Government. Money received as aforesaid shall not be appropriated to meet departmental expenditure, nor otherwise kept apart from the Federal Consolidated Fund of the Federal Government. No department of the Federal Government may require that any moneys received by it on account of the revenues of the Federal Government be kept out of the Federal Consolidated Fund of the Federal Government.

As per Para 25 of GFR Volume-I all departmental regulations in so far as they embody orders or instructions of a financial character or have important financial bearing should be made by, or with the approval of, the Ministry of Finance.

Pakistan Marine Academy, Karachi was maintaining a bank account bearing No. 4098664545 at NBP, Marine Academy Branch, Karachi for the purpose of receipt from sale proceeds of prospectus and realized an amount of Rs.18.353 million during financial year 2017-18.

Audit observed that the management did not deposit the receipts of Rs.18.353 million into Government account. Out of said amount an expenditure of Rs.6.110 million was incurred on TA-DA etc.

DAC held on 06.02.2020 directed to stop the practice and deposit the receipts into Government treasury.

No progress was shown to audit till finalization of the report.

Audit recommends regularization of the expenditure besides depositing receipts in treasury.

25.5.69 Irregular purchase of diet items - Rs.23.297 million

According to Rule 12(2) of PPRA, 2004 stated that "All procurement opportunities over two million rupees should be advertised on the Authority's website as well as in other print media or newspapers having wide circulation. The advertisement in the newspapers shall principally appear in at least two national dailies, one in English and the other in Urdu".

Pakistan Marine Academy, Karachi incurred an expenditure of Rs.23,297,928 on purchase of diet items for Cadets from the Boarding Account No. 4432-8 during the financial year 2017-18.

Audit observed that the diet items were purchased through cash from the market without calling open tender. The expenditure was approved by the Commandant who was not delegated any financial powers in this regard.

Audit further observed that no sanction, purchase order, delivery challans, inspection note and the acknowledgements were available.

DAC held on 06.02.2020 directed for the verification of record within 03 days regarding powers of the Commandant and production of tender documents.

No record was produced for verification till finalization of the report.

Audit recommends regularization besides fixing responsibility.

25.5.70 Payment of water charges without supply - Rs.12.495 million

According to Para 28 of G.F.R. Vol-I, no amount due to Government should be left outstanding without sufficient reasons, and where any dues appear to be irrecoverable the orders of competent authority for their adjustment must be sought.

Pakistan Marine Academy, Karachi vide letter dated 14.11.2016 stated that the Academy had made the payment of Rs.12.495 million to Karachi Water & Sewerage Board in the years 2012 and 2016 and still no supply had been made to the department.

Audit observed that advance payment without supply of the water was irregular.

DAC held on 06.02.2020 directed to either recover the amount or get the water supply line installed.

No progress was shown to audit till finalization of the report.

Audit recommends early recovery of the paid amount.

25.5.71 Non-recovery of rent and utility charges from National Bank of Pakistan - Rs.17.986 million

Para-28 of G.F.R. Volume-I states that no amount due to Government should be left outstanding without sufficient reasons, and where any dues appear to be irrecoverable the orders of competent authority for their adjustment must be sought.

Pakistan Marine Academy, Karachi rented out space at PMA premises measuring area 1557.81 Sq. ft. @ Rs.23,367 per month to National Bank of Pakistan, Karachi in June 1978 which was vacated in February, 2018.

(Rupees in million)

Sr. No	Description	Outstanding amount
1.	Outstanding rent up to June, 2017	10.800
2.	Outstanding Utility up to June, 2017	7.000
3.	Outstanding rent for the period July, 2017 to February, 2018 @ Rs.23,367 per month	0.186
Total		**17.986**

Audit observed that the rent and utilities charges amounting to Rs.17.986 million were not recovered from the National Bank of Pakistan since 1978.

DAC held on 06.02.2020 directed to recover the amount of rent from National Bank of Pakistan.

No progress was shown to audit till finalization of the report.

Audit recommends early recovery of the outstanding rent.

25.5.72 Purchase of uniform & other clothing items without tender - Rs.3.981 million

Rule 12(2) of Public Procurement Rules, 2004 states that all procurement opportunities over two million rupees should be advertised on the Authority's website as well as in other print media or newspapers having wide circulation. The advertisement in the newspapers shall principally appear in at least two national dailies, one in English and the other in Urdu.

Pakistan Marine Academy, Karachi incurred an expenditure of Rs.3.981 million on purchase of uniform & other clothing items from M/s Ayub & Brothers during the financial year 2017-18.

Audit observed that the procurement of uniforms and other clothing was made without calling open tender. The delivery challans, inspection note, stock entry, number of cadets and inspection reports were also not available on record.

DAC held on 06.02.2020 was dissatisfied as management was unable to produce the record. DAC directed to produce the record within 03 days.

No record was produced till finalization of the report.

Audit recommends inquiry to fix responsibility.

25.5.73 Non-adjustment of TA advance - Rs.2.279 million

Para 269 of GFR Volume-I and Rule 668 and 666 of FTR Volume-I states that advances of TA/DA are subject to adjustment after the Government Servants return to headquarters or on 30th June whichever is earlier and that the competent authority may grant advances to the Government officers for departmental or allied purposes on the responsibility of the officers for whom they are sanctioned subject to adjustment by submission of detailed accounts supported by vouchers or by refund as the case may be.

Pakistan Marine Academy (PMA), Karachi paid TA-DA advances of Rs.2.279 million to Commandant, PMA from miscellaneous account No.4558, PMA Cadets Stationery A/c. No.4447-1 etc. during financial year 2017-2018.

Audit observed that the TA-DA advances of Rs.2,279,150 were not adjusted against Commandant before his retirement in July 2018.

DAC held on 06.02.2020 directed the management to discontinue the practice of paying TA-DA advance from cadet fund accounts beside recovery from the Ex-Commandant.

No progress was shown to audit till finalization of the report.

Audit recommends adjustment or recovery of the advances.

25.5.74 Unauthorized retention of 16 vehicles - Rs.4.469 million

As per Rule 3 (1) for the use of Staff Cars 1980, each Division shall normally maintain one staff car for use in connection with official business. However additional staff car can be specially authorized by the Cabinet Division.

Pakistan Marine Academy, Karachi was maintaining a fleet of 16 vehicles during financial year 2017-18 and incurred expenditure of Rs.4,649,942 on purchase of POL and repair & maintenance of those vehicles.

Audit observed that the fleet of 16 vehicles was maintained by the management without authorization by Cabinet Division.

DAC held on 06.02.2020 directed to obtain authorization from the Cabinet.

No progress was shown to audit till finalization of the report.

Audit recommends regularization of the vehicles and expenditure thereon.

25.5.75 Purchase of stationery without tender - Rs.2.168 million

According to Rule 12(2) of PPRA, 2004 stated that "All procurement opportunities over two million rupees should be advertised on the Authority's website as well as in other print media or newspapers having wide circulation. The advertisement in the newspapers shall principally appear in at least two national dailies, one in English and the other in Urdu".

Pakistan Marine Academy, Karachi paid Rs.2,168,343 on purchase of stationery from PMA stationery account No. 4447-1 during the financial year 2017-18.

Audit observed that purchase was made without tender and stock entries /distribution of the stationery were also not produced to audit.

DAC held on 06.02.2020 was dissatisfied as management was unable to produce the record. DAC directed to produce the record within 03 days.

No record was produced till finalization of the report.

Audit recommends regularization of expenditure and verification of record.

CHAPTER 26

NARCOTICS CONTROL DIVISION

26.1 *Introduction*

As per Schedule II [Rule 3 (3)] Distribution of Business among the Divisions read with Schedule III [rule-4(4)] Rules of Business 1973 (As amended up to 23rd April, 2019) following main business have been assigned to the Division amongst the other functions.

1. Policy on all aspects of narcotics and dangerous drugs, such as production, processing, marketing, import, export and transshipment, trafficking etc., in conformity with national objectives, laws and international conventions and agreements.
2. Legislation covering all aspects of narcotics and psychotropic substances, and matters ancillary thereto, in consultation with the Ministries/Divisions, etc., concerned.
3. Bilateral and multilateral cooperation with foreign countries against narcotics trafficking and all other international aspects of narcotics including negotiations for bilateral and multilateral agreements for mutual assistance and cooperation in the field of enforcement of narcotics laws.
4. Coordination of aid/assistance from foreign countries and of narcotics control interdiction for poppy crop substitution.
5. Policy on drug education, treatment and rehabilitation of narcotics/drugs addicts and grants-in-aid to Non-Governmental Organizations (NGOs) engaged in these fields.

1. Inter-Provincial coordination on all aspects of narcotics and dangerous drugs.
2. Monitoring of the implementation of policies on all aspects of narcotics and dangerous drugs.
3. Regulation of administrative, budgetary and other matters of Pakistan Narcotics Control Board.

<u>ATTACHED DEPARTMENT / AUTONOMOUS BODIES</u>

1. Anti-Narcotics Force.

Sr. No.	Description	Total No.	Audited	Expenditure Audited (FY-2018-19) Rs. in million	Revenue / Receipt Audited (FY 2018-19) Rs. in million
1	Formations	23	4	1,841.248	-
2	Assignment Accounts (Excluding FAP)	-	-	-	-
3	Authorities / Autonomous Bodies etc. under the PAO	-	-	-	-
4	Foreign Aided Project (FAP)	6	1	175.000	-

26.2 Comments on Budget & Accounts (Variance Analysis)

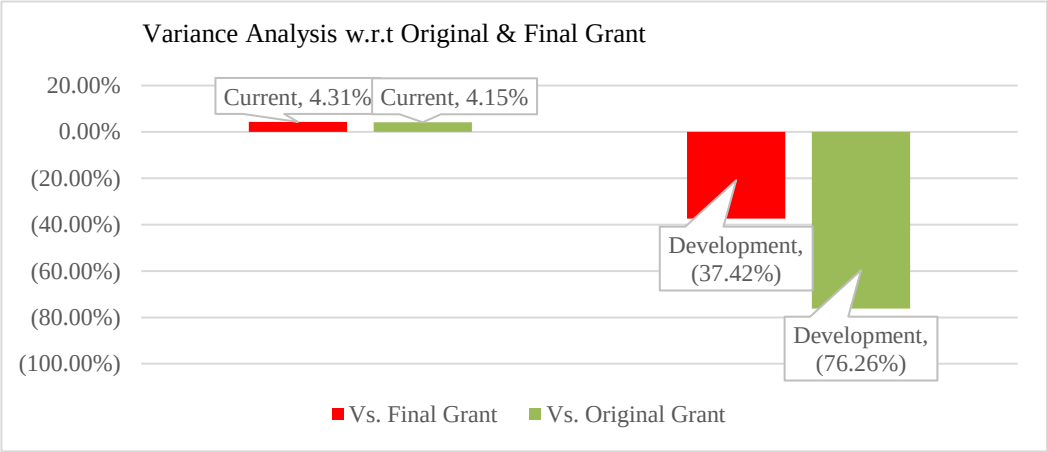
Final budget allocated to the Narcotics Control Division for the financial year 2018-19 was Rs.2,763.336 million, out of which the Division expended an amount of Rs.2,842.667 million. Grant-wise detail of current and development expenditure is as under:

(Rupees in million)

Type of Grant	ID	Original Grant	Supply Grant	Surrender (-)	Final Grant	Actual Expenditure	Excess / (Savings)	Excess / (Savings) % age
Current	83	2,672.000	77.620	-81.593	2,668.027	2,783.020	114.993	4.31%
Development	134	251.207	0.000	-155.898	95.309	59.646	-35.663	(37.42%)
Grand Total		**2,923.207**	**77.620**	**-237.491**	**2,763.336**	**2,842.667**	**79.331**	**2.87%**

Audit noted that there was an overall excess of Rs.79.331 million, which was due to excess in the Current grant. In Grant No.83 supplementary grant was surrendered 100%.

According to Para 71 of General Financial Rules (Volume I), while framing budget estimates, the authorities should exercise utmost foresight. Rules of good governance demand that budget processes are carried out in accordance with clearly defined expectations, assumptions and a coordinated calendar of activity. As shown in the chart below, bifurcating total allocation into current and development expenditure it was observed that, in case of development expenditure, there was 76.26% of savings w.r.t Original grant which reduced, because of 62% surrendering of original grant, to 37.42% savings w.r.t Final Grant and in case of current expenditure there was a nominal excess expenditure of approximately 4%, as depicted in the graph below:



26.3 Classified Summary of Audit Observations

Audit observations, amounting to Rs.1,101.524 million, were raised in this report during the current audit of Narcotics Control Division. Summary of the audit observations classified by nature is as under:

(Rupees in million)

S. No	Classification	Amount
1	Non-production of record	-
2	Reported cases of fraud, embezzlement and m misappropriation	3.500
3	Irregularities	
A	*HR/Employees related Irregularities*	-
B	*Procurement related irregularities*	18.559
C	*Management of account with commercial banks*	23.035
D	*Recovery*	-
E	*Internal Control*	-
4	Value for money and service delivery	-
5	Others	1,052.890

26.4 Status of compliance with PAC Directives

Name	Audit Year	Total No. of Audit Paras	No. of Actionable Points Issued	Compliance	Non/Partial Compliance	% of Compliance
Narcotics Control Division	2003-04	37	37	0	37	0%
	2011-12	5	5	5	0	100%
	2013-14	6	6	5	1	83%
	Total	**48**	**48**	**10**	**38**	**21%**

The Draft Audit Report including following Paras was issued to the PAO on 18.01.2020 followed by reminder 21.01.2020 and 04.02.2020with the request to reply and also arrange the DAC meeting to discuss the Paras.

26.5 AUDIT PARAS

26.5.1 Procurement without open Competition - Rs.7.104 million

Rule 12(2) of the Public Procurement Rules 2004 states that all procurement opportunities over two million rupees should be advertised on the Authority' website as well as other print media or newspapers having wide circulation. The advertisement in the newspaper shall principally appear in at least two national dailies, one in English and the other in Urdu.

Anti-Narcotics Force (HQ) incurred an expenditure of Rs.2,129,394 on repair of furniture & fixture and Rs.4,975,000 on purchase of books for children during the financial year 2018-19.

Audit observed that the expenditure on furniture and books was made without open competition in violation of PPRA rules. The expenditure on furniture was made in the month of June, 2018 just to avoid lapse of the budget. Moreover, the payment was made through DDO without deducting income tax.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry to fix the responsibility.

26.5.2 Irregular purchase of arm and ammunition - Rs.14.995 million

Para 36(c)(ii) of PPRA states that the technical proposal shall be evaluated in accordance with the specified evaluation criteria and may be discussed with the bidders regarding any deficiencies and unsatisfactory technical features.

Para 36(c)(iii) further states that after such discussion, all the bidders shall be permitted to revise their respective technical proposal to meet the requirements of the procuring agency.

Anti-Narcotics Force (HQ), Rawalpindi incurred expenditure of Rs.14,995,756 on purchase of 110 SMG 7.62 x 39mm Kalashnikov Assault Rifle-103 along with 2 spare magazines, cleaning kit for each weapon and 31,500 Nos. Ammunition from M/s. Professional Aviation Services, Rawalpindi.

Audit observed that:

i. The contract was awarded without considering the financial health of the firm and requisite experience.

ii. Evidence of import was not provided by the firm along with item wise price.

iii. The purchase was made without any need assessment.

iv. NOC from controlling Ministry was not available.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry to fix the responsibility.

26.5.3 Un-authorized expenditure from welfare fund for repair of building - Rs.3.500 million

Rule 12 (2) of the Anti-Narcotics Force reward rules 2000 on expenditure of welfare states that the expenditure shall include enhancement of operational performance, financial aid for education, health and marriage, improvement of the amenities, special reward to the family and heirs in cases of loss of life or injury and other similar purposes.

Anti-Narcotics Force (HQ) paid an amount of Rs.3,500,000 on repair of Regional Building, Peshawar out of welfare fund during financial year 2018-19.

Audit observed that expenditure was incurred out of the welfare fund in violation of rule and without identification and preparation of PC-I.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry to fix the responsibility.

26.5.4 Unauthorized opening of bank accounts and retention of balance - Rs.23.035 million

Para 7 of GFR Volume-I states that unless otherwise expressly authorized by any law or rule or order having the force of law, moneys may not be removed from the public account for deposit elsewhere without the consent of the Ministry of Finance.

Special Investigation Cell under Anti-Narcotic Force (HQ) was maintaining a bank account No.4006565379 in National Bank of Pakistan, F-10 Branch, Islamabad for disbursement of pay, pension and gratuity of staff, petty expenses, etc. and retained Rs.23.035 million.

Audit observed that the account was opened without approval of Finance Division and Rs.5,991,316 were transferred to the Command Fund without any supporting vouchers.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry to fix the responsibility.

26.5.5 Non-auction of confiscated properties - Rs.1049.35 million

Para-20 of manual of Narcotics Laws state that land of building property of assets like hotel, business concern, factories, industrial unit shall be disposed of by public auction by the committee to be nominated by the Director-General in consultation with the Administrator.

The Regional Directorate Anti-Narcotics Force KP Peshawar has confiscated 06 properties worth Rs.1,049,352,115 in Peshawar since 2006.

Audit observed that these properties were held by the management since 2006 and have not been auctioned causing opportunity cost to the Government.

The management replied that case is under process. Audit will be apprised once the auction is complete.

DAC was not convened till finalization of report.

Audit recommends inquiry to fix the responsibility.

CHAPTER 27

NATIONAL FOOD SECURITY AND RESEARCH DIVISION

27.1 *Introduction*

As per Schedule II [Rule 3 (3)] Distribution of Business among the Divisions read with Schedule III [rule-4(4)] Rules of Business 1973 (As amended up to 23rd April, 2019) following main business have been assigned to the Division amongst the other functions.

1. Economic coordination and planning in respect of food, economic planning and policy making in respect of agriculture.
2. Imports and exports control on food grains and foodstuffs, inspection, grading analysis of food grains and foodstuffs, maintenance of standards of quality for import and export and inspection, handling, storage and shipment of rice exports.
3. Collection of statistics regarding production, consumption, prices, imports and exports of food grains.
4. Coordination with aid and assistance agencies in respect of food sector.
5. Pakistan Agricultural Research Council and other Federal agriculture research organizations.
6. Food and Agriculture Organization (FAO) of United Nations in respect of food.
7. Plant protection, pesticide import and standardization, aerial spray, plant quarantine and locust control in its international aspect and maintenance of locusts warning organizations.
8. Federal seed certification and registration.
9. Standardization and import of fertilizer.
10. Procurement of food grains, including sugar- (a) from abroad; (b) for Federal requirement; (c) for inter-Provincial supplies; and (d) for export and storage at ports.
11. Grading of agricultural commodities, other than food grains, for exports.
12. Administrative control of PASSCO.
13. Preparation of basic plan for bulk allocation of food grains and foodstuffs.

14. Price stabilization by fixing procurement and issue prices including keeping a watch over the price of food grains and foodstuffs imported from abroad or required for export and those required for inter-provincial supplies.
15. Agricultural Policy Institute.
16. (i) Animal quarantine departments, stations and facilities located anywhere in Pakistan. (ii) National Veterinary Laboratory, Islamabad. (iii) Laboratory for Detection of Drugs Residues in Animal Products at Karachi.
17. Veterinary drugs, vaccines and animal feed additives'- (i) import and export; and (ii) procurement from abroad for Federal requirements and for interprovincial supplies.
18. Livestock, poultry and livestock products'- (i) import and export; and (ii) laying down national grades.
19. Pakistan Dairy Development Company.
20. Livestock and Dairy Development Board (LDDB).
21. Fisheries Development Board (FDB).
22. Pakistan Oil-Seed Development Board (for Federal areas only).
23. International cooperation matters relating to agriculture and livestock.
24. Administrative control of the Agricultural Counselor's Office at Rome, Italy.
25. National Fertilizer Development Centre.
26. Administrative control of Pakistan Central Cotton Committee.

ATTACHED DEPARTMENTS / AUTONOMOUS BODIES

i. Animal Quarantine Department.
ii. Department of Plant Protection.
iii. Agricultural Policy Institute, Islamabad.
iv. Federal Seed Certification and Registration, Islamabad.
v. Plant Breeders' Rights Registry.
vi. Pakistan Agriculture Research Council.
vii. National Veterinary Laboratory
viii. Pakistan Dairy Development Company
ix. Live Stock and Dairy Development Board
x. Fisheries Development Board

Sr. No.	Description	Total No.	Audited	Expenditure Audited (FY-2018-19) Rs. in million	Revenue / Receipt Audited (FY 2018-19) Rs. in million
1	Formations	43	4	3,017.370	-
2	Assignment Accounts (Excluding FAP)	7	1	3,183.778	-
3	Authorities / Autonomous Bodies etc. under the PAO	-	-	-	-
4	Foreign Aided Project (FAP)	-	-	-	-

27.2 *Comments on Budget & Accounts (Variance Analysis)*

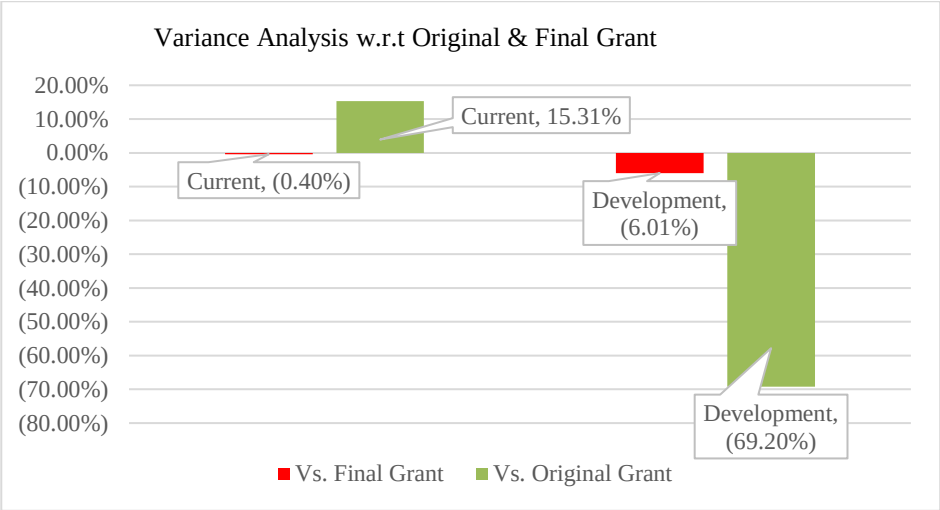
Final budget allocated to the National Food Security and Research Division for the financial year 2018-19 was Rs.5,427.37 million, out of which the Division expended an amount of Rs.5,372.31 million. Grant-wise detail of current and development expenditure is as under:

(Rupees in million)

Type of Grant	ID	Original Grant	Supply Grant	Surrender (-)	Final Grant	Actual Expenditure	Excess / (Savings)	Excess / (Savings) % age
Current	86	4,176.00	762.72	-103.78	4,834.94	4,815.47	-19.48	(0.40%)
Development	135	1,808.07	14.27	-1,229.92	592.43	556.84	-35.58	(6.01%)
Grand Total		**5,984.07**	**776.99**	**-1,333.70**	**5,427.37**	**5,372.31**	**-55.06**	**(1.01%)**

Audit noted that there was an overall savings of Rs.55.06 million, which was due to savings in the Development grant. In Grant No.135 supplementary grant was surrendered 100%.

According to Para 71 of General Financial Rules (Volume I), while framing budget estimates, the authorities should exercise utmost foresight. Rules of good governance demand that budget processes are carried out in accordance with clearly defined expectations, assumptions and a coordinated calendar of activity. As shown in the chart below, bifurcating total allocation into current and development expenditure it was observed that, in case of development expenditure, there was 69.20% of savings w.r.t Original grant which was reduced to 6.01% savings w.r.t Final Grant and in case of current expenditure 15.31% of excess expenditure reduced to 0.40% of savings, as depicted in the graph below:



27.3 Classified Summary of Audit Observations

Audit observations, amounting to Rs.5,924.986 million, were raised in this report during the current audit of National Food Security And Research Division. This amount also includes recoveries of Rs.130.978 million as pointed out by the audit. Summary of the audit observations classified by nature is as under:

(Rupees in million)

S. No	Classification	Amount
1	Non-production of record	75.353
2	Reported cases of fraud, embezzlement and m misappropriation	134.475
3	Irregularities	
A	*HR/Employees related Irregularities*	4,823.861
B	*Procurement related irregularities*	-
C	*Management of account with commercial banks*	73.582
D	*Recovery*	130.978
E	*Internal Control*	-
4	Value for money and service delivery	686.737
5	Others	-

27.4 Status of compliance with PAC Directives

Name	Audit Year	Total No. of Audit Paras	No. of Actionable Points Issued	Compliance	Non/Partial Compliance	% of Compliance
National Food Security and Research Division	1987-88	17	17	15	2	88%
	1988-89	11	11	7	4	64%
	1989-90	9	9	5	4	56%
	1990-91	6	6	4	2	67%
	1991-92	19	19	2	17	11%
	1992-93	22	22	6	16	27%

Name	Audit Year	Total No. of Audit Paras	No. of Actionable Points Issued	Compliance	Non/Partial Compliance	% of Compliance
	1993-94	31	31	4	27	13%
	1994-95	6	6	0	6	0%
	1995-96	14	14	0	14	0%
	1996-97	90	90	12	78	13%
	1997-98	7	7	3	4	43%
	1998-99	38	38	0	38	0%
	1999-00	64	64	26	38	41%
	2000-01	44	44	1	43	2%
	2001-02	20	20	20	0	100%
	2003-04	28	28	8	20	29%
	2005-06	9	9	5	4	56%
	2006-07	3	3	1	2	33%
	2007-08	5	5	4	1	80%
	2008-09	2	2	0	2	0%
	2009-10	4	4	1	3	25%
	2017-18	9	9	2	7	22%
	Total	**458**	**458**	**126**	**332**	**28%**

The Draft Audit Reports including following Paras was issued to the PAO on 18.10.2019 and 13.01.2020 followed by reminder 13.12.2019 with the request to reply and also arrange the DAC meeting to discuss the Paras.

27.5 AUDIT PARAS

Pakistan Agriculture Research Council

27.5.1 Non-reduction of strength of regular employees - Rs.4,200.285 million

The Prime Minister approved Special pay scales (SPS), for employees of PARC on 13.09.2007 with the direction that PARC should maintain a bare minimum core staff on regular basis and the rest would be on the contract while Finance Division considered that the core staff should not exceed 30% of the total strength of the PARC within the next two years.

The Basic Pay Scales, of Pakistan Agriculture Research Council (PARC) employees were replaced with Special Pay scales (SPS) w.e.f 01.07.2007. Before allowing SPS, 2,449 employees were on the regular strength of PARC. The management paid Rs.2,185.935 million and Rs.2,014,350 during 2017-19 on account of Pay & Allowance.

Audit observed that at present 2821 employees are on the regular strength which shows that management failed to fulfill the condition imposed by the Government for allowing SPS to 30% of 2,449 employees. This approval of SPS for PARC also showed that the services of 70% of the workers would be on contract and reduction in the regular strength of the employees was required to be made within two years i.e. up to June, 2009.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry to fix the responsibility.

27.5.2 Irregular retention of recoveries of allowances - Rs.13.993 million

Rule 7(1) of FTR states that no department of the Government may require that any moneys received by it on account of the revenues of the Federal Government be kept out of the Federal Consolidated Fund of the Federal Government.

PARC deducted an amount of Rs.13.993 on account of over payment of Special Research Allowance (SRA)/Additional Special Research Allowance (ASRA) from the employees retired from service during the year 2017-19 and transferred into PARC pension bank account.

Audit observed that instead of depositing the amount in government treasury the same was retained in a bank account without any justification.

Audit is of the view that due to retention of recovered amount, the government was deprived of its due share of receipts which was irregular.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends depositing of amount into the Government treasury.

27.5.3 Non-recovery of allowances paid over and above the approval - Rs.72.253 million

Special pay scales (SPS) 2007, for the employees of Pakistan Agriculture Research Council (PARC) state that Special Research Allowance (SRA) @ 30% of the minimum of the SPS-2007 will be admissible to the Scientists (possessing degree in the scientific disciplines related with agriculture) and Para scientific staff on performance subject to the conditions specified by the Council. Additional Special Research Allowance (ASRA) @ 20% of the minimum of the SPS-2007 will be admissible on performance to scientists (Possessing degree in the scientific disciplines

related with agriculture) in SPS-7 & above subject to the fulfillment of the prescribed qualifications/conditions, to be notified.

Finance Division O.M.No.F.4 (1) R.4/2016 dated 20.07.2016 clarified that Special Research Allowance and Additional Special Research Allowance were frozen at the level of minimum of SPS-2007.

PARC and NARC, Islamabad paid SRA/ASRA to its employees for the period 2008-16 at minimum of the revised SPS-2008&2011.

Audit observed that management paid SRA/ASRA to its employees at minimum of the revised SPS-2008&2011 instead of minimum of the SPS 2007 as the rates of SRA&ASRA were not revised by the Finance Division in the revision of SPS. On receipt of clarification from Finance, the management of PARC and NARC worked out Rs.12.063 million and Rs.60.190 million respectively as recovery of SRA/ASRA for the period 01.07.2011 to 31.12.2014. Neither the actual overpayment w.e.f.01.07.2008 was worked out nor recovery was made so far after a lapse of more than three years without any justification.

Audit is of the view that non-recovery of overpayment of both allowances despite receiving of clarification from Finance Division was failure on the part of the management.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends that recoveries of over payments may be made.

27.5.4 Receipt of foreign grants without approval of Federal Government - Rs.119.063 million

Section 18 (2) of PARC Ordinance 1981 states that the funds of the Council shall consist of (a) grants made by the Federal Government and the Provincial Governments; (b) grants, donations, endowments, contributions, aid and assistance given by other organizations: (c) foreign aid and loans obtained or raised with the approval of the Federal Government; and (d) receipts from other sources.

Rule-7(1) of Rules of Business, 1973 states that assessment of requirements; programming and negotiations for external economic assistance from foreign Governments and organizations rest with Economic Affairs Division.

PARC made several agreements/memorandums of understandings for generating foreign contributions/economic assistance. An amount of Rs.119.063

million was received by the PARC against different assignments and Rs.118.028 million was released to different centers/individuals working under the ambit of PARC only during the year 2017-19.

Audit observed that all the agreements/memorandums were signed with international donors/organizations without approval of Federal Government and vetting by the Law Division. Complete list of MOUs was not provided to audit.

Audit further observed that management did not make grant in aid a part of fund account which facilitated withdrawal of Rs.6.150 million by Dr. Zubair Anwar, PSO, SSD an employee of PARC during the year 2017-19 but cash book and utilization of the amount was not available.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends that matter may be inquired and responsibility be fixed besides taking corrective measures.

27.5.5 Source of retained amount not disclosed to audit - Rs.75.353 million

Section 18 (2) of PARC Ordinance 1981 states that the funds of the Council shall consist of (a) grants made by the Federal Government and the Provincial Governments; (b) grants, donations, endowments, contributions, aid and assistance given by other organizations: (c) foreign aid and loans obtained or raised with the approval of the Federal Government; and (d) receipts from other sources.

PARC is maintaining a Pak Agri Research Council grant in aid development account No. 412-4 (4004629321) in NBP, F-7/2 branch, Islamabad for retaining and utilizing receipts of foreign grants/aid since long.

Audit observed that an amount of Rs.75.353 million was available in the bank account as on 30.06.2017. Neither source of the retained amount was shared with audit nor made it part of fund account in accordance with the Ordinance. In the absence of source of retained amount Audit could not ascertain its authenticity.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends that source of retained amount be provided to audit.

27.5.6 Medical Allowance paid over and above the approved rates - Rs.205.156 million

Finance Division at para-12 of the summary dated 2007 did not support the proposals made at Para-9(b) to authorize Board of Governors of the Council to make amendment in the scales of pay and allowances.

The employees of PARC were allowed Medical Allowance @ 20% of the minimum of the scale of the pay SPS-2007 and the same was frozen. However, the BOG kept on revising with every increase in 2008, 2011, 2015, 2016 and 2017.

Audit observed that enhancement of rate of medical allowance by BOG without approval of Finance Division was irregular and resulted in overpayment of Rs.205.156 million.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends fixing of responsibility for the unauthorized payment.

27.5.7 Enhancement of hiring rates without concurrence of Finance Division- Rs.407.571 million

Finance Division at para-12 of the summary dated 2007 did not support the proposals made at para-9(b) to authorize Board of Governors of the Council to make amendment in the scales of pay and allowances.

PARC paid hiring to its employees incorporating the increases made by the Ministry of Housing and works from time to time for the Federal Government employees drawing their salaries on Basic Pay Scales. PARC incurred expenditure of Rs.325.350 million and NARC incurred expenditure of Rs.82.221 million on this account during financial year 2017-19

Audit observed that hiring of private accommodation for residential purpose for officers and staff of PARC and NARC employees was made over and above the rates approved by Finance Division since 01.01.2008. The rates of hiring were increased by 204% as compared to the originally approved rates by the Finance Division.

Audit further observed that rate of rental ceiling for PARC employees is neither equivalent or at par with Federal Government employees nor with the employees drawing pay & allowance under SPS pay Scales in other organizations.

Audit is of the view that payment of rental ceiling on enhanced rates without approval of the Finance Division is irregular.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends fixing of responsibility for the unauthorized payment.

27.5.8 Irregular payment of Mobile Phone Allowance - Rs.10.849 million

Cabinet Division vide O.M. dated 15.04.2016 conveyed the approval of the Prime Minister for payment of mobile charges as an allowance through salary to all entitled regular employees working in the Ministries/Divisions in BPS-17-22 w.e.f.01.04.2016.

PARC and NARC, Islamabad paid monthly Mobile Phone Allowance to its officers in SPS 07-12 w.e.f. 01.04.2016. A sum of Rs.2.799 and Rs.8.050 million was incurred by the PARC and NARC during the year 2017-2019 & 2016-19 respectively on payment of mobile ceiling allowance to its employees.

Audit observed that the officers of PARC/ NARC were not entitled to avail the facility of Mobile Phone Allowance. In accordance with the instructions of Cabinet Division, only the officers of the Ministries/Division working on regular basis are entitled for Mobile Phone Allowance.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends that payment of Mobile Phone allowance may be recovered besides fixing of responsibility.

27.5.9 Investment of surplus funds without competitive bidding - Rs.686.737 million

Section-21 of Pakistan Agriculture Research Council Ordinance 1981 states that subject to such instructions as the Federal Government may, from time to time issue, the Council may invest its funds in any security of the Federal Government or a Provincial Government or in any of the securities enumerated in section 20 of the Trusts Act, 1882.

According to Finance Division O.M. dated 02.07.2003, investment of working balances/surplus funds be made subject to fulfillment of various requirements such as investment in 'A' rating banks, working balance limit of each organization be determined with the approval of administrative Ministry in consultation with Finance Division and competitive bidding process. Investment exceeding Rs.10 million shall

not be kept in one bank, setting up of in-house professional treasury management functions, formation of Investment Committee, employment of qualified investment management staff, utilization of services of professional fund managers approved by SECP, annual certificate of the Chief Executive of the organization, etc.

PARC invested Rs.686.737 million in TDR in National Bank PARC, Branch, Islamabad and DSC in National Saving Centre, Islamabad. Details are as under:

(Rupees in million)

S. No.	Title and Account	TDR Amount	DSC Amount	Total Amount
1.	GPF (A/C # 1321-3)	495	15	510
2.	B. Fund (A/c # 1651-3)	105	15	120
3.	G. Insurance (A/c # 1650-4)	35	10	45
4.	Welfare Fund (A/c # 2166-9)	8	3.737	11.737
	Total	**643.000**	**43.737**	**686.737**

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry for fixing the responsibility.

27.5.10 Unauthorized creation and appointment of Whole Time Member (Coordination and Monitoring)

In terms of Section 6 to 11 of the PARC ordinance 1981, the President of Pakistan reconstituted the Board of Governors of PARC comprising of five whole time members vide notification dated 10.01.2014 which includes Member (Animal Sciences), Member (Plant Sciences), Member (Social Sciences), Member (Natural Resources), Member (Finance).

Audit observed that the 6th post of a whole-time member (coordination and monitoring) was created in violation of ordinance and composition constituted by President of Pakistan.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry to fix responsibility.

27.5.11 Non-disclosure of bank accounts and irregular release of retention of foreign/grant in aid - Rs.52.393 million

Rule 668 of FTR Vol-I states that advances granted under special orders of competent authority to Government officers for departmental or allied purposes may be drawn on the responsibility and receipt of the officers for whom they are sanctioned,

subject to adjustment by submission of detailed accounts supported by vouchers or by refund, as may be necessary.

PARC management received GBP 54,170 as installment under grant in aid project titled "Medicinal & Aromatic Plant of Pakistan" from Royal Botanic Garden (RBG) Kew, UK and was further released in equivalent of Rs.10.012 million to Dr. Sader Uddin, CSO/Curator on 27.06.2019. Similarly, PARC released an amount of Rs.42.381 million during the year 2017-19 to NARC employees on account of 17 different assignments out of the grant in aid received in foreign and local currencies.

Audit observed that funds received in foreign currency were released to employees of NARC but details of bank account opened for foreign currency through which the releases were made was not provided. Neither MOU/agreement made with the donor agency was shown nor adjustment of the released amount was provided.

Audit is of the view that the issuance of funds in favor of employees was irregular and in the absence of agreement and adjustment record, the released amount is unauthentic.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends that matter may be inquired and responsibility be fixed.

27.5.12 Irregular maintenance of bank account and non-adjustment of releases - Rs.21.189 million

Rule 668 of FTR Vol-I states that advances granted under special orders of competent authority to Government officers for departmental or allied purposes may be drawn on the responsibility and receipt of the officers for whom they are sanctioned, subject to adjustment by submission of detailed accounts supported by vouchers or by refund, as may be necessary.

NARC management is receiving funds on account of different assignments from PARC out of the grant in aid received in foreign and local currencies. An amount of Rs.21.189 million was received during the year 2017-19 on account of 10 different assignments.

Audit observed that the released amounts were retained by the management in a bank account maintained in the name of Director Administration, NARC but bank accounts where the amounts were released was not disclosed to audit. Neither MOUs/agreements made with the contributor organizations were shown nor adjustment of the released amount was provided.

Audit is of the view that the maintenance of bank account without obtaining the approval of Finance Division was unauthorized while non-disclosing of bank account and in the absence of adjustment record; the authenticity of the released amount could not be established.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends that matter be inquired and responsibility be fixed.

27.5.13 Less recovery of gas charges from residents of NARC colonies - Rs.11.862 million

Rule 28 of GFR Vol-I states that no amount due to Government should be left outstanding without sufficient reason, and where any dues appear to be irrecoverable the orders of competent authority for their adjustment, must be sought.

National Agricultural Research Centre (NARC), Islamabad incurred an expenditure of Rs.16.231 million on monthly gas and water bills for the residents of NARC colonies during 2018-19.

Audit observed that management did not recover Rs.11.862 million from 194 occupants on account of gas and water charges.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends that measures be taken to eliminate the loss.

27.5.14 Non- deposit of utility charges - Rs.10.532 million

Rule 7(1) of FTR Vol.-I states that all Government receipts should be deposited into Government account and all moneys received shall not be appropriated to meet departmental expenditure.

NARC, Islamabad provides gas and water to its employees residing in the Colonies. The Directorate Works & Estate Management (W&EM), NARC issues monthly bills to residents who directly deposit gas and water bills amount with the cashier NARC and he deposit the entire amount into the Director (Admn) NARC bank account No.044-9.

Audit observed that payment of Rs.10.532 million for bulk supply of gas and water to SNGPL and WASA/RDA was made from Assignment Account 2131-0, whereas recoveries of utility charges of Rs.3.210 million made from the employees

were not deposited into Government Treasury and the remaining amount of Rs.7.310 million has not been recovered at all.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends that complete recovery of utility charges and depositing the same into Government treasury.

27.5.15 Non-deposit of auction money of vehicle and unserviceable items into Government Treasury - Rs.15.967 million

Rule 7 of FTR Volume-I states that all moneys received on behalf of Government on account of revenues shall without delay be paid in full into Government Treasury and Government receipts should not be utilized towards expenditure.

NARC, Islamabad auctioned fifteen (15) off-road vehicles and received an amount of Rs.6.110 million during 2017-18. Similarly, NARC realized Rs.6.964 million and Rs.2.893 million through auction of 18 vehicles and unserviceable items respectively during the audit period 2018-2019.

Audit observed that the management retained the receipts instead of depositing into government treasury.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends enquiry to fix responsibility besides depositing the amount in treasury.

27.5.16 Non-depositing of recoveries into Government Treasury - Rs.6.371 million

Section 18 (2) of PARC Ordinance 1981 provides that the funds of the Council shall consist of (a) grants made by the Federal Government and the Provincial Government; (b) grants, donations, endowments, contributions, aid and assistance given by other organizations: (c) foreign aid and loans obtained or raised with the approval of the Federal Government; and (d) receipts from other sources.

NARC collected/deducted Rs.6.371 million on account of private use of official vehicles from their employees during the audit period 2018-19.

Audit observed that the management collected/deducted the amount on account of private use of official vehicles from its employees but the amount was retained and not deposited into the Government treasury.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends that recoveries be deposited into Govt. treasury.

27.5.17 Non-procurement of aqua feed processing unit - Rs.15.412 million

The PC-I of the PSDP funded project "Aqua feed Production in Pakistan for Commercially Important Culturable Fishes" provides for construction of building for installation of fish feed mill and establishment of fish feed processing unit in NARC.

The project was approved by DDWP on 19.09.2013 with a capital cost of Rs.55.307 million for a period of five years. First release of funds was received on 04.01.2016. The PC-I of the project was revised on 08.08.2017 with a revised cost of the project i.e. Rs.59.332 million with the completion date 30.06. 2018.The project management of NARC incurred an expenditure of Rs.15.412 million during 2015-18 on construction of the building Rs.8.519 million.

Audit observed that building was constructed for installation of feed production unit but the same was never procured despite the fact that sufficient funds were allocated and released for the purpose.

Audit further observed that project has been closed and the management has prepared PC-IV of the project without achieving the objectives.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends that matter may be investigated to fix responsibility.

CHAPTER 28

NATIONAL HEALTH, SERVICES, REGULATIONS AND COORDINATION DIVISION

28.1 Introduction

As per Schedule II [Rule 3 (3)] Distribution of Business among the Divisions read with Schedule III [rule-4(4)] Rules of Business 1973 (As amended up to 23rd April, 2019) following main business have been assigned to the Division amongst the other functions.

1. Oversite for regulatory bodies for health services
2. National and international coordination in the field of public health
3. Population welfare programme and coordination
4. Training services in all health-related fields.
5. Coordination of Vertical Health Programmes including interaction with GAVI, EPI and the Global Fund for AIDS, TB, Hepatitis and Malaria.
6. Medical and health services for Federal Government employees.
7. Dealing and agreements with other countries and international organizations in the field of health, drugs and medical facilities abroad.
8. Scholarships / fellowships, training courses in health from International Agencies such as W.H.O. and UNICEF.

ATTACHED DEPARTMENTS / AUTONOMOUS BODIES

i. Directorate of Central Health Establishment.
ii. Federal Government Services Hospital, Islamabad.
iii. Pakistan Institute of Medical Sciences.
iv. Pakistan Medical and Dental Council.
v. Pakistan Council for Nursing.
vi. College of Physicians and Surgeons.
vii. National Councils for Tibb and Homeopathy.
viii. Pharmacy Council of Pakistan.

ix. Directorate of Central Health Establishment.

x. Drug Regulatory Authority of Pakistan.

xi. National Institute of Health.

xii. National Health Emergency Preparedness and Response Network.

xiii. Pakistan Medical Research Council.

xiv. Health Services Academy, Islamabad.

xv. Directorate of Central Warehouse and Supplies, Karachi.

xvi. Human Organ Transplant Authority.

xvii. Shaheed Zulfiqar Ali Bhutto Medical University, Islamabad.

xviii. Federal Medical and Dental College, Islamabad.

xix. Federal General Hospital, Islamabad.

xx. National Institute of Rehabilitative Medicine.

xxi. District Population Welfare Office.

xxii. Federal Government Tuberculosis Centre, Rawalpindi.

Sr. No.	Description	Total No.	Audited	Expenditure Audited (FY-2018-19) Rs. in million	Revenue / Receipt Audited (FY 2018-19) Rs. in million
1	Formations	70	8	8,371.832	-
2	Assignment Accounts (Excluding FAP)	11	-	-	-
3	Authorities / Autonomous Bodies etc. under the PAO	-	-	-	-
4	Foreign Aided Project (FAP)	3	2	1,196.000	-

28.2 Comments on Budget & Accounts (Variance Analysis)

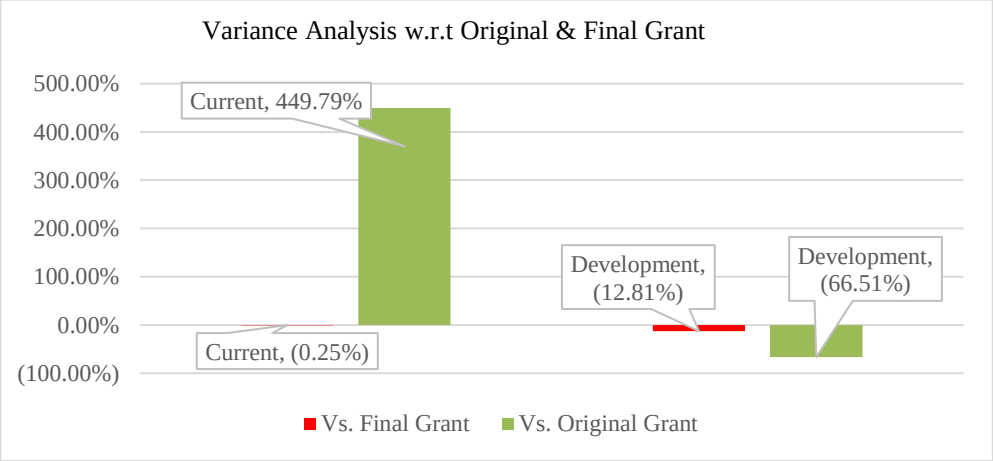
Final budget allocated to the National Health Services, Regulations and Coordination Division for the financial year 2018-19 was Rs.22,850.258 million, out of which the Division expended an amount of Rs.21,310.584 million. Grant-wise detail of current and development expenditure is as under:

(Rupees in million)

Type of Grant	ID	Original Grant	Supply Grant	Surrender (-)	Final Grant	Actual Expenditure	Excess / (Savings)	Excess / (Savings) % age
Current	87	2,004.000	9,441.112	-399.939	11,045.173	11,017.865	-27.307	(0.25%)
Development	136	30,734.498	3,552.371	-22,481.784	11,805.085	10,292.719	-1,512.366	(12.81%)
Grand Total		**32,738.498**	**12,993.483**	**-22,881.723**	**22,850.258**	**21,310.584**	**-1,539.673**	**(6.74%)**

Audit noted that there was an overall savings of Rs.1,539.673 million, which was due to savings in the Development grant.

According to Para 71 of General Financial Rules (Volume I), while framing budget estimates, the authorities should exercise utmost foresight. Rules of good governance demand that budget processes are carried out in accordance with clearly defined expectations, assumptions and a coordinated calendar of activity. As shown in the chart below, bifurcating total allocation into current and development expenditure it is observed that, in case of development expenditure, there was 66.51% of savings w.r.t Original grant which reduced to 12.81% savings w.r.t Final Grant because of heavy surrendering of original allocation and in case of current expenditure 449.79% of excess expenditure w.r.t to original grant reduced to 0.25% of savings w.r.t final grant due obtaining of supplementary grant, as depicted in the graph below:



28.3 Classified Summary of Audit Observations

Audit observations, amounting to Rs.2,702.614 million, were raised in this report during the current audit of National Health, Services, Regulations And Coordination Division. This amount also includes recoveries of Rs.363.515 million as pointed out by the audit. Summary of the audit observations classified by nature is as under:

(Rupees in million)

S. No	Classification	Amount
1	Non-production of record	308.659
2	Reported cases of fraud, embezzlement and m misappropriation	48.811
3	Irregularities	
A	*HR/Employees related Irregularities*	219.748
B	*Procurement related irregularities*	1,393.739
C	*Management of account with commercial banks*	39.708
D	*Recovery*	363.515
E	*Internal Control*	27.835
4	Value for money and service delivery	-
5	Others	300.599

28.4 Status of compliance with PAC Directives

Name	Audit Year	Total No. of Audit Paras	No. of Actionable Points Issued	Compliance	Non/Partial Compliance	% of Compliance
National Health Services Regulations and Coordination	1988-89	4	4	0	4	0%
	1989-90	7	7	6	1	86%
	1990-91	5	5	5	0	100%
	1991-92	15	15	0	15	0%
	1992-93	15	15	9	6	60%
	1993-94	13	13	0	13	0%
	1994-95	7	7	7	0	100%
	1995-96	9	9	5	4	56%
	1996-97	25	25	17	8	68%
	1997-98	2	2	2	0	100%
	1998-99	106	106	26	80	25%
	2000-01	54	54	9	45	17%
	2003-04	25	25	5	20	20%
	2005-06	3	3	1	2	33%
	2006-07	2	2	0	2	0%
	2007-08	5	5	1	4	20%
	2008-09	7	7	0	7	0%
	2009-10	2	2	1	1	50%
	2010-11	3	1	0	1	0%
	2013-14	44	27	8	19	30%
	Total	**353**	**334**	**102**	**232**	**31%**

The Draft Audit Reports including following Paras was issued to the PAO on 10.01.2020 and 16.01.2020 followed by reminder 11.01.2020 and 30.01.2020 with the request to reply and also arrange the DAC meeting to discuss the Paras.

28.5 AUDIT PARAS

Ministry of National Health Services, Regulations and Coordination (NHSR&C)

28.5.1 Unauthorized payment of Health Allowance - Rs.195.601 million

Para-25 of GFR Volume-I states that all departmental regulations in so far as they embody orders or instructions of a financial character or have important financial bearing should be made by or with the approval of the Ministry of Finance.

Health allowance was granted by the Finance Division vide letter dated 06.02.2012 equal to one month running basic pay to "Health Personnel" of Federal Government w.e.f. 01.01.2012 where "Health Personnel" means a person who holds a post in any institute or organization delivering services in the health sector and included in Schedule-I.

Ministry of National Health Services, Regulations and Coordination (NHSR&C) paid arrears of Health Allowance worth Rs.195,600,832 to its employees ranging from BPS-1 to BPS-22 during the month of June, 2019.

Audit observed that employees of the Ministry were not entitled for health allowance.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends that payment of Health allowance may be stopped forthwith besides effecting recovery.

Pakistan Institute of Medical Sciences

28.5.2 Non-production of record of procurement of machines for liver transplant - Rs.198.345 million

Section 14(2) of Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 states that the officer in-charge of any office or department shall afford all facilities and provide record for audit inspection and comply with requests for information in as complete a form as possible and with all reasonable expedition.

Section 14(3) of Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 states that any person or authority hindering the auditorial functions of the Auditor General regarding inspection of accounts shall

be subject to disciplinary action under relevant Efficiency and Discipline Rules, applicable to such person.

Pakistan Institute of Medical Sciences, Islamabad purchased liver transplant machines out of non-development budget for Rs.198.345 million during years 2010-12.

Audit observed that management failed to provide the record. Audit further observed that whereabouts of machinery was also not made known to Audit.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends that matter may be inquired to fix the responsibility.

28.5.3 Purchase of Dual Detector Gamma Camera without obtaining NOC from PNRA - Rs.29.300 million

Clause-20 of Pakistan Nuclear Safety & Radiation Protection Regulations 1990 states that any person desirous of importing or exporting, radioactive material, or radiation apparatus, shall apply to the Director for No Objection Certificate (NOC).

According to the Provision-8 of the Regulations on Radiation Waste Management – Pak/915 issued by PNRA vide notification No. SRO.765(1)/2005 dated 31.07.2005 each licensee generating radioactive waste shall prepare and submit its Radioactive Waste Management Program to the authority. This program shall be reviewed and updated by the licensee as and when required by the authority. The licensee shall manage radioactive waste in according to the Radioactive Waste Management Program approved by the authority.

Pakistan Institute of Medical Sciences, Islamabad purchased Dual Detector Gamma Camera at a cost of Rs.29,300,000 during financial year 2014-15.

Audit observed that NOC was not obtained from PNRA.

Audit further observed that the Gamma camera could not be commissioned despite lapse of 03 and half years. Actual date of expiry of warranty period was also not known.

PIMS management replied that Gamma camera is not radiation apparatus, thus "NOC" of PNRA is not required. However, PIMS had approved radioactive waste management program.

Reply is not acceptable as audit could not verify the commissioning of the Camera.

DAC was not convened till finalization of report.

Audit recommends inquiry to fix responsibility.

28.5.4 Non-implementation of recommendations of inquiry report - Rs.14.800 million

Para-10 of GFR Volume-I states that every officer incurring or authorizing expenditure from public funds should be guided by high standards of financial propriety.

The consultancy work of the Project "Establishment of Unit for Shredding, Sterilization and Disposal of Medical Waste" at PIMS, Islamabad was awarded to M/s Health Engineering Solutions (Pvt.) Ltd. Islamabad at a cost of Rs.14,800,000. Due to grave irregularities in awarding consultancy work to the said firm, PIMS constituted an Inquiry Committee vide letter dated 22.02.2018 to probe into the matter. The findings of the committee were as under:

- The technical evaluation committee made tailored marking to disqualify eligible firm to award contract to ineligible specialist.
- The consultant sublet the work to M/s Global Environmental Management Services Pvt. Ltd Karachi which was disqualified by the technical evaluation committee.
- Completion certificate was issued by the Administrator although work was not complete at all.
- The whole payment was released in advance violating the schedule of payment mentioned in work order and General Financial Rules.
- Whole process is full of violations and warrants a criminal investigation.

The committee recommended that all legal options to be carried to recover the public money and consultant who pooled the tender should be black listed. The case should be referred to NAB/FIA through controlling Ministry.

Audit observed that the recommendations of the Inquiry Report had not been implemented.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends that recommendations of the inquiry committee be implemented in letter and spirit.

28.5.5 Non-functioning of Central Sterilization Unit - Rs.27.835 million

As per supply order Clause-8 contractor/ supplier will be responsible for pre-requisition installation, free of cost and also responsible for preinstallation work if required after inspection.

As per Clause-14 of the supply order the supplier was responsible for supplying fabrication and erection of complete internal structure and renovation including antistatic PVC floor, lighting, wall treatment, 2x2 dumps false ceiling, air conditioning and civil work such as fixing of aluminum and glass work within the CSSD as per approved standard.

The management purchased a Central Sterilization Unit for Cardiac Surgery from M/s Total Technologies (Pvt.) Ltd. Islamabad at a cost of Rs.27,835,000 on 29.03.2013.

Audit observed that the equipment was received in PIMS and entered in stock register but there was no record regarding its inspection, installation and commissioning. The supplier got paid without completing the tasks required under Clause-14 of the supply order.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends that matter be inquired to fix responsibility.

28.5.6 Loss due to non-installation of separate electricity meters at residential colony

According to Rule-8 of GFR Vol- Subject to such general or specific instruction as may be issued by Government in this behalf, it is the duty of the Revenue or Administrative Department concerned, to see that the dues of Government are correctly and promptly assessed collected and paid into the treasury.

Pakistan Institute of Medical Sciences, Islamabad incurred an expenditure of Rs.310,244,067 on payment of electricity charges to IESCO during financial years 2016-18.

Audit observed that except the main meter of the hospital, no separate electricity meters for residential colony were installed. Nominal cost of electricity was being recovered from the employees but due to non-production of original bills of electricity audit could not ascertain the total number of units consumed and charged by the IESCO. The amount recovered from the occupants of colony houses was not provided to Audit.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends that separate electricity meters be installed in the residential colony. Average cost of the consumed units of the main meter per unit be calculated and recovered residents of PIMS Colony and be deposited into Government treasury.

28.5.7 Issuance of medicines on fake chits

According to Rule-11 of GFR Volume-I each head of a department is responsible for enforcing financial order and strict economy at every step. He is responsible for observance of all relevant financial rules and regulations both by his own office and by subordinate disbursing officers.

Pakistan Institute of Medical Sciences, Islamabad purchased medicines worth Rs.899,417,399 during financial years 2016-18 and as per policy of distribution; the medicines were received in main store from the suppliers and entered in the stock register. These medicines were issued to concerned wards as per their requirement by submitting indent. After issuance of medicines to the departments, these medicines were further issued to patients on doctor's prescription.

Audit observed that all prescriptions were not issued by the doctors. Some fake chits had been placed on record by the concerned distributors and produced to audit. Some chits did not bear the names, patient control number, doctor's signature, stamp and name of OPD. Due to defective mechanism and existing non-transparent and unapproved policy for the distribution of medicines issuance was being made on fake chits.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry to fix the responsibility.

28.5.8 Irregular award of service/maintenance contract of MRI and Angiography machine - Rs.95.074 & Rs.23.178 million respectively

According to Rule-12(2) of PPRA rules all procurement opportunities over one million rupees should be advertised on the Authority's website as well as in other print media or newspapers having wide circulation. The advertisement in the newspapers shall principally appear in at least two national dailies, one in English and the other in Urdu.

Pakistan Institute of Medical Sciences, Islamabad purchased an MRI machine from M/s Matora Digionics (Pvt.) Ltd. at total cost of US$ 1,493,000 in 2006 with five years warranty period.

PIMS awarded service/maintenance contract of MRI machine to M/s Matora Digionics (Pvt.) Ltd. for Rs.94,422,900 along with maintenance contract of Angiography machine to the same firm for Rs.23,178,750 during financial years 2012-18.

Audit observed that the contracts were awarded without calling open tenders.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry to fix responsibility.

28.5.9 Double payment of Helium Gas Charges of MRI machine to M/s Matora Digionics (Pvt.) Ltd - Rs.17.544 million

According to Rule-11 of GFR Vol-I "Each head of a department is responsible for enforcing financial order and strict economy at every step. He is responsible for observance of all relevant financial rules and regulations both by his own office and by subordinate disbursing officers".

Pakistan Institute of Medical Sciences, Islamabad awarded the annual maintenance contract of MRI machine to M/s Matora Digionics (Pvt.) Ltd. at a total cost of Rs.94,422,900 during financial years 2012-18.

Before award of first service/maintenance contract PIMS had intimated the firm that they were bound to provide annual service/maintenance (with parts and labour) at the rate of US$ 75,000 per annum as per their bid given at the time of purchase of the machine. Later on, the contract was revised at the rate of US$ 126,200 by including the cost of Helium Gas, UPS, Water Chiller, Diesel Generator, Imager and Air conditioning etc. on the recommendation of purchase committee on

04.03.2013. However, PIMS intimated on 23.04.2013 to the firm that the contract had been revised at the rate of US$ 155,000 including Helium Gas Charges amounting to US$ 28,800.

Audit observed that as the cost of Helium Gas Charges of US$ 24,000 had been included by the firm in their quotation dated 31.01.2013 (for total US$ 126,000 per annum) but the PIMS again added the cost of Helium Gas of US$ 28,800 in their revised cost/offered rate of US $ 155,000 which resulted into double payment of US$ 28,800 (per annum) equal to Pak. Rs.17,544,384 to the said firm as under:

(Rupees/ US $)

S. No.	Period of Contract	Price quoted vide Firm's letter dated 31.01.2013	Price accepted by PIMS vide letter dated 23.04.2013	Difference per annum	Conversion Rate	Difference / Double payment
1	25.07.2012 to 24.07.2013	126,200	155,000	28,800	94.65	2,725,920
2	25.07.2013 to 24.07.2014	126,200	155,000	28,800	104.00	2,995,200
3	25.07.2014 to 24.07.2015	126,200	155,000	28,800	99.40	2,862,720
4	25.07.2015 to 24.07.2016	126,200	155,000	28,800	101.70	2,928,960
5	25.07.2016 to 24.07.2017	126,200	155,000	28,800	104.86	3,019,968
6	25.07.2017 to 24.07.2018	126,200	155,000	28,800	104.57	3,011,616
					Total	**17,544,384**

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry to fix responsibility besides recovery.

28.5.10 Unauthorized excess drawal of honorarium - Rs.2.078 million

Para-9 of GFR Volume-I states that as a general rule no authority may incur any expenditure or enter into any liability involving expenditure from public funds until the expenditure has been sanctioned by general or special orders of the President or by an authority to which power has been duly delegated in this behalf and the expenditure has been provided for in the authorized grants and appropriations for the year.

Pakistan Institute of Medical Sciences, Islamabad had sanctioned honorarium of Rs.4,760,675 during financial years 2016-18.

Audit observed that the management incurred an expenditure of Rs.6,838,601, resulting in unauthorized drawal of Rs.2,078,126.

Neither the management replied nor was DAC convened.

Audit recommends inquiry to fix the responsibility besides recovery.

28.5.11 Fake import and installation of substandard Floor Mounted 500 MA X-Ray Unit - Rs.6.444 million

According Rule-10 of GFR Vol-I every officer incurring or authorizing expenditure from public funds should be guided by high standards of financial propriety.

Pakistan Institute of Medical Sciences, Islamabad issued a supply order dated 07.04.2017 to M/s Radiant Medical (Pvt.) Ltd. Rawalpindi for supply of a Floor Mounted 500MA X-Ray unit model DRX-Ascend System make Carestream Health Inc. with country of origin China through open tender floated on 12.01.2017.

Audit observed that as per Technical Evaluation Report the country of origin of the machine was approved as USA. But as per supply order dated 07.04.2017 the country of origin was mentioned as China. As per import documents the machine was imported from China.

Audit further observed that according to bill of lading the machine was imported on 10.06.2017 at Custom Office Lahore. But as per delivery Challan dated 08.06.2017 the machine had been supplied on 08.06.2017 (two days before arrival of machine from China to Pakistan) and also installed on the same date. Thus, both the delivery challan and installation report were fake.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry to fix responsibility.

28.5.12 Non-fulfillment of contractual obligations by M/s Sharif Oxygen (Pvt.) Ltd - Rs.52.316 million

Pakistan Institute of Medical Sciences, Islamabad invited open tender on 16.05.2017 for supply of liquid medical oxygen and M/s Sharif Oxygen (Pvt.) Ltd. Lahore was awarded the contract. As per clause-15 of the agreement M/S Sharif

Oxygen (Pvt.) Ltd, Lahore was responsible to fulfill the following contractual obligations:

- Construction of 5x5 feet covered underground tank RCC adjacent to the base.
- Drainage of the water into the tank along with water pump ½ HP to melt the ice and recycling the water due to melting of ice.
- Plantation up to 10 feet around the base.
- Area kept clean and dry to avoid dengue mosquito breeding in pursuance of CDR environment law.

Audit observed that none of the above obligations was fulfilled despite full payment of Rs.52,316,090 made to the firm during financial years 2016-18.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry to fix responsibility.

28.5.13 Non-deposit of 16% GST by M/s Belfort Security Services (Pvt.) Ltd- Rs.7.014 million

According to clarification issued by the Regional Tax Office Islamabad vide letter dated 15.08.2016 "in accordance with clause I of Sub Section 44 of Section 2 of Sales Tax Act 1990 the services means the time at which the services are rendered or provided. Therefore, it is clear that the services performed by security agency after 1st July, 2015 shall be liable to tax at 16% irrespective of its date of agreement".

Pakistan Institute of Medical Sciences, Islamabad made payments of Rs.43,839,255 to M/s Belfort Security Services (Pvt.) Ltd during financial years 2016-18.

Audit observed that as per above instructions of the Income Tax Office, the firm was required to deposit 16% GST Rs.7,014,280 into Government treasury but no GST invoice was submitted and the management paid the claimed without deducting GST. Thus, an amount of Rs.7,014,280 was recoverable from the firm.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends that GST of Rs.7.014 million may be recovered.

28.5.14 Irregular execution of civil works - Rs.141.600 million

Rule 12(1) of Public Procurement Rules, 2004 states that procurements over one hundred thousand rupees and up to the limit of two million rupees shall be advertised on the Authority's website in the manner and format specified by regulation by the Authority from time to time. These procurement opportunities may also be advertised in print media, if deemed necessary by the procuring agency.

As per clause of the contract agreement regarding validity and extension, the contract will be valid for two years from the date of commencement. The contract is extendable for further period of one year on the satisfactory performance of the contractor/firm if both the parties agreed.

Pakistan Institute of Medical Sciences, Islamabad incurred an expenditure of Rs.141,600,399 on repair of office and residential buildings and awarded contract to M/s Raja Brothers for the period of two years w.e.f. 17.03.2015 to 16.03.2017.

Audit observed that instead of executing the civil works through PWD the contract was awarded to private contractor. Audit further observed that an expenditure of Rs.141.600 million had been incurred on civil works/repair of office building and residential building by keeping the amount below Rs.500,000 (in each case) to avoid sanction of next higher/competent authority.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends that matter may be inquired to fix the responsibility.

28.5.15 Non-recovery of outstanding rent of pharmacy shops - Rs.32.600 million

Para-8 of GFR Volume-I states that subject to such general or specific instruction as may be issued by Government in this behalf it is the duty of the Revenue or Administrative Department concerned to see that the dues of Government are correctly and promptly assessed collected and paid into the treasury.

As per Clause-6 of the agreement the first party will have to deposit the 12 (twelve) postdated cheques on account of monthly rent for every year for the term of contract (05 years period) in purchase department. The Purchase Department will submit the said cheques by 5th day of every month to the account branch. The account branch will ensure the deposition / clearance of the cheque from relevant bank by 10th day of every month and inform the purchase department accordingly by the 15th of every month positively.

Pakistan Institute of Medical Sciences, Islamabad made an agreement with M/s Imran Pharmacy Rawalpindi on 05.01.2018 to rent out Pharmacy Shop "A" measuring 1300 sq. ft. (approx.) @ Rs.2,600,000 per month for a period of five years w.e.f 01.01.2018 on BOT (Build Operate and Transfer) basis. Similarly, an agreement was made with the same firm on 01.12.2017 to rent out Pharmacy Shop "B" measuring 1300 sq. ft. (approx.) @ Rs.1,800,000 per month for a period of five years w.e.f. 01.01.2018 on BOT basis.

Audit observed as under;

i. The contractor did not deposit the rent amounting to Rs.12.600 million into Government treasury.

i. The security of Rs.20,000,000 (twenty million) of Shop A and B (Rs.10,000,000 each had been adjusted against rental liabilities of both shops. No fresh security as per Clause-A (1) of the agreement had been deposited.

ii. No penalty clause had been inserted in the agreement. Thus, undue favor had been extended to the contractor at the cost of Public exchequer.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends that matter may be inquired to fix the responsibility besides recovery of the rent.

28.5.16 Non-recovery of rent of premises occupied by M/S Raja Brothers - Rs.15.339 million

Para-8 of GFR Volume-I states that subject to such general or specific instruction as may be issued by Government in this behalf it is the duty of the Revenue or Administrative Department concerned to see that the dues of Government are correctly and promptly assessed collected and paid into the treasury."

Pakistan Institute of Medical Sciences, Islamabad provided rent free premises of about 5000 Sq. ft. to M/s Raja Brothers for residential accommodation of its labor and the store of building material.

Audit observed that neither the rent of the premises was calculated nor recovered from contractor the amount for which comes to Rs.15,339,000 on the basis

of approved rates of Ministry of Housing and Works. The utility charges were also not recovered from the contractor.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends that matter may be inquired to fix the responsibility beside recovery of the rent.

28.5.17 Irregular expenditure through DDO - Rs.21.977 million

Rule 157 of FTR (Vol-I) provides that all third-party payments of Rs.200 and above shall be made through cross cheques drawn in the name of the recipients.

Pakistan Institute of Medical Sciences, Islamabad incurred an expenditure of Rs.21,977,040 through Drawing and Disbursing Officer (DDO).

Audit observed that cheques were drawn in favor of DDO.

Neither management replied nor DAC was convened till the finalization of report.

Audit recommends that irregularity be condoned from the competent authority.

28.5.18 Irregular procurement under different heads of accounts - Rs.97.941 million

Rule 12 (2) of the Public Procurement Rules, 2004 provides that all procurement opportunities over two million rupees should be advertised on the Authority's website as well as in other print media or newspapers having wide circulation. The advertisement in the newspapers shall principally appear in at least two national dailies, one in English and the other in Urdu.

Pakistan Institute of Medical Sciences, Islamabad incurred an expenditure of Rs.97.940 million under different heads for the period under audit. Detail is as under:

(Rupees)

S. No.	Description	Head	Final Budget	Amount
1	Uniform and Protective Clothing	A03906	6,300,000	8,123,490
2	Others	A03970		9,413,893
3	Purchase of Plant & Machinery	A09601	36,000,000	38,737,070
4	Repair of Machinery & Equipment	A13101	35,125,000	41,666,537
	Total			**97,940,990**

Audit observed that the management extended annual tender for the financial year 2017-18 and procurements were also made on the basis of previous year tender.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry to fix the responsibility besides condoning of the irregularity from the competent authority.

28.5.19 Irregular procurement of drugs and medicines - Rs.228.902 million

Rule 12 (2) of the Public Procurement Rules, 2004 provides that all procurement opportunities over two million rupees should be advertised on the Authority's website as well as in other print media or newspapers having wide circulation. The advertisement in the newspapers shall principally appear in at least two national dailies, one in English and the other in Urdu.

Pakistan Institute of Medical Sciences, Islamabad incurred Rs.464.316 million under the head A03927 - Purchase of Drugs and Medicines. Purchases were made on the tender rates of financial years 2012-13, 2014-15, 2016-17 and 2017-18.

Audit observed that Drugs & Medicines and other Allied items were procured at cost of Rs.228.902 million on the bases of previous year's tender rates.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry to fix the responsibility besides condoning of the irregularity from the competent authority.

28.5.20 Non-production of record of utilization of stents, caths etc. - Rs.110.314 million

Section 14 (2) of Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 states that the officer Incharge of any office or department shall afford all facilities and provide record for audit inspection and comply with requests for information in as complete a form as possible and with all reasonable expedition.

Section 14(3) of Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 states that 'any person or authority hindering the auditorial functions of the Auditor General regarding inspection of accounts shall be subject to disciplinary action under relevant Efficiency and Discipline Rules, applicable to such person.

Pakistan Institute of Medical Sciences, Islamabad was requested vide our requisition to provide the following record:

1- Total stents purchased and their utilization.
2- Detail of free/Mustahiq and on-payment patients who had been treated.
3- Detailed summary of cardiac items utilized and lying in stock as per stock registers.

Audit observed that stents purchased during the period under audit were of Rs.110,314,000. Number of Stents in statement provided by management was different from the number of Stents shown on stock register. The audit further observed that management failed to provide requisite record.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends that matter may be inquired to fix the responsibility.

28.5.21 Irregular hiring of post graduate residents - Rs.22.069 million

Para-11 of GFR Volume-1states that each head of a department is responsible for enforcing financial order and strict economy at every step. He is responsible for observance of all relevant financial rules and regulations both by his own office and by subordinate disbursing officers.

Pakistan Institute of Medical Sciences, Islamabad was requested to provide the following record;

1- Sanctioned slots of PGRs (Department wise)
2- Policy, Criteria and procedure adopted for selection of PGRs.
3- Detail of PGR recruited during the period under audit.

Audit observed that Finance Division approved 496 slots of PGRs for PIMS but management provided the lists of 644 PGRs who were working in different departments. A difference of Rs.22,068,994 was also observed in the expenditure booked by the management.

Authenticity of expenditure incurred and factor of merit could not be ascertained by the audit.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends that matter may be inquired to fix the responsibility.

28.5.22 Irregular waiver of test fee - Rs.25.203 million

Ministry of Health vide letter No. F.7-17/2000-Budget dated 14th November, 2000 approved the following policy and charges for CT Scans at PIMS.

i. Only Federal Government employees will be treated as entitled.

ii. C.T. Scan requests of Federal Government employees / Zakat patients (having LZ-II Form) referred from other Federal institutions may be reviewed by the relevant consultant to ascertain the justification for the C.T. Scan requests.

iii. Only Zakat patients who have LZ-II Form will be exempted from fee.

iv. Other patients having Zakat form LZ-19 will be dealt on individual basis by the Radiology department with the approval of Executive Director.

v. Emergency patients will be provided the service free of charge.

Pakistan Institute of Medical Sciences, Islamabad did free of cost 3,879 C.T. Scans and 2,365 MRI.

Audit observed that free of cost C.T. Scans and MRI deprived the hospital from fee receipts of Rs.25,203,458. The management did not provide the record of patients along with the approval of competent authority.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry to fix the responsibility.

28.5.23 Irregular enhancement of fee and payment of 60% share to PIMS employees - Rs.44.553 million

Supplementary Rule 10(3) states that for private bacteriological, pathological and analytical work carried out in Government laboratories and in the Chemical Examiner's Department, 40 percent of the fees should be credited to Government, the reminder (60%) being allowed to the doctor of the laboratory or the Chemical Examiner, as the case may be, who may divide it with his assistants and subordinates in such manner as he considers equitable.

Pakistan Institute of Medical Sciences, Islamabad collected Rs.74,256,415 from the patients on account of test charges of angiography, angioplasty, ECG,

ECHO, Operations, consultation, anesthesia, pathology, radiology, physiotherapy, blood bank, dental and neurology during 2018-19.

Audit observed that out of receipts the management paid Rs.44,553,849 (i.e. 60% share) to the doctors and paramedical staff. The management was not competent to enhance tests rates without the prior approval of Ministry of Finance and distribute amongst the doctors and paramedical staff.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends recovery to be deposited into Government treasury.

28.5.24 Maintenance of 69 vehicles without authorization of Cabinet Division - Rs.42.900 million

According to Cabinet Division's letter No. 6/7/2011-CPC dated 12.12.2011, Ministries/Divisions/Departments needing operational vehicles shall get their authorization of such vehicles fixed from the Vehicle Committee constituted with a representative each from Cabinet Division, Finance Division and the respective Ministry/Division/Department.

Pakistan Institute of Medical Sciences, Islamabad was maintaining fleet of 69 vehicles. An expenditure of Rs.42,934,008 was incurred on repair/maintenance and POL during financial year 2018-19.

Audit observed that:

i. No authorization of vehicles had been obtained from the Vehicle Authorization Committee as per instructions of the Cabinet Division.

ii. An expenditure of Rs.1,025,717 had also been incurred on 04 off road vehicles.

iii. Whereabouts of two off-road vehicles i.e. Toyota Hiace No.IDB-7546 and Toyota Corolla No.IDG-2617 was not made known to Audit.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends authorization besides regularization of expenditure.

28.5.25 Non-delivery of vehicle by Toyota Islamabad Motors despite getting advance payment - Rs.3.903 million

Rule-4(2) of Staff Car Rules,1980 states that each staff car shall immediately after its purchase, be registered by the designation of the Officer-in-Charge of the Division for which it has been purchased and it shall not be required to be insured".

Project titled "Establishment of Federal Breast Cancer Screening Centre at PIMS Islamabad" made an advance payment of Rs.3,903,418 vide cheque No. 6387410 dated 19.06.2017 to Toyota Islamabad Motors, Islamabad for supply of one Toyota Van Hi-Roof Dual.

Toyota Islamabad Motors vide letter dated 02.07.2018 intimated that the vehicle has been dispatched from Karachi and will reach after change of engine specification from Euro-0 to Euro-02 and further claimed difference of Rs.1,235,582 for supply without issuance of any revised supply order for change of specifications.

Audit observed that the amount of Rs.3.903 million was retained by the company since June, 2017 but vehicle was not delivered till December, 2018 even after the closing of the project on 30.06.2017.

The management replied that two reminders were issued and PIMS is pursuing the case with M/s Toyota Islamabad Motors.

DAC was not convened till finalization of report.

Audit recommends inquiry besides getting the vehicle or recovery.

28.5.26 Irregular signing of MoU and Non-recovery of hospital charges from NGO - Rs.20.493 million

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

Mother & Child Health Centre (MCH), PIMS Islamabad signed a Memorandum of Understanding (MoU) on 27.04.2007 with a Non-Government Organization (NGO) titled Pakistan National Forum on Women Health (PNFWH) for the financing of a project "Treatment of Obstetric Fistula and emancipation of the victims of fistula" out of funds provided by an International Agency United Nations Population Fund (UNFAP). Further an expenditure of Rs.20.493 million was incurred

on account of diet charges, room rent charges and OT charges for fistula patients out of MCH funds during 2014-19.

Audit observed that the management entered into MoU without approval of the Federal Government. Detail of expenditure incurred by MCHC on fistula patients during 2007-14 was not provided by the management. Bank Account (No. 3010782743 (PLS Account)) was opened without the approval of Finance Division. Detail of funds received and expenditure incurred since 2007 was also not provided.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry to fix the responsibility.

28.5.27 Unauthorized distribution of receipt's share - Rs.3.450 million

According to Rule-12(1) of Rules of Business 1973, no Division shall, without previous consultation with the Finance Division, authorize the issue of any orders, other than orders in pursuance of any general or special delegation made by the Finance Division, which will affect directly or indirectly the finances of the Federation.

Mother & Child Health Centre (MCH), PIMS, Islamabad paid / distributed share of Rs.3,450,419 out of the MCH receipts to the individuals who were neither the employees of MCH nor drawing their pay and allowances from MCH.

Audit observed that share of receipts was distributed among non-entitled persons. Audit further observed that the payment of share of Rs.540,633 to PGs of Unit I and Unit II during the financial year 2018-19 without any approved rules and regulation was needed to be justified.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry to fix the responsibility besides affecting the recovery.

Prime Minister's Program for Prevention of Hepatitis, Gilgit

28.5.28 Procurement of Hepatitis B & C kits without requirement - Rs.9.903 million

Para-145 of GFR Volume-I states that purchases must be made in the most economical manner, in accordance with the definite requirements of the public service. Store should not be purchased in small quantities. Periodical indents should be prepared and as many articles as possible obtained by means of such indents. At

the same time case should be taken not to purchase stores much in advance of actual requirements.

Prime Minister's Program for prevention of Hepatitis, Gilgit procured 428,300 and 287,800 number of Hepatitis B and C rapid test kits respectively at total cost of Rs.12,641,219 against planned procurement of 62,227 Hepatitis B and C rapid test kits.

Audit observed that 653,873 a large number of rapid test kits were in stock and were near to expiry and above the demand of Health Facilities. Stock inspection revealed that the Government City Hospital, Gilgit had a stock of unused 900 expired kits.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends that responsibility be fixed for this wasteful expenditure on the persons concerned.

Civil Surgeon Office, Karachi

28.5.29 Irregular distribution of Central Medical Board and vaccination fees - Rs.2.276 million

As per Rule-7(i) of FTR Volume-1, all money received by or tendered to Government Officers on account of the revenues of the Federal Government shall without undue delay be paid in full into a treasury or into the Bank and shall be included in the Federal Consolidated Fund of the Federal Government.

Rule-25 of GFR Volume-I states that all departmental regulations in as far as they embody orders or instructions of a financial character or have important financial bearing should be made by or with the approval of the Ministry of Finance.

Civil Surgeon Office, Karachi generated income of Rs.2,121,000 on account of Central Medical Board Fees @ 1500 per person and Rs.917,500 on account of yellow fever vaccination fee @ Rs.500 per dose during the period 2018-19.

Audit observed that the collected receipts of Rs.2,272,600 were not deposited into Government treasury and were distributed amongst the Board members and doctors without obtaining approval of the Finance Division.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry to fix the responsibility besides recovery.

Federal Government General Hospital, Islamabad

28.5.30 Irregular distribution/issuance of medicines - Rs.31.620 million

Para-11 of GFR Volume-I states that each head of a department is responsible for enforcing financial order and strict economy at every step. He is responsible for observance of all relevant financial rules and regulations both by his own office and by subordinate disbursing officers"

Federal Government General Hospital, Islamabad purchased medicines worth Rs.31,619,801 during financial year 2018-19.

Audit observed that there was no approved policy of distribution of medicines. Medicines were issued without prescriptions of doctors. Some fake chits had been placed on record by the concerned distributors and produced to audit. Some chits did not bear the names of patients with patient control number, doctor's signature, stamp and name of OPD.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry to fix the responsibility.

28.5.31 Irregular procurement of drugs and medicines - Rs.11.954 million

Rule 4 of Public Procurement Rules, 2004 states that procuring agencies, while engaging in procurements, shall ensure that the procurements are conducted in a fair and transparent manner, the object of procurement brings value for money to the agency and the procurement process is efficient and economical.

Rule 12 (2) of the Public Procurement Rules, 2004 provides that all procurement opportunities over two million rupees should be advertised on the Authority's website as well as in other print media or newspapers having wide circulation. The advertisement in the newspapers shall principally appear in at least two national dailies, one in English and the other in Urdu.

Federal Government General Hospital, Islamabad incurred an expenditure of Rs.11.954 million on the purchase of Drugs and Medicines for the period 2018-19.

Audit observed that the drugs and allied items were procured on the basis of tender rates of previous years i.e. 2013-2014 and 2016-17.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry to fix the responsibility.

28.5.32 Irregular expenditure on procurement of physical assets - Rs.11.242 million

Para 145 of GFR Volume-I states that the purchases must be made in the most economical manner in accordance with the definite requirements of the public service. At the same time, care should be taken not to purchase stores much in advance of actual requirements.

Federal Government General Hospital, Islamabad purchased Color Doppler-70 XINSIGHT MINDARY for Rs.4,347,500 and 6 Motorized Beds for Rs.6,894,000 during 2018-19.

Audit observed that the purchases of Color Doppler-70 XINSIGHT MINDARY without any sanctioned post of cardiac doctor and 6-Motorized Beds before the completion of the new OPD block were irregular.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry to fix the responsibility.

Khyber Institute of Child Health and Children Hospital, Hayatabad, Peshawar

28.5.33 Irregular payment of escalation charges - Rs.20.390 million

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

The Executive Engineer Provincial Building Division-I C&W Department Peshawar floated tender for execution of the work namely “Khyber Institute of Child Health and Children Hospital at Hayatabad Peshawar” during the financial year 2013-14. Subsequently bids were received and contract was awarded to M/s United Construction Company at a total cost of Rs.838.267 million.

Audit observed that the management paid Rs.20,389,748 as escalation vide contractor's 22nd Running bill, dated: 26.01.2018 without provision in contract agreement

The management replied that the escalation amount was paid to the contractor in light of the provision in the detailed cost estimates.

Reply is not acceptable as there was no provision in contract agreement.

DAC was not convened till finalization of report.

Audit recommends recovery of the amount.

28.5.34 Irregular award of Contract - Rs.838.267 million

Rule 22 of Public Procurement Rules 2004 states that the bids shall be submitted in a sealed package or packages in such manner that the contents are fully enclosed and cannot be known until duly opened.

Rule 28 (2) ibid states that all bids shall be opened publicly in the presence of the bidders or their representatives who may choose to be present, at the time and place announced prior to the bidding. The procuring agency shall read aloud the unit price as well as the bid amount and shall record the minutes of the bid opening. All bidders in attendance shall sign an attendance sheet. All bids submitted after the time prescribed shall be rejected and returned without being opened.

The Executive Engineer Provincial Building Division-I C&W Department Peshawar floated tender for execution of the work namely "Khyber Institute of Child Health and Children Hospital at Hayatabad Peshawar" during the financial year 2013-14. Subsequently bids were received and contract for execution was awarded to M/S United Construction Company at a total cost of Rs.838.267 million.

Audit observed that neither the technical and financial proposals (separately) were found on record nor the sealed envelopes were available.

The management replied that all the bids were opened simultaneously by the Procurement Committee in the presence of all the bidders. The bids were evaluated by the Committee members and the contract was awarded accordingly to the most eligible contractor.

Reply of the management is not acceptable as separate technical & financial proposals were not provided.

DAC was not convened till finalization of report.

Audit recommends inquiry to fix the responsibility.

Pharmacy Council of Pakistan, Islamabad

28.5.35 Unauthorized opening of bank account and expenditure - Rs.39.708 million

Section -16(1) of Pharmacy Act, 1967 states that funds of the Central Council shall consist of such moneys as may be placed at its disposal by the Central Government.

Rule 7(1) of FTR Volume-I states that all moneys received by or tendered to government offices on account of the revenues of the Federal Government shall without undue delay be paid in full into a treasury and shall be included in the Federal Consolidated Fund of the Federal Government.

Pharmacy Council of Pakistan, Islamabad opened a current bank account No:882-2(4014024536) in NBP, Pak. Secretariat, B Block, Islamabad with the approval of President of the Council working in M/o Health as DG(Health) on 29.03.2004 for depositing/handling of receipts.

Audit observed that an expenditure of Rs.39.708 million was incurred out of receipts account during the period 01.01.2013 to 30.06.2018. No record for the period 29.03.2004 to 31.12.2012 was available with the management. Further, the bank account was opened without the approval of Finance Division.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry to fix the responsibility besides regularization of expenditure.

28.5.36 Unauthorized imposition of fees by the Council - Rs.172.597 million

Section 16 of Pharmacy Act 1967 states that the funds of the Central Council shall consist of such moneys as may be placed at its disposal by the Central Government. The funds of a Provincial Council shall consist of the fees received by it under this Act and of such moneys as may be placed at its disposal by the Provincial Government.

Pharmacy Council of Pakistan charged Rs.172.597 million on account of registration/renewal fee and penalty from registered universities/institutes and enrolment fee from the students taking admission in Pharm-D.

Audit observed that Pharmacy Council of Pakistan was not competent to charge any type of fee as only provincial councils were empowered to levy such fees.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry to fix the responsibility beside discontinuation of the practice of charging fees from pharmacy institutions.

28.5.37 Irregular payment of rent on account of hiring of office building - Rs.6.750 million

The Ministry of housing and works vide No.F.2 (1)2000-Policy dated 04.11.2002 approved the rates of Rs.7 per Sq. ft for basement and Rs.14 per Sq. ft for other floors for hiring the commercial office buildings at Islamabad and directed that cases of buildings proposed to be hired beyond the enhanced rates will continue to be referred to Finance Division (Regulation Wing) through FA's organization.

Para 3 of Ministry of Housing and Works O.M No.F.2(1)/2004/Policy dated 17.09.2004 states that after the decentralization of hiring of office accommodation, Ministry/Division/Department are competent to hire the private buildings for office accommodation at their own as per prescribed scale. Moreover, the Ministry/Division/Department will obtain the rent reasonability certificate from the Pak PWD.

Pharmacy Council of Pakistan, Islamabad hired an office accommodation with the approval of Council. An agreement for hiring of one half of Ist floor approximately 3500 square ft. office accommodation @ Rs.150,000 per month in Feroz Centre, blue area Islamabad was made on 29.10.2014 for the period of three years w.e.f. 01.11.2014. Rs.6.750 million was paid to the landlord as rent for the period 01.11.2014 to 31.12.2018@ Rs.150,000 per month.

Audit observed that the building was hired without observing the scales of office accommodation and Rent & Area Assessment Certificate was not obtained from Pak PWD. Audit further observed that rent was still being paid to the landlord after expiry of the agreement without any justification and an amount of Rs.750,000 was deducted as income tax from the rent and retained by the Council.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends that responsibility be fixed for the irregularity.

28.5.38 Non-production of record

Section 14(2) of Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 states the officer in charge of any office or department shall afford all facilities and provide record for audit inspection and comply with requests for information in as complete a form as possible and with all reasonable expedition.

Section 14(3) states that any person or authority hindering the auditorial functions of the Auditor General regarding inspection of accounts shall be subject to disciplinary action under relevant Efficiency and Discipline Rules, applicable to such person.

Pakistan Medical & Dental Council, Islamabad is mandated with the authority to register the Medical & Dental Institutes and Medical & Dental practitioners. Furthermore, the Council charges various fees.

Management of PMDC was requested to provide the following record:

1. SOPs for registration of Medical and Dental institutes, practitioners and students.
2. List of institutes inspected. (Province-wise)
3. List of medical and dental institutes registered. (Province-wise)
4. List of Medical and Dental Practitioners registered. (Province-wise)
5. Detail of Penalties imposed. *(as per 22B and 28A of PMDC Ordinance 1962)*
6. List of inspectors appointed during the year along with their biodata.
7. Detail of casual vacancies occurred during the period under audit and their subsequent filling.

Audit observed that management of PMDC failed to provide the above requisitioned record.

In absence of the above stated record and relevant files, audit is unable to comment on the receipts and other working of the PMDC.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry to fix the responsibility.

28.5.39 Non-recovery of balance amount of plea-bargain - Rs.41.84 million

Para-26 of GFR Vol-I requires that it is the duty of the departmental controlling officer to see that all sums due to Government are regularly and promptly assessed, realized and remitted into account.

Ex-Secretary of PMDC, as per NAB reference No.63/2002, was found guilty of corruption of Rs.65.2 million. The accused ex-secretary entered into plea bargain with NAB as per court decision dated 25th July, 2006. Accordingly following recoveries were made from the accused.

(Rupees in million)

1	Recoverable amount	65.20
2	Total Recovery	23.36
3	Balance Amount	41.84

Audit observed that despite the lapse of almost 11 years, the balance amount had either not been recovered or deposited with the department by NAB.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends recovery of balance amount.

Federal Government Polyclinic, Islamabad

28.5.40 Irregular expenditure on civil works - Rs.30.179 million

Para 184 of GFR states that Pak PWD is the only authority to execute the civil works and infrastructure of the Government organizations.

Federal Government Polyclinic, Islamabad incurred an expenditure of Rs.30,178,503 under the head A-13370 Repair of Building during the financial year 2018-19.

Audit observed that FGPC executed the civil works departmentally without obtaining any NOC from Ministry of Housing and Works/PWD.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry to fix the responsibility.

28.5.41 Missing Cardiac Monitors and Walk-through Gates - Rs.3.515 million

Para 145 of GFR states that purchases must be made in the most economical manner in accordance with the definite requirements of the public service. Stores should not be purchased in small quantities. Periodical indents should be prepared and as many articles as possible obtained by means of such indents. At the same time, care should be taken not to purchase stores much in advance of actual requirements, if such purchase is likely to prove unprofitable to Government.

Federal Government Polyclinic (FGPC), Islamabad procured 05 Cardiac monitors for Rs.6,645,830 and 03 Walkthrough Gates for Rs.1,285,500 during financial year 2018-19.

Audit observed that three out of five monitors were installed by 21.06.2019 whereas, remaining two were neither installed till 31.12.2019 nor available in stock. One walkthrough gate was installed in General OPD and whereabouts of the remaining 02 were not known.

Audit further observed that purchase order was issued to the supplier on 20.02.2019 for delivery within 70 days but the monitors were delivered with a delay of 41 days for which LD amounting to Rs.544,958 was not recovered from the supplier.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry to fix the responsibility besides recovery of liquidated damages.

28.5.42 Non-recovery late delivery charges from suppliers of Medicines - Rs.1.600 million

The terms and conditions for the supply of medicine/drugs in the tender documents under the heading “Penalties” state that in case of failure in supply within a prescribed period of 30 days the successful bidder must request the hospital for extension of the period, with clear reasons. If the supply is not made within stipulated period and no extension is awarded by the hospital authority, a penalty of 0.5%(per day) of the ordered amount will be charged from final invoice for that supply.

Federal Government Polyclinic (FGPC), Islamabad procured medicine/drugs for Rs.724,832,703 during financial year 2018-19.

Audit observed from a small sample on test check basis that an amount of Rs.1,634,251.72 was due from suppliers on account of late delivery of medicine/drugs.

Audit is of the view that non-recovery of penalty on late delivery caused loss to Government exchequer.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry to fix the responsibility besides recovery of liquidated damages.

CHAPTER 29

NATIONAL HISTORY AND LITERARY HERITAGE DIVISION

29.1 Introduction

As per Schedule II [Rule 3 (3)] Distribution of Business among the Divisions read with Schedule III [rule-4(4)] Rules of Business 1973 (As amended up to 23rd April, 2019) following main business have been assigned to the Division amongst the other functions.

1. International agreements and assistance in the field of archaeology, national museums and historical monuments declared to be of national importance.
2. National and other languages used for official purposes.
3. Naming of institutions in the name of Quaid-e-Azam and other high and distinguished personages.

ATTACHED DEPARTMENTS /AUTONOMOUS BODIES

i. Quaid-e-Azam Papers Wing.
ii. Pakistan Academy of Letters.
ii. Pakistan National Council of Arts.
iii. National Language Authority, Urdu Dictionary Board and Urdu Science Board.
iv. Quaid-e-Azam Academy.
v. Aiwan-i-Iqbal and Iqbal Academy Pakistan.
vi. Quaid-e-Azam Mazar Management Board (QMMB).
vii. Quaid-e-Azam Memorial Fund.
viii. National Book Foundation.
ix. Department of Libraries.
x. Department of Archaeology and Museums.

Sr. No.	Description	Total No.	Audited	Expenditure Audited (FY-2018-19) Rs. in million	Revenue / Receipt Audited (FY 2018-19) Rs. in million
1	Formations	5	5	972.425	-
2	Assignment Accounts (Excluding FAP)	3	1	590.681	-
3	Authorities / Autonomous Bodies etc. under the PAO	-	-	-	-
4	Foreign Aided Project (FAP)	-	-	-	-

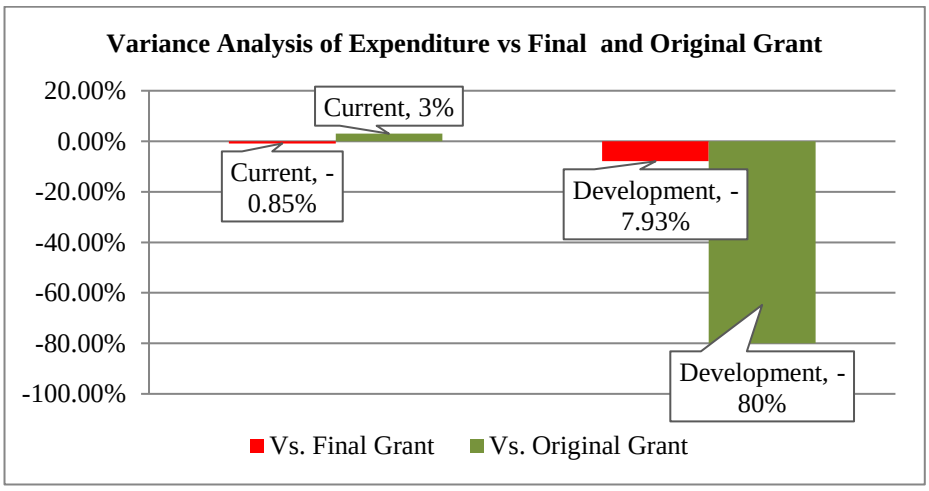
29.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Ministry of History and Literacy Heritage for the financial year 2018-19 was Rs.1247.023 million out of which ministry utilized Rs.1,227.863 million. Audit noted that there was an overall saving of Rs.19.159 million, which was 1.54% of total Final Grant.

(Rupees in million)

Grant No.	Type of Grant	Original Grant	Supplementary Grant	Surrender (-)	Final Grant	Actual Expenditure	Excess/ (Saving)	% age Excess/ (Saving)
63	Current	1,085.000	66.655	-25.562	1,126.093	1,116.519	(9.573)	(0.85)
128	Development	550.597	14.407	-429.669	120.930	111.343	(9.586)	(7.93)
	Grand Total	**1,635.597**	**81.062**	**-455.231**	**1,247.023**	**1,227.862**	**(19.159)**	**(1.54)**

According to Para 71 of General Financial Rules (Volume I), while framing budget estimates, the authorities should exercise utmost foresight. Variation between estimated and actual expenditure captures the level of foresight that goes into budget formulation. As shown in the chart below, there was saving of 7.93% of Development Grant, which was 80% of Original Budget.



29.3 Classified Summary of Audit Observations

Audit observations, amounting to Rs.379.468 million, were raised in this report during the current audit of National History And Literary Division. Summary of the audit observations classified by nature is as under:

(Rupees in million)

S. No	Classification	Amount
1	Non-production of record	-
2	Reported cases of fraud, embezzlement and m misappropriation	20.886
3	Irregularities	
A	*HR/Employees related Irregularities*	41.777
B	*Procurement related irregularities*	-
C	*Management of account with commercial banks*	50.000
D	*Recovery*	-
E	*Internal Control*	95.917
4	Value for money and service delivery	-
5	Others	170.888

29.4 Status of compliance with PAC Directives

Name	Audit Year	Total No. of Audit Paras	No. of Actionable Points Issued	Compliance	Non/Partial Compliance	% of Compliance
National History and Literary Heritage Division	1997-98	17	17	13	4	76%
	1999-00	16	16	0	16	0%
	1992-93	1	1	1	0	100%
	1998-99	5	5	5	0	100%
	2000-01	1	1	0	1	0%
	2001-02	8	8	7	1	88%
	2005-06	4	4	0	4	0%
	2006-07	1	1	0	1	0%
	2007-08	4	4	0	4	0%
	2008-09	1	1	0	1	0%
	2009-10	2	2	0	2	0%
	2010-11	8	7	0	7	0%
	2013-14	3	3	2	1	67%
	Total	**71**	**70**	**28**	**42**	**40%**

The Draft Audit Reports including following Paras were issued to the PAO on 08.01.2020 and 14.01.2020 followed by reminders 15.01.2020 and 30.01.2020 with the request to reply and also arrange the DAC meeting to discuss the Paras.

29.5 AUDIT PARAS

Pakistan Academy of Letter, Islamabad

29.5.1 Unauthorized expenditure on Civil Works - Rs.91.757 million

Para 192 of GFR Volume I states that when works allotted to a civil department other than the public works department are executed departmentally, whether direct or through contractors, the form and procedure relating to the expenditure on such works should be prescribed by departmental regulations framed in consultation with the Controller General of Accounts generally on the principles underlying the financial accounting rules prescribed for similarly works carried out by the Public Work Department.

Sl.46 of Annexure-II of System of Financial Control & Budgeting provides that there was no power delegated to the Head of Department regarding Repair & Maintenance of Non-residential buildings.

The Pakistan Academy of Letter, Islamabad incurred expenditure of Rs.91.757 million on construction of Auditorium.

Audit observed that management instead of getting the civil work done from PWD incurred expenditure on its own without framing rules as required.

Audit further observed that no financial / administrative power was delegated to the Head of Department under the Head of Account Civil Work & Repair of Non-residential buildings.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends that responsibility be fixed for irregularity.

29.5.2 Non-completion of project - Rs.89.747 million

Para 10.1(xv) of Guidelines for Project Management issued by the Ministry of Planning and Development provides that a strong check should be exercised on time over-runs and cost over-runs.

Ministry of Education vide letter dated 30.06.2008 conveyed the Administrative Approval of the project titled "Construction of Auditorium at Pakistan Academy of Letters" with the cost of Rs.39.630 million and completion period of 21 months. The project was revised vide Planning and Development Division's letter dated 23.09.2016 with total cost of Rs.89.747 million and completion date

30.06.2018. The management of Pakistan Academy of Letter had submitted 2nd revised PC-I with the escalated cost of Rs.110.469 million during 2019, which was not approved till December 2019.

Audit observed that the management failed to complete the project within stipulated time of 21 months and even after a revised PC-I of Rs.89.747 million the project remained incomplete till 30.06.2018. Due to non-completion of project the PC-I was again revised to Rs.110.469 million with completion period of December, 2019. The project is still incomplete and public exchequer sustained a loss of Rs.70.839 million.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry to fix responsibility.

29.5.3 Irregular Transfer of funds from assignment account to private bank account - Rs.2.170 million

Clause 8 of Finance Division (Expenditure Wing), dated 23rd September, 2008, regarding procedure for maintenance of assignment account states that it shall not be permissible to draw the whole amount authorized or part thereof and to place it in a separate account at the treasury or in a Commercial Bank.

Pakistan Academy of Letters transferred Rs.2,170,945 from its Assignment Account as Stipend to President Writer Welfare Fund Account.

Audit observed that the management transferred funds just to avoid lapse of funds. Furthermore, approval of opening of account at United Bank Limited was also not available on record.

Audit is of the view that transfer of funds from lapsable assignment account to an un-authorized bank account maintained with UBL is irregular.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry to fix responsibility.

29.5.4 Irregular appointment of 17 contract employees without advertisement

Para 1(v) of the OM dated 22.10.2014 issued by Establishment Division states that, initial appointment shall be made strictly in accordance with the provisions contained in the Recruitment Rules of the post concerned'. In the absence of Recruitment Rules, Ministries / Divisions/Attached Departments/Subordinate

Offices/Autonomous Bodies / semi-Autonomous Bodies / Corporations / Companies / Authorities etc. are first required to frame the Recruitment Rules and lay down the eligibility conditions for such appointments. No recruitment shall be made in the absence of approved Recruitment Rules.

Pakistan Academy of Letters appointed seventeen staff members on contract basis at a fixed monthly remuneration. Total per annum expenditure on these employees was Rs.4,365,492.

Audit observed that appointments were made in the absence of duly approved Recruitment Rules and without any advertisement / open competition.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry to fix responsibility.

29.5.5 Non-framing of Financial and Service Rules

Section 19 of Pakistan Academy of Letters Act 2013 states that the Federal Government may by notification in official Gazette make rules for carrying out the purposes of this Act.

Section 20 states that the Academy may make regulations, not inconsistent with the provision of this Act or the rules, for exercising its powers and carrying out its functions under this Act.

Audit observed that the management of Pakistan Academy of Letters did not frame Financial Rules, Service Rules and other Rules and Regulations since inception of the Act in violation of provisions of the Pakistan Academy of Letters Act, 2013.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends that Financial and Service Rules be drafted and got approved from competent forum.

29.5.6 Irregular retention of receipts and expenditure - Rs.5.147 million

Rule 7(1) of FTR states that all Government receipts should be deposited into Government account and all moneys received shall not be appropriated to meet departmental expenditure.

Pakistan Academy of Letters received an amount Rs.5.147 million on account of Writer's House Rent during financial year 2016-17 to 2018-19. Details are as under:

(Rupees)

Year	Opening Balance	Receipts	Expenditure	Closing Balance
2016-17	910,351	2,914,835	3,004,686	820,500
2017-18	820,500	444,380	203,907	1,060,973
2018-19	1,060,973	1,787,793	1,711,836	1,136,930
	Total.	**5,147,008**	**4,920,429**	

Audit observed that management rented out Writer's House without approved rates from Finance Division and irregularly retained the receipts and incurred expenditure therefrom.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends that receipts be deposited into Government Treasury.

Pakistan National Council of the Arts (PNCA), Islamabad

29.5.7 Appointment of consultants without advertisement - Rs.10.855 million

Para 4 of Establishment Division O.M.No.6/2/2000-R.3 dated 29.04.2002 states that after concept clearance, the client Ministry/Division/Department/Organization should widely advertise the consultancy indicating the requirements.

Para 8 of Establishment Division O.M.No.6/2/2000-R.3 dated 29.04.2002 states that engagement of retired officers as Consultants/Advisers etc. shall require prior permission of the government (i.e. Establishment Division) in case of retired civilian officers.

Pakistan National Council of the Arts (PNCA), Islamabad hired the services of consultants during financial year 2017-19 and paid Rs.10.855 million to them.

Audit observed that all appointments were made without advertisement and without prior permission of Establishment Division.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry to fix responsibility besides recovery.

Iqbal Academy, Lahore

29.5.8 Irregular payment of medical allowance - Rs.14.694 million

Finance Division O.M No. F-16(1)-Reg-6/2010-778 dated 05.07.2010 states that Medical Allowance is allowed to civil servant in BPS-1 to BPS-15 @ Rs.1000 per Month and from BPS-16 to BPS-22 @15% of the existing basic pay in Basic Pay Scales, 2008 w.e.f 01.07.2010. On 07.07.2015 Finance Division through O.M No. F-1(3)-Imp/2015-630 increased the medical allowance of BPS-1 to BPS-15 @ Rs.1500 per month and from BPS-16 to BPS-22 increased the medical allowance @25% of the allowance drawn earlier.

Iqbal Academy, Lahore paid Medical Allowance amounting to Rs.14,694,311 @ 20% of running basic of the existing basic salary to its employees during the year 2015-2019.

Audit observed that the management did not obtain the approval of the Finance Division for the grant of Medical Allowance on running basic instead of 25% increase in the medical allowance being drawn in 2008.

Department replied that IAP had been paying the medical allowance as per the Medical rules of IAP. The medical rules had been vetted by the CADD being the competent authority.

The reply was not tenable because Iqbal Academy of Pakistan has adopted pay scale of Federal Government. Medical allowance should have been paid in accordance with the rates prescribed by the Federal Government. Furthermore, the department has referred their medical rules to the Finance Division for approval.

DAC was not convened till finalization of report.

Audit recommends recovery of the overpayment.

29.5.9 Establishment of IT wing without approval - Rs.79.131 million

Section18 of ordinance 1962 of IAP states that the Governing body shall have the power to manage and regulate the financial accounts, and investment of academy to frame rules governing the pay scales, conditions of service and the appointment of the staff of the Academy.

Section 20 (2) of the ordinance states that director shall, under the directions of the Governing body, prepare program of the work and research projects of the Academy and shall be responsible for its execution.

The Iqbal Academy, Lahore incurred an expenditure of Rs 79.131 million on the establishment of IT Wing under restructuring of the Academy.

Audit observed that the minutes of 39th meeting which includes restructuring of Academy were not approved by the Governing Body. The same minutes issued by the Secretary, Ministry of Culture were also tempered by the management to establish IT Wing.

The management replied that the matter had already been taken up by the Executive Committee in its 127th meeting.

DAC was not convened till finalization of report.

Audit recommends inquiry to fix the responsibility.

29.5.10 Irregular appointment of System Analyst - Rs.16.228 million

Clause 19-(1) of the ordinance 1962 states that there shall be an executive committee for managing day to day affair of the academy. As per delegation of financial powers made by the GB 23rdmeeting dated 21-11-1987, EC was empowered to create permanent post of BPS 17-19.

According to Rule 6 of Service rules, EC was competent to make appointment to post BPS 11-19. As per instructions contained in CS rules (appointment, transfer, promotion) and decision of Honorable Supreme court, Ministry, Divisions/ Districts/Autonomous bodies/Corporations as per provincial regional quota, the post shall be advertised through widely published national/provincial and regional newspapers.

The Iqbal Academy Lahore appointed Mr. Muhammad Noman Chishti as System Analyst BPS-18 on 01.07.2006. He was upgraded from BPS-18 to BPS-19 on 01.01.2010. The management incurred an expenditure of Rs.16.228 million on account of pay and allowances and other benefits during financial year 2006-19.

Audit observed the neither sanctioned post of System Analyst (BPS-18) was available nor approval of Governing Body was obtained.

The management replied that the matter had been placed before Executive Committee of IAP in its 127th Meeting.

The management accepted the view point of audit.

DAC was not convened till finalization of report.

Audit recommends inquiry to fix responsibility.

29.5.11 Irregular upgradation of the posts

Establishment Division OM No. 81/130/91-R.1 dated 12.05.1992 states that Ministries / Division are requested not to make any up gradation without concurrence of Finance Division (Regulatory Wing) and Establishment Division and the approval of the Prime Minister. The up gradation of posts, made by the Ministries / Divisions without this process, may be submitted for regularization etc. in the prescribed procedure and approval of the competent authority.

Iqbal Academy Pakistan upgraded the posts as detailed at Annexure 30-A.

Audit observed that posts were up graded without concurrence of Finance Division and Establishment Division.

The management replied that the up-gradations were made in the light of IAP Service Rules 1993.

The reply was not tenable because instructions of Establishment Division for the up-gradation of the posts were equally applicable to the Autonomous / Semi-Autonomous bodies.

DAC was not convened till finalization of report.

Audit recommends inquiry to fix responsibility.

29.5.12 Unauthorized payment of loan out of Prime Minister's Grant - Rs.10.00 million

Para 12 of GFR Vol-1 states that a Controlling officer must see not only that the total expenditure is kept within the limits of the authorized appropriation but also that the funds allotted to spending units are expended in the public interest and upon objects for which the money was provided. In order to maintain a proper control, he should arrange to be kept informed, not only of what has actually been spent from an appropriation but also what commitments and liabilities have been and will be incurred against it.

Iqbal Academy Pakistan, Lahore repaid the loan of Rs.10.000 million to Aiwan-e-Iqbal out of the Prime Minister's Special Grant from Iqbal Academy.

Audit observed that Prime Minister's Special Grant was not meant for any loan repayment but for specific purposes only, that included publication program,

academic projects, IT & media projects, library development, project abroad and outreach activities.

The management replied that the matter will be presented to Governing Body.

The management accepted the view point of the audit.

DAC was not convened till finalization of report.

Audit recommends inquiry to fix responsibility.

29.5.13 Irregular transfer of supplementary grant into bank account - Rs.50.00 million

Clause 8 of Finance Division (Expenditure Wing), dated 23rd September, 2008, regarding procedure for maintenance of assignment account states that it shall not be permissible to draw the whole amount authorized or part thereof and to place it in a separate account at the treasury or in a Commercial Bank.

IAP received supplementary grant of Rs.50.00 million during financial year 2011-12 which was deposited in NBP Account No. 1300006029.

Audit observed that funds were drawn from assignment account and kept in private account of IAP just to avoid lapse of fund.

The management replied that the matter will be presented to EC/GB for consideration.

The reply of the department was not acceptable as the public exchequer was deprived from the amount by depositing the same into the bank account.

DAC was not convened till finalization of report.

Audit recommends inquiry to fix responsibility.

Urdu Science Board, Lahore

29.5.14 Loss due to printing of books without need assessment - Rs.5.739 million

Para 10 of GFR-Vol-I states that every officer incurring or authorizing expenditure from public funds should be guided by high standards of financial propriety. The expenditure should not be prima facie more than the occasion demands.

Urdu Science Board, Lahore printed a large number of books and quantity of books in stores was increasing day by day due to limited sale of books.

Audit observed that books amounting to Rs.5,738,920 were lying in the stock as unsold due to absence of effective strategy by management.

Audit is of the view that printing of books without any need assessment is causing loss to the national exchequer.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry to fix the responsibility.

Nazriya Pakistan Council Trust (NPCT)

29.5.15 Irregular transfer of funds - Rs.4.000 million

Rule-205 of Federal Treasury Rules states that subject as hereinafter provided in this rule, a Government officer entrusted with the payment of money shall obtain for every payment he makes, including repayment of sums previously lodged with the Government, a voucher setting forth full and clear particulars of the claim and all information necessary for its proper classification and identification in the accounts.

National History & Literary Heritage Division transferred Rs.4,000,000 to Nazriya Pakistan Council Trust (NPCT), Aiwan-e-Sadar Islamabad during financial year 2014-15.

Audit observed that there was no agreement or any other document on the basis of which transfer of Rs.4.00 million to NPCT was made.

The management replied that no funds were transferred from the budgetary allocation of the fund center of the NH&LH Division. Actually, the funds were allocated to the Nazriya Pakistan Council Trust (Aiwan e Quaid) Islamabad as a budget grant under separate fund center during the financial year 2014-15.

Reply is not tenable as NPCT has its own financial and administrative setup and Rs.4.00 million was transferred from NH&LH to NPCT without any legal provision.

DAC was not convened till finalization of report.

Audit recommends inquiry to fix responsibility.

CHAPTER 30

NATIONAL SCHOOL OF PUBLIC POLICY

30.1 Introduction

The National School of Public Policy (NSPP), Lahore, is the premier institution for the training and continuing education of civil servants in Pakistan. The School provides mandatory, four-tiered, training courses for civil servants through their entire career cycle. Policy related, strategic, operational, and tactical training is provided beginning with Basic Scale-18 officers up to Basic Scale-20 officers who are transitioning to the highest level of public policy making.

Building on the strength of Pakistan's existing training mechanism, the NSPP was established on the 15th of March 2005 under the NSPP Ordinance of 2002 with a broader scope and mandate. The ordinance merged the Pakistan Administrative Staff College, now the National Management College (NMC), with the five provincial National Institutions of Public Administration, now National Institutes of Management (NIMs).

In June 2009, NSPP was declared a Degree Awarding Institute. While training remains central to the School, it is expanding its core functions to also include 'education' and 'research'. The School has established the National Institute of Public Policy (NIPP) as a research organization with the goal of evolving it into a think tank for the senior executives of both the public and private sectors on challenging public policy issues.

The National School of Public Policy (NSPP) is responsible for training senior civil servants in strategic, operational and tactical fields of management.

Sr. No.	Description	Total No.	Audited	Expenditure Audited (FY-2018-19) Rs. in million	Revenue / Receipt Audited (FY 2018-19) Rs. in million
1	Formations	5	2	327.577	-
2	Assignment Accounts (Excluding FAP)	-	-	-	-
3	Authorities / Autonomous Bodies etc. under the PAO	-	-	-	-
4	Foreign Aided Project (FAP)	-	-	-	-

30.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the National School Public Policy for the financial year 2018-19 was Rs.262.155 million out of which the NSPP utilized Rs.262.115 million. Audit noted that there was no saving or excess. The expenditure was incurred from Grant No.11 - Other Expenditure of Establishment Division, as depicted in the graph below:

(Rupees)

Type of Grant	Grant No.	Original Grant	Supplementary Grant	Surrender (-)	Final Grant	Actual Expenditure	Excess/ (Saving)	% age Excess/ (Saving)
Current	**11**	262,615,000	8,000,000	5,000,000	262,115,000	262,115,000	-	

Variance analysis could not be performed due to non-existence of a separate grant.

30.3 Classified Summary of Audit Observations

Audit observations, amounting to Rs.74.078 million, were raised in this report during the current audit of National School Of Public Policy. This amount also includes recoveries of Rs.63.775 million as pointed out by the audit. Summary of the audit observations classified by nature is as under:

(Rupees in million)

S. No	Classification	Amount
1	Non-production of record	-
2	Reported cases of fraud, embezzlement and m misappropriation	6.563
3	Irregularities	
A	*HR/Employees related Irregularities*	-
B	*Procurement related irregularities*	-
C	*Management of account with commercial banks*	-
D	*Recovery*	63.775
E	*Internal Control*	-
4	Value for money and service delivery	-
5	Others	3.740

30.4 Status of compliance with PAC Directives

Name	Audit Year	Total No. of Audit Paras	No. of Actionable Points Issued	Compliance	Non/Partial Compliance	% of Compliance
National School of Public Policy	2000-01	10	10	3	7	30%
	Total	**10**	**10**	**3**	**7**	**30%**

The Draft Audit Report including following Paras was issued to the PAO on 31.12.2019 with the request to reply and also arrange the DAC meeting to discuss the Paras.

30.5 AUDIT PARAS

30.5.1 Unauthorized retention of Government receipt and non-recovery of outstanding dues of MCMC Tuition Fee - Rs.63.775 million

Rule 7(1) of Federal Treasury Rules Vol-I states that, all moneys received by or tendered to Government officers on account of the revenues of the Federal Government shall without undue delay be paid in full into a treasury or into the Bank. Moneys received as aforesaid shall not be appropriated to meet departmental expenditure, nor otherwise kept apart from the Federal Consolidated Fund of the Federal Government. No department of the Government may require that any moneys received by it on account of the revenues of the Federal Government be kept out of the Federal Consolidated Fund of the Federal Government.

Rule 7 of General Financial Rules Vol-I(GFR) states that unless otherwise expressly authorized by any law or rule or order having the force of law, moneys may not be removed from the Public Account for investment or deposit elsewhere without the consent of the Ministry of Finance

According to Rule 26 of GFR Vol-I, "it is the duty of controlling officer to ensure all Government dues are regularly and promptly assessed, realized and duly credited in the public account".

NIM Quetta collected tuition fee amounting to Rs.56,450,000 from the participants of Mid-Career Management Courser (MCMC). Details are as under:

(Rupees)

S. No	Training	Period	Days	No of Participants	Per Participant Fee	Amount
1	MCMC-23	02.02.2017 to 26.05.2017	94	37	200,000	7,400,000
2	MCMC-24	21.08.2017 to 24.11.2017	94	45	200,000	9,000,000
3	MCMC-25	01.01.2018 to 06.04.2018	94	36	225,000	8,100,000
4	MCMC-26	06.08.2018 to 09.11.2018	94	41	225,000	9,225,000
5	MCMC-27	04.04.2019 to 10.05.2019	94	49	225,000	11,025,000
6	MCMC-28	19.08.2019 to 22.11.2019	94	52	225,000	11,700,000
					Total	**56,450,000**

Audit observed that the amount collected was not deposited in Government treasury. Audit further observed that despite of laps of a considerable time tuition fee amounting to Rs.7,325,000 was not recovered / received from participant of MCMC.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends recovery of outstanding amount and depositing the total receipts into Government treasury.

30.5.2 Unauthorized utilization of departmental receipts on utility charges - Rs.3.321 million

According to Rule 7(1) of FTR, all Government receipts should be deposited into Government account and no appropriation towards departmental charges can be made from these receipts.

National Institute of Management (NIM), Quetta incurred an expenditure of Rs.3,321,306 on account of utility charges during financial years 2017-19.

Audit observed that the expenditure was incurred from tuition fee collected from the participants without the prior approval of Finance Division.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends that the practice be stopped and already spent amount be regularized from Finance Division.

30.5.3 Irregular expenditure on internet services from private firm - Rs.3.740 million

Cabinet Secretariat (NTISB) letter No. 29/7/2009- NTISB dated 6 April, 2010 states that the private vendors and companies are approaching public sector organizations for voice / internet and data services. Services offered by these vendors may have some back door which may lead to serious security breach and compromise national interest.

National Telecommunication Corporation (NTC) letter No. NTC/I & RA/163-1/2011/167 dated January 2013 further states that “all government departments/ organizations, autonomous bodies and government owned Corporation are bound to avail NTC’s telecommunication services”.

National Institute of Management, Lahore incurred an expenditure of Rs.3.740 million on procurement of internet services during financial years 2015-19. Details are as under:

(Rupees)

S. No.	Financial Year	Rate Per Month	No. of Months	Amount
1.	2015-16	85,000	08	680,000
2.	2016-17	85,000	12	1,020,000
3.	2017-18	85,000	12	1,020,000
4.	2018-19	85,000	12	1,020,000
			Total	**3,740,000**

Audit observed that:

i. The services were procured without open competition and execution of agreement with the firm.

ii. Management procured internet services from a private firm namely M/s Multinet Internet Services without obtaining NOC from NTC.

iii. The expenditure was incurred in violation of the security measures conveyed by Cabinet Division.

The management replied that the institute hired the internet services from M/s Multinet Internet Services with an appropriate speed (30 Mbps) to cater for the training needs by following all the procedures contained in the PPRA Rules and NTC was not providing the required Internet Services at that time and their rates were higher.

Reply of the management is not satisfactory as no evidence was provided in support of the management claims.

DAC was not convened till finalization of report.

Audit recommends to stop the practice besides regularization of expenditure.

30.5.4 Unauthorized retention of public money - Rs.3.242 million

Para 1(iv) of Revised Procedure for operation of Assignment Accounts of Federal Government describes that “the amounts remaining unspent at the close of the financial year shall not be used for the next financial year”.

Para 2(vi) of revised procedure ibid requires that "the officers holding Assignment Accounts shall ensure that no money is drawn from these accounts unless it was required for immediate disbursement. Moneys shall not be drawn for deposit into chest or any bank account".

National Institute of Management, Lahore, transferred funds of Rs.3.242 million from assignment account to pension fund account.

Audit observed that the amount was deposited in Bank A/C No. 9698-3, National Bank of Pakistan Main Branch, Lahore and was retained after the close of financial year.

Management replied that this was an accumulated balance of previous years used to make the payment of pensionary benefits on retirement of NIM Employees/payments of financial assistance package.

Reply of the management is not acceptable as all the pensionary benefits are required to be paid directly through assignment account.

DAC was not convened till finalization of report.

Audit recommends that the amount may be deposited into Government account.

CHAPTER 31

NATIONAL VOCATIONAL AND TECHNICAL TRAINING CENTRE

31.1 Introduction

National Vocational & Technical Training Commission (NAVTTC) was established in December 2005 as an apex body for Technical & Vocational Training and is attached with the Prime Minister's Secretariat (Public). Being a federal agency for TVET, NAVTTC facilitates, regulates, and provides policy direction for skill development in Pakistan. Under the National Vocational & Technical Training Commission (NAVTTC) Act, 2011 NAVTTC is responsible for setting-up of national occupational skills standards, development of curriculum, national qualification framework, labour market information analysis, training of trainers, public private partnership and setting-up of institutional standards for TVET providers amongst the other functions:

1. National Policies, Strategies and Regulations
2. National Qualification Framework (NQF)
3. Accreditation, Certification, Skill Standards & Curricula
4. Performance Evaluation System
5. TVET Development through Public-Private Partnership
6. Labor Market Information System

Sr. No.	Description	Total No.	Audited	Expenditure Audited (FY-2018-19) Rs. in million	Revenue / Receipt Audited (FY 2018-19) Rs. in million
1	Formations	10	3	6,388.859	-
2	Assignment Accounts (Excluding FAP)	-	-	-	-
3	Authorities / Autonomous Bodies etc. under the PAO	-	-	-	-
4	Foreign Aided Project (FAP)	-	-	-	-

31.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the NAVTTC for the financial year 2018-19 was Rs.2,326.012 million out of which the NAVTTC utilized Rs.2,309.213 million. Audit

noted that there was an overall saving of Rs.16.799 million, which was mainly of current grant, which was 5% of total Final Grant.

(Rupees in million)

Grant No.	Type of Grant	Original Grant	Supplementary Grant	Surrender	Final Grant	Actual Expenditure	Excess/ (Saving)	% age Excess/ (Saving)
32	Current	352.996	-	- 49.987	326.012	309,213	(16.799)	(5)
120	Development	2,000.000	-		2,000.000	1,999.999	(4)	-
Grand Total		**2,352.996**	**-**	**-49.987**	**2,326.012**	**2,309.213**	**(16.803)**	**(5)**

Variance analysis could not be performed due to non-existence of a separate grant for NAVTTC. The Current expenditure was incurred from Grant No. 32 - Federal Education and Professional Training Division and Development expenditure was incurred from Grant No. 121 - Development Expenditure of Federal Education and Professional Training Division.

31.3 Classified Summary of Audit Observations

Audit observations, amounting to Rs.6,229.778 million, were raised in this report during the current audit of National Vocational And Technical Training Centre. Summary of the audit observations classified by nature is as under:

(Rupees in million)

S. No	Classification	Amount
1	Non-production of record	6,196.500
2	Reported cases of fraud, embezzlement and m misappropriation	-
3	Irregularities	
A	*HR/Employees related Irregularities*	33.278
B	*Procurement related irregularities*	-
C	*Management of account with commercial banks*	-
D	*Recovery*	-
E	*Internal Control*	-
4	Value for money and service delivery	-
5	Others	-

31.4 Status of compliance with PAC Directives

Name	Audit Year	Total No. of Audit Paras	No. of Actionable Points Issued	Compliance	Non/Partial Compliance	% of Compliance
National Vocational & Technical Education Commission	2013-14	1	1	0	1	0%
	Total	**1**	**1**	**0**	**1**	**0%**

The Draft Audit Report including following Paras was issued to the PAO on 15.12.2019 followed by reminders 22.01.2020 and 11.02.2020 with the request to reply and also arrange the DAC meeting to discuss the Paras.

31.5 AUDIT PARAS

31.5.1 Non-production of record - Rs.6,196.500 million

ECNEC in its meeting held on 10.07.2017 approved Prime Minister's Youth Skill Development Program (Phase-IV) at a cost of Rs.6,196.500 million with the completion date of 30.09.2018. According to PC-I of the Program, the main objective was to get 100,000 young aspirants trained in demand driven market-oriented trades by TVET institutes and registered private small, medium and large Industry or having the membership with local Chamber and Commerce and Industries.

NAVTTC, Islamabad did not provide the details of the trained individuals, institute wise registrations along with period, area of skills for trainings, registered institutes and their training facilities etc. during July, 2017 to September, 2018.

Audit observed that in the absence of details mentioned above, audit could not ascertain the performance / achievement of core functional activities of the project.

The management replied that in batch-I of Phase-IV 50,470 selected youth across Pakistan were trained from November 2017 to 30th April 2018 and 46,951 individuals were declared qualified after assessments. In batch-II 50,560 selected youth trained from 14th May 2018 to 30th November 2018 and 45,688 individuals were declared qualified after assessments. A special Batch of 4,570 youth from 27 September 2018 to 27th March 2019 was also conducted. The total number of youth trained would come out to be approximately 97,209 (97.2 %) of the target figure of 100,000.

The reply is not tenable as no details / documentary evidence in support of replies were produced to Audit.

DAC was not convened till finalization of report.

Audit recommends that record may be produced to audit for verification.

31.5.2 Irregular expenditure on account of Honorarium - Rs.26.306 million

Finance Division O.M No F. 16(1) Reg-14/2003 dated 18.04.2012 states that incentive in shape of honoraria may be provided to the official (other than project staff) involved in designing / critical and initial work of project as part of their routine activities.

As per PC-I of Prime Minister's Youth Skill Development Program (Phase-IV) for officers/officials of NAVTTC (HQs) and Regional Offices directly engaged with this Project, at least 03 honorariums will be paid to contract/CPS employees/Staff of NAVTTC.

"Prime Minister's Youth Skill Development Program (Phase-IV)" paid an amount of Rs.26,306,419 on account of Honorarium during July, 2017 to September, 2018.

Audit observed that the management paid honorarium to all employees of the NAVTTC who were not directly involved in the execution of the project.

The management replied that that the competent authority allowed the honorarium to the officers/officials of the NAVTTC who were engaged directly in selection of trainees, monitoring, audit and making arrangement for holding certificate awarding ceremonies, (seminar/workshop/symposium/Job fairs under Prime Minister's Youth Skill Development Program (Phase-II & Phase-III).

The reply is not tenable as the PC-I clearly states that the honorarium will be paid to officers/officials of NAVTTC directly engaged with PMYSDP program (Phase-IV).

DAC was not convened till finalization of report.

Audit recommends to recovery the amount.

31.5.3 Irregular payment of NAVTTC Allowance - Rs.6.972 million

Finance Division vide letter No. F-1(38)1MP-11/88 dated 11.07.1988 has clarified that no allowance should be authorized without the prior approval of Ministry of Finance.

Director General, NAVTTC Regional Office Peshawar paid NAVTTC allowance amounting to Rs.6,971,688 during financial year 2011-14 and the same was stopped after June 2014. Details are at Annexure 31-A.

Audit observed that neither approval of the Ministry of Finance for payment of allowance nor any written order of discontinuing of the allowance was provided to audit

Neither management replied nor was DAC convened till finalization of report.

Audit recommends that the amount may be recovered.

CHAPTER 32

PAKISTAN ATOMIC ENERGY COMMISSION (PAEC)

32.1 Introduction

The history of Pakistan Atomic Energy Commission (PAEC) goes back to 1956, when the Atomic Energy Research Council was established. In 1964, 1965 and 1973 reorganization took place and the Atomic Energy Commission was incorporated as a statutory body under an Act, with considerable autonomy. In 1972, the Commission was transferred from the Science and Technology Research Division to the President's Secretariat.

PAEC is now the largest science & technology organization of the country, both in terms of scientific/technical manpower and the scope of its activities. Starting with a nuclear power reactor at Karachi (KANUPP) and an experimental research reactor at Nilore, Islamabad (PARR-I) the emphasis in the early years remained focused on the peaceful uses of nuclear energy. Consequently, research centers in agriculture, medicine, biotechnology and other scientific disciplines were set up all over the country. As the emphasis shifted towards concerns for national security, important projects were also initiated in this area.

Sr. No.	Description	Total No.	Audited	Expenditure Audited (FY-2018-19) Rs. in million	Revenue / Receipt Audited (FY 2018-19) Rs. in million
1	Formations	27	3	2,297.029	-
2	Assignment Accounts (Excluding FAP)	2	-	-	-
3	Authorities / Autonomous Bodies etc. under the PAO	-	-	-	-
4	Foreign Aided Project (FAP)	-	-	-	-

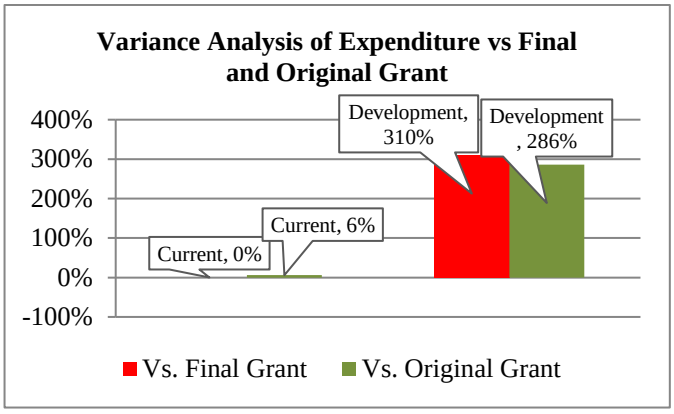
32.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to Pakistan Atomic Energy Commission for the financial year 2018-19 was Rs.36,659.656 million out of which PAEC utilized Rs.119,441.892 million. Audit noted that there was an excess expenditure of Rs.82,782.235 million, which was 226% of Final Grant.

(Rupees in million)

Grant No.	Type of Grant	Original Grant	Supplementary Grant	Surrender (-)	Final Grant	Actual Expenditure	Excess/ (Saving)	% age Excess/ (Saving)
16	Current	9,412.000	623.200	-71.203	9,963.996	9,963.996	(113)	(0)
142	Development	28,339.890	-	-1,644.230	26,695.660	109,477.895	82,782.235	310
	Grand total	**37,751.890**	623.200	**-1,573.026**	**36,659.656**	**119,441.892**	**82,769.235**	226

According to Para 71 of General Financial Rules (Volume I), while framing budget estimates, the authorities should exercise utmost foresight. Variation between estimated and actual expenditure captures the level of foresight that goes into budget formulation. As shown in the chart below, it was observed that in case of Current Grant there was 6% saving w.r.t. w.r.t. Original Grant and in case of Development Grant there was 286 % excess expenditure w.r.t. Original Grant which was further increased to 310% w.r.t. Final Grant.



32.3 Classified Summary of Audit Observations

Audit observations, amounting to Rs. 24.698 million, were raised in this report during the current audit of Pakistan Atomic Energy Commission (Paec). This amount also includes recoveries of Rs. 2.750 million as pointed out by the audit. Summary of the audit observations classified by nature is as under:

(Rupees in million)

S. No	Classification	Amount
1	Non-production of record	-
2	Reported cases of fraud, embezzlement and m misappropriation	-
3	Irregularities	
A	*HR/Employees related Irregularities*	21.948
B	*Procurement related irregularities*	-
C	*Management of account with commercial banks*	-
D	*Recovery*	2.750
E	*Internal Control*	-
4	Value for money and service delivery	-
5	Others	-

32.4 Status of compliance with PAC Directives

Name	Audit Year	Total No. of Audit Paras	No. of Actionable Points Issued	Compliance	Non/Partial Compliance	% of Compliance
Pakistan Atomic Energy Commission	1989-90	2	2	2	0	100%
	1992-93	6	6	6	0	100%
	1993-94	1	1	1	0	100%
	1994-95	2	2	2	0	100%
	2006-07	1	1	0	1	0%
	2013-14	3	3	3	0	100%
	2017-18	3	3	3	0	100%
	Total	**18**	**18**	**17**	**1**	**94%**

The Draft Audit Reports including following Paras were issued to the PAO on 07.10.2019 and 25.11.2019 followed by reminders 06.11.2019 and 28.11.2019 with the request to reply and also arrange the DAC meeting to discuss the Paras.

32.5 AUDIT PARAS

32.5.1 Un-authorized expenditure on payment of electricity charges of residential colonies - Rs.21.948 million

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

NIA Tandojam incurred expenditure of Rs.16,172,256 on payment of electricity charges of residential colony as bulk supply whereas, an amount of Rs.4,995,767 realized from the residence of the colony against the billing of sub meters installed in the colony. Details are as under:

(Rupees)

S. No.	Period	Electricity Charges for Residential Colony	Recovered from Residential Colony	Balance paid by NIA
1.	2012-13	1,072,813	675,111	397,702
2.	2013-14	3,068,995	808,948	2,260,047
3.	2014-15	3,839,402	802,202	3,037,200
4.	2015-16	3,004,826	863,237	2,141,589
5.	2016-17	2,832,165	868,052	1,964,113
6.	2017-18	2,354,055	978,217	1,375,838
	Total	**16,172,256**	**4,995,767**	**11,176,489**

Similarly, the management of Nuclear Institute for Agriculture and Biology (NIAB), Faisalabad incurred expenditure of Rs.22,236,743 on payment of electricity

charges of residential colony as bulk supply whereas, an amount of Rs.11,764,653 realized from the residence of the colony against the billing of sub meters installed in the colony. Details are as under:

(Rupees)

S. No.	Period	Electricity Charges for Residential Colony	Recovered from Residential Colony	Balance paid by NIAB Faisalabad
1	2016-17	6,402,356	3,650,533	2,751,823
2	2017-18	7,443,984	4,011,775	3,432,209
3	2018-19	8,390,403	4,102,345	4,288,058
	Total	**22,236,743**	**11,764,653**	**10,472,090**

Audit observed that:

i. No separate electric meters were installed in the colony. An amount of Rs.11,176,489 was paid by NIA Tandojam and NIAB Faisalabad.

i. NIAB Faisalabad and NIA Tandojam were making payments to WAPDA at bulk supply rates whereas the residents are being charged as per domestic rates, resulting in less recovery from the employees causing loss to Government.

ii. An amount of Rs.21.948 million was less recovered from the allottees of the houses during financial year 2012-19.

DAC held on 11.12.2019 decided that a request would be made to Hyderabad Electric Supply Company for installation of separate electricity meters at residential colony.

However, no progress was intimated to audit till the finalization of report.

Audit recommends the installation of separate meters and affecting recoveries.

32.5.2 Irregular Grant of 75% & 40% Rebate on Income Tax - Rs.2.750 million

According to Para 2(b) of FBR letter No. F-4(1) ITP/2005/SAI dated 06.07.2005, the tax payers would be entitled to the following relief under Part-III of Second Schedule of the Income Tax Ordinance, 2001 “Special reduction in tax liability of 75% in case of a full time teacher or researcher employed in a non-profit education or research institution, including Government Training or Research Institution, duly recognized by a Board of Education or a University or Higher Education Commission under clause (1) (2) of the said Schedule”. The authority for

issuance of such certificate under section 159 of Income Tax Ordinance 2001 is rest with taxation officer.

As per Circular No-6 of 2013, Income Tax, a full-time teacher employed in non-profitable educational Institution or researchers employed in research institution duly recognized by HEC, a Board of Education, a University recognized by HEC including Government Training Institution shall be allowed 40% rebate to the teachers and researchers of the Institutions recognized by the above organization.

NORIN, Nawabshah granted 75% rebate amounting to Rs.548,639 during the year 2012-13 and 40% rebate amounting to Rs.2,291,801 during the years 2013-14 to 2017-18 in tax liability to their Non-Research Employees.

Audit observed that the NORIN, Nawabshah was never recognized as Research Institution by the HEC, Board of Education or any other Government Training Institutions. Hence the relaxation in tax liability to Non-Research Employees was quite irregular and in contravention of the above rules.

DAC was held on 11.12.2019 and decided to refer the matter to FBR for clarification but no clarification has been provided to audit till the finalization of report.

Audit recommends to recover the amount from employees concerned.

CHAPTER 33

PAKISTAN NUCLEAR REGULATORY AUTHORITY

33.1 Introduction

Pakistan Nuclear Regulatory Authority (PNRA) was established under PNRA Ordinance No. III of 2001. PNRA is entrusted with the responsibility to control, regulate and supervise all matters related to nuclear safety and radiation protection in Pakistan. It is empowered to develop rules and regulations, and issue guides for nuclear safety and radiation protection; develop and execute policies and programs for the protection of life, health and property against the risk arising from ionizing radiation; regulate the nuclear and radiation safety aspects of nuclear installations and radiation facilities; grant authorization, or issue licenses to nuclear installations and radiation facilities and their operators for the use of nuclear material and radioactive sources; and inspect all such facilities to ensure that regulations concerning safety measures are properly followed. PNRA also issues No Objection Certificates to importers and exporters of radioactive sources and Radiation Free Certificates for exportable food items apart from onsite operations, transportation and dispose of radioactive materials also fall under its purview.

Sr. No.	Description	Total No.	Audited	Expenditure Audited (FY-2018-19) Rs. in million	Revenue / Receipt Audited (FY 2018-19) Rs. in million
1	Formations	6	1	1,788.111	-
2	Assignment Accounts (Excluding FAP)	-	-	-	-
3	Authorities / Autonomous Bodies etc. under the PAO	-	-	-	-
4	Foreign Aided Project (FAP)	-	-	-	-

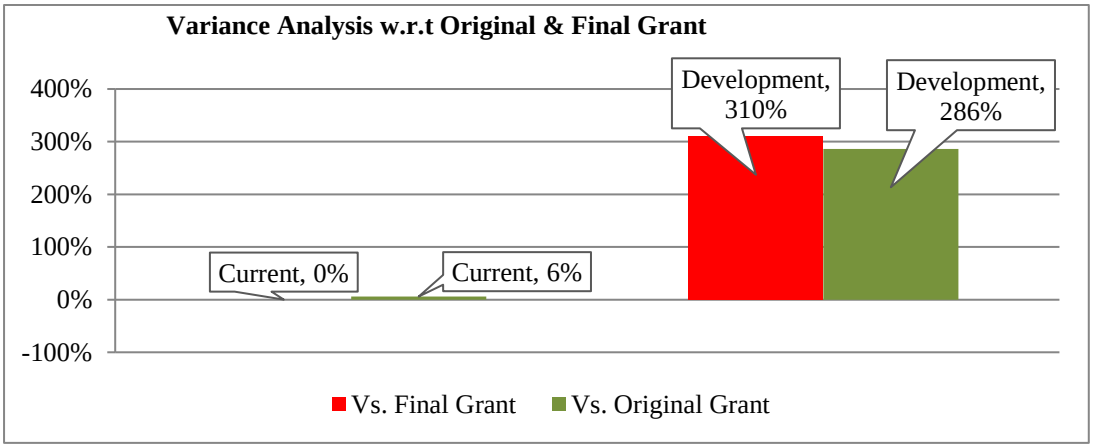
33.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to Pakistan Atomic Energy Commission for the financial year 2018-19 was Rs.36,659.656 million out of which PAEC utilized Rs.119,441.892 million. Audit noted that there was an excess expenditure of Rs.82,782.235 million, which was 226% of Final Grant.

(Rupees in million)

Grant No.	Type of Grant	Original Grant	Supple mentary Grant	Surrender (-)	Final Grant	Actual Expenditure	Excess/ (Saving)	% age Excess/ (Saving)
16	Current	9,412.000	623.200	-71.203	9,963.996	9,963.996	(113)	(0)
142	Development	28,339.890	-	-1,644.230	26,695.660	109,477.895	82,782.235	310
	Grand total	**37,751.890**	623.200	**-1,573.026**	**36,659.656**	**119,441.892**	**82,769.235**	226

According to Para 71 of General Financial Rules (Volume I), while framing budget estimates, the authorities should exercise utmost foresight. Variation between estimated and actual expenditure captures the level of foresight that goes into budget formulation. As shown in the chart below, it was observed that in case of Current Grant there was 6% saving w.r.t. w.r.t. Original Grant and in case of Development Grant there was 286 % excess expenditure w.r.t. Original Grant which was further increased to 310% w.r.t. Final Grant, as depicted in the graph below:



33.3 Classified Summary of Audit Observations

Audit observations, amounting to Rs. 77.845 million, were raised in this report during the current audit of Pakistan Nuclear Regulatory Authority. Summary of the audit observations classified by nature is as under:

(Rupees in million)

S. No	Classification	Amount
1	Non-production of record	-
2	Reported cases of fraud, embezzlement and m misappropriation	-
3	Irregularities	
A	*HR/Employees related Irregularities*	-
B	*Procurement related irregularities*	77.845
C	*Management of account with commercial banks*	-
D	*Recovery*	-
E	*Internal Control*	0.000
4	Value for money and service delivery	-
5	Others	-

33.4 Status of compliance with PAC Directives

Name	Audit Year	Total No. of Audit Paras	No. of Actionable Points Issued	Compliance	Non/Partial Compliance	% of Compliance
Pakistan Nuclear Regulatory Authority	2011-12	2	2	2	0	100%
	2013-14	2	2	1	1	50%
	Total	**4**	**4**	**3**	**1**	**75%**

The Draft Audit Report including following Paras was issued to the PAO on 30.10.2019 followed by reminder 13.12.2019 with the request to reply and also arrange the DAC meeting to discuss the Paras.

33.5 AUDIT PARAS

33.5.1 Irregular purchase of chairman's house without open competition - Rs.77.845 million

As per circular No. PNRA–PPRA-01/2000 dated 04.10.2010 which conveys the approval of PNRA competent authority that the upper financial limit of Rs.500,000 has been fixed instead of Rs.100,000 for the procurement method request to quotation subject to fulfillment all other conditions as per PPRA rules, 2004.

PNRA purchased house No 76, street No.111, Sector G-11/3 for residence of chairman PNRA for Rs.77.845 million.

Audit observed that above house was purchased without open competition.

The management replied that house was purchased with direct negotiation with the owner as proper response was not received against advertisement in the newspaper.

The reply is not satisfactory as house was purchased without open competition and negotiations with seller that is not allowed under PPRA rules.

DAC dated 14.01.2020 directed to hold fact finding inquiry.

No outcome of inquiry was provided to audit till finalization of report.

Audit recommends implementation of DAC directives.

33.5.2 Non-preparation of Rules and accounting procedure

Section 9(2) of National Command Authority Act, 2010 states that the Authority shall regulate all the matters relating to terms and conditions of the service of the employees in the service of the Authority, including their appointment and removal, promotion, transfer, integrity assessment, reliability, security clearance and other related matters.

Section 15 of National Command Authority Act, 2010 states that "the Authority may make rules for carrying out the purposes of this Act".

Pakistan Nuclear Regulatory Authority (PNRA), Islamabad was requested to provide copies of rules/ regulations and accounting procedure made under the provision of Act.

Audit observed that following rules were not framed:

i. GP/CP fund Rules
ii. Pension Rules
iii. Welfare Rules
iv. Investment Rules
v. Management has not framed the accounting procedure specifying the detailed policies and procedures to be used in accounting for the PNRA financial transactions.

The management replied that as per NCA Act, they are empowered to make rules and regulations for the organization govern under their umbrella. PNRA is also governing under the NCA Act. Therefore, making of rules is the jurisdiction of NCA. They have framed many rules and rests of the rules are under process.

DAC held on 14.01.2020 directed to frame rules and accounting procedures and got approved from competent forum.

No progress was shown to audit till finalization of report.

Audit recommends implementation of DAC decision.

33.5.3 Non-achievement of targets/objectives by PNRA

Section 16 (2) of PNRA Ordinance 2001 states that the authority shall have the responsibility for controlling, regulating and supervising all matters related to nuclear safety and radiation protection measures in Pakistan.

Pakistan Nuclear Regulatory Authority entrusted to control, regulate and supervise all matters related to radiation safety in Pakistan. That includes registration, licensing, ensuring safety standards and penalizing the unsafe and unregistered radioactive users.

Detail of survey report provided to audit revealed that unregistered diagnostic X-ray facilities in the country were 195 and 02 were related to medical, industry, research/education, importers and others (Calibration, isotope production and scanners).

Audit observed as under:

i. Complete detail of action taken against each unregistered medical facilities center was not available with PNRA.

ii. An amount of Rs.319,335 was outstanding against 61 defaulters.

iii. PNRA is equally responsible for potential harmful effects to the operator, patient and public of unregistered X-rays machines.

The management replied that PNRA takes enforcement actions as per PNRA regulations and there are 61 defaulters and an amount of Rs.319,335 is outstanding against the defaulters.

The reply is not satisfactory as management failed to achieve its targets/objectives as prescribed in the PNRA Ordinance 2001.

DAC held on 14.10.2020 directed to provide complete data regarding safety measures taken against radiation and fine imposed for non-compliance.

No progress was shown to audit till finalization of report.

Audit recommends to implement the directives of DAC.

CHAPTER 34

PLANNING AND DEVELOPMENT DIVISION

34.1 Introduction

As per Schedule II [Rule 3 (3)] Distribution of Business among the Divisions read with Schedule III [rule-4(4)] Rules of Business 1973 (As amended up to 23rd April, 2019) following main business have been assigned to the Division amongst the other functions.

1. (i) Preparation of comprehensive National Plan for the economic and social development of the country; (ii) Formulation, within the framework of the National Plan, of an annual plan and an annual development programme; and (iii) Recommendations concerning orderly adjustments therein in the light of new needs, better information and changing conditions.
2. Monitoring the implementation of all major development projects and programmes; identification of bottlenecks and initiation of time remedial action.
3. Evaluation of on-going and completed projects.
4. Review and evaluation of the progress achieved in the implementation of the National Plan.
5. Identification of regions, sectors and sub-sectors lacking adequate portfolio of projects and taking steps to stimulate preparation of sound projects in those areas.
6. Continuous evaluation of the economic situation and coordination of economic policies.
7. Organization of research in various sectors of the economy to improve the data base and information as well as to provide analytical studies which will help economic decision making.
8. Association with the Economic Affairs Division in matters pertaining to external assistance in individual projects, form the stage prior to preliminary discussion up to the stage of final signing of documents with aid-giving agencies.
9. Development of appropriate cost and physical standards for effective technical and economic appraisal of projects.

10. Coordination of Social Action Program with World Bank and other donor Agencies.

11. National Logistics Cell.

12. Administrative control of:

    (i) Economists and Planners Group; (ii) Pakistan Institute of Development Economics; and (iii) Overseas Construction Board. (iv) Omitted vide SRO 428(1) /2018 dated 04-04-2018. (v) Pakistan Planning and Management Institute (PPMI). (vi) Jawaid Azfar Computer Center (JACC).

13. The Planning, Development and Reform Division shall act as the Secretariat of the Planning Commission which is the apex planning and coordination body under the Chairmanship of the Prime Minister. The relationship between the Planning and the Planning, Development and Reform Division will be as defined in Cabinet Division's Resolution No.4-6/2006-Min.I, dated 30th October, 2013.

14. Pakistan Environmental Planning and Architectural Consultants Limited.

15. Preparation of annual programmes in accordance with agreed priorities and to assign responsibilities for the execution of their component items.

16. Examination and clearance of budgetary proposals for annual for statistical improvements and developments.

17. Formulation of policy regarding general statistics for Pakistan and thereof by suitably adapting the statistical system of Pakistan to conform with the policy.

18. 18. Coordination with the Provincial and Federal Governments, Semi-autonomous bodies and international organizations on statistical bearing directly or indirectly on such subjects as trade, industry, prices expenditure, input-output accounts, flow of funds, balance of payments, etc.

19. Evaluation and introduction of standard concepts, definition classification pertaining to national statistics series.

20. Preparation and implementation of in-service and foreign programmes in the fields of statistics.

21. Evaluation of efficiency computerized methods for statistical estimation.

22. Clearance of statistical projects undertaken by different organizations on a contract basis.

23. Preparation, printing and release of publications on national statistics.

24. Undertaking of national census and surveys.
25. Administration of:

i. The Industrial Statistics Act, 1942.

ii. General Statistics (Reorganization) Act, 2011.

26. Agricultural Census, Population Census, National Quinquennial Livestock Census.
27. Collection, maintenance and analyses of demographic, population and vital health statistics.
28. Compilation of labour, manpower and employment statistics for national and international consumption.
29. Periodic assessment, review and analysis of manpower resources and requirements with reference to the employment situation in the country.

ATTACHED DEPARTMENT / AUTONOMOUS BODIES

i. Pakistan Bureau of Statistics

ii. Pakistan planning and management Institute.

iii. Pakistan institute of development economics

iv. Overseas construction board

v. National fertilizer development center

Sr. No.	Description	Total No.	Audited	Expenditure Audited (FY-2018-19) Rs. in million	Revenue / Receipt Audited (FY 2018-19) Rs. in million
1	Formations	64	1	19.196	-
2	Assignment Accounts (Excluding FAP)	1	-	-	-
3	Authorities / Autonomous Bodies etc. under the PAO	-	-	-	-
4	Foreign Aided Project (FAP)	-	-	-	-

34.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Planning, Development and Reform Division for the financial year 2018-19 was Rs.7,305.297 million, out of which the Division

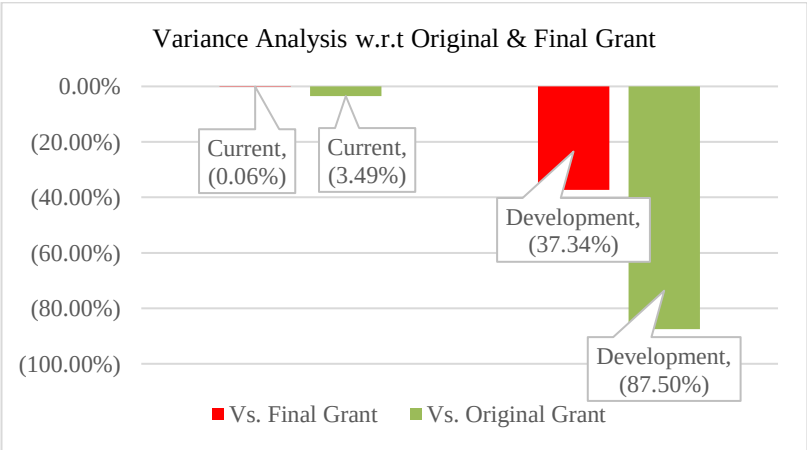
expended an amount of Rs.4,976.999 million. Grant-wise detail of current and development expenditure is as under:

(Rupees in million)

Type of Grant	ID	Original Grant	Supply Grant	Surrender (-)	Final Grant	Actual Expenditure	Excess / (Savings)	Excess / (Savings)% age
Current	90	1,110.00	0.00	-38.00	1,072.01	1,071.31	-0.69	(0.06%)
Development	137	31,240.24	129.32	-25,136.27	6,233.29	3,905.69	-2,327.60	(37.34%)
Grand Total		**32,350.24**	**129.32**	**-25,174.27**	**7,305.30**	**4,977.00**	**-2,328.30**	(31.87%)

Audit noted that there was an overall savings of Rs.2,328.298 million, which was due to savings in the Development grant.

According to Para 71 of General Financial Rules (Volume I), while framing budget estimates, the authorities should exercise utmost foresight. Rules of good governance demand that budget processes are carried out in accordance with clearly defined expectations, assumptions and a coordinated calendar of activity. As shown in the chart below, bifurcating total allocation into current and development expenditure it was observed that, in case of development expenditure, there was 87.50% of savings w.r.t Original grant which reduced to 37.34% savings w.r.t Final Grant in case of development expenditure. There was huge surrendering of Rs.25.174 billion showing non-utilization of Development projects during the financial year. There was minor savings of 0.06% in current expenditure.



34.3 Classified Summary of Audit Observations

Audit observations, amounting to Rs. 53.189 million, were raised in this report during the current audit of Planning And Development Division. Summary of the audit observations classified by nature is as under:

(Rupees in million)

S. No	Classification	Amount
1	Non-production of record	-
2	Reported cases of fraud, embezzlement and m misappropriation	-
3	Irregularities	
A	*HR/Employees related Irregularities*	2.470
B	*Procurement related irregularities*	-
C	*Management of account with commercial banks*	28.671
D	*Recovery*	-
E	*Internal Control*	-
4	Value for money and service delivery	-
5	Others	22.048

34.4 Status of compliance with PAC Directives

Name	Audit Year	Total No. of Audit Paras	No. of Actionable Points Issued	Compliance	Non/Partial Compliance	% of Compliance
Planning Development & Reforms	2000-01	12	12	12	0	100%
	2008-09	14	14	14	0	100%
	Total	**26**	**26**	**26**	**0**	**100%**

The Draft Audit Report including following Paras was issued to the PAO on 10.01.2020 followed by reminders 11.01.2020 and 30.01.2020 with the request to reply and also arrange the DAC meeting to discuss the Paras.

34.5 AUDIT PARAS

34.5.1 Irregular transfer of funds from Assignment account to commercial bank account –Rs.28.671 million

Clause 8 of Finance Division (Expenditure Wing), dated 23.09.2008, regarding procedure for maintenance of assignment account it shall not be permissible to draw the whole amount authorized or part thereof and to place it in a separate account at the treasury or in a Commercial Bank.

The project titled "Center of Excellence for China-Pakistan Economic Corridor (CE-CPEC), Islamabad' was approved by CDWP in its meeting held on 30.03.2016 at a total cost of Rs.1215.128 million. The management of the project incurred an expenditure of Rs.205.293 million during 2016-18.

Audit observed that Center of Excellence for China-Pakistan Economic Corridor (CE-CPEC), Islamabad transferred funds amounting to Rs.28,671,873 from

Assignment Account No. 270309-9 maintained at Main Branch Civic Center Melody Market to Habib Bank Ltd. (PLS) Account # 02947900159601 maintained by PIDE.

Audit further observed that all above amount was transferred in the month of June just to avoid lapse of funds.

Audit is of the view that transfer of funds from Assignment Account to a separate account was irregular and unauthorized and against the instructions of Ministry of Finance.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends that responsibility be fixed.

34.5.2 Irregular/unauthorized expenditure on the establishment of Pak-China Study Centre - Rs.15.709 million

Clause 6 part ii of PC-I of the project titled "Center of Excellence for China-Pakistan Economic Corridor (CE-CPEC), states that department of Pak-China studies would offer Masters in Chinese Economy and Masters in Chinese Cultural Studies. The Center of Excellence would carry out the spadework for the establishment of the Department of Pak-China Studies including the development of syllabi, recruitment of Faculty and support staff, development of the administrative arrangements etc. The department would start offering admissions from fall 2016 in a rented building. For, running the Department, a separate PC-I would be moved in the light of the feasibility study produced by the Center of Excellence and an amount of Rs.10,000,000 was placed in the PC-1 for feasibility study to establish department of Chinese studies under the main heading think tank activities.

The management of the project incurred an expenditure of Rs.15,709,251 for the establishment of Pak-China studies centre in PIDE.

Audit observed that the centre was established without conducting any feasibility study and without preparing separate PC-I.

Audit further observed that admissions were to start from fall 2016 as per PC-I, however, no classes were started even in April 2019.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry to fix the responsibility besides early start of classes in the rented building as envisaged in the PC-I.

34.5.3 Posting of ineligible candidate as Executive Director on deputation

Clause 13 of the PC-1 of the project titled "Center of Excellence for China-Pakistan Economic Corridor (CE-CPEC) states that Executive Director shall be hired from open market or posted on deputation and Executive Director CPEC shall be grade 21/22 officer.

The project titled "Center of Excellence for China-Pakistan Economic Corridor (CE-CPEC), Islamabad' was approved by CDWP in its meeting held on 30.03.2016 at a total cost of Rs.1215.128 million. The management of the project hired the services of Doctor Shahid Rashid as executive director of the project on 24.02.2017

Audit observed the following irregularities in the posting of Executive Director on deputation basis:

i. Doctor Shahid Rashid was an employee of National Engineering and Scientific Commission, posted as General Manager (SPS 10) equivalent to BS-19. He was posted on deputation as Deputy Director BS-19 in supply chain management in the development project titled China-Pak Economic Corridor support under Ministry of Planning, Development and Reforms with effect from 19.01.2017

ii. Doctor Shahid Rashid was assigned the duties of Executive Director CE-CPEC on 24.02.2017.

iii. Doctor Shahid Rashid was posted as Executive Director in BS-21/22

Audit is of the view that the post of Executive Director was not circulated for appointment on deputation and undue favor was extended by appointing on deputation a BS-19 officer as Executive Director in BS-21/20.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends to inquire the matter and fix responsibility.

34.5.4 Irregular expenditure on renovation work infrastructure - Rs.6.339 million

Clause 25 of Public Procurement Regulatory Authority rules, 2004 states that procuring agency may requires the bidder to furnish a bid security not exceeding 5% of the bid price at the time of bidding.

Clause XI of tender document/bidding document for revamping, renovation of Chief Executive office on turnkey basis states that earnest money @ 2% of the total price of the offer in the shape of pay order/bank draft.

Clause 5.2 of tender document/bidding document for revamping, renovation of CoE office on turnkey basis states that an upfront mobilization advance of 25% will be admissible against bank guarantee.

Center of Excellence for China-Pakistan Economic Corridor, Islamabad incurred an expenditure of Rs.6,339,252 for renovation work (infrastructure) of COE CPEC new office and the work was awarded to firm M/s professionals, Islamabad.

Audit observed that the work was awarded to the firm on 04.04.2018, whereas the firm submitted earnest money on 19.04.2018, which was to be submitted with the quotation.

Audit further observed that mobilization advance 25% of the total bid was paid to the firm without bank guarantee.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry to fix the responsibility.

34.5.5 Un-authorized grant of honorarium to PIDE staff - Rs.2.470 million

Para 6 of the Summary for the ECC dated 25.06.1996 submitted by Finance Division proposed that honorarium may be allowed to the officers up to the level of Joint Secretaries and equivalent exceeding one month's pay in accordance with the practice followed in Finance Division/Central Board of Revenue and employees of other Divisions/Departments for the financial year 1995-96 onwards, subject to clearance from the Honorarium Committee constituted in the Finance Division.

Section 17 of System of Financial Control and Budgeting, 2006 states that, Ministries/ Divisions have full powers to accord sanction of honorarium up to the level of Section Officer and equivalent. The amount should not exceed one month's pay of the government servant concerned on each occasion.

The project "Center of Excellence for China-Pakistan Economic Corridor (CE-CPEC), Islamabad' granted honorarium to the staff of PIDE during 2016-17 and 2017-18 amounting to Rs.2,470,840 million.

Audit further observed that:

i. Payment of honoraria to PIDE employees equal to four months basic pay without the approval of Finance Division is held unauthorized.
ii. Honoraria were also paid to officers working in BPS 19 to 20 without obtaining approval from Economic Coordination Committee.

Audit is of the view that payment of above honorarium was unauthorized.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends to stop the practice and fix responsibility for undue payment of honoraria.

CHAPTER 35

PRESIDENT SECRETRIAT (PUBLIC)

35.1 Introduction

The President Secretariat (Public) is located in the Aiwan-e-Sadar, Islamabad. The prime function of the Secretariat is to assist/facilitate the President to perform his constitutional duties. The Secretariat coordinates with other Constitutional Bodies and Government Functionaries and also facilitates the President of Pakistan to perform his duties as Chancellor of the Federal Chartered Universities.

The President is the final authority in judicial matters regarding capital punishment and possesses the power to grant pardon. The President through his Secretariat is kept informed about all legislative matters by the Prime Minister and exercises his functions in accordance with the advice of the Prime Minister. The President may seek briefing from Prime Minister on any administrative matter of the country.

Sr. No.	Description	Total No.	Audited	Expenditure Audited (FY-2018-19) Rs. in million	Revenue / Receipt Audited (FY 2018-19) Rs. in million
1	Formations	1	1	974.701	-
2	Assignment Accounts (Excluding FAP)	-	-	-	-
3	Authorities / Autonomous Bodies etc. under the PAO	-	-	-	
4	Foreign Aided Project (FAP)	-	-	-	-

35.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the President Secretariat (Public) for the financial year 2018-19 was Rs.556.086 million out of which the President Secretariat (Public) utilized Rs.540.353 million. Audit noted that there was an overall saving of Rs.15.732 million, which was 2.83% of total Final Grant.

(Rupees)

Type of Grant	PAO	Grant No.	Original Grant	Supplementary Grant	Surrender (-)	Final Grant	Actual Expenditure	Excess/ (Saving)	% age Excess/ (Saving)
Charged	President Secretariat (Public)	A	677,457,000	2,000	105,597,640	556,086,360	540,353,840	(15,732,520)	(2.83)

Variance analysis could not be performed due to non-existence of a separate grant and supplementary grant.

35.3 Classified Summary of Audit Observations

Audit observations, amounting to Rs.4,320.064 million, were raised in this report during the current audit of President Secretriat (Public). Summary of the audit observations classified by nature is as under:

(Rupees in million)

S. No	Classification	Amount
1	Non-production of record	-
2	Reported cases of fraud, embezzlement and m misappropriation	2.000
3	Irregularities	
A	*HR/Employees related Irregularities*	159.597
B	*Procurement related irregularities*	-
C	*Management of account with commercial banks*	-
D	*Recovery*	-
E	*Internal Control*	-
4	Value for money and service delivery	-
5	Others	59.767

35.4 Status of compliance with PAC Directives

No PAC directives available.

The Draft Audit Report including following Paras was issued to the PAO on 21.01.2020 followed by reminder 30.01.2020 with the request to reply and also arrange the DAC meeting to discuss the Paras.

35.5 AUDIT PARAS

35.5.1 Irregular payment of late sitting despite entertainment expenses - Rs.6.457 million

Para 4 (ii) of Finance Division Letter No. F.3 (12)-R12/75 dated 29.04.1976 states that the essential conditions governing the expenditure from Public Funds and Standards of financial propriety as contained in paras 9 and 10 of GFR Volume-I (that every officer incurring or authorizing expenditure from public funds should be guided by high standards of financial propriety) should be duly observed.

Rule 157 of Federal Treasury Rules (FTR) states that cheques drawn in favour of Government officers and departments in settlement of Government dues shall always be crossed “A/C Payee only - Not Negotiable”.

The President Secretariat (Public), Islamabad incurred an expenditure of Rs.2,070,081 on entertainment due to the late sitting staff during financial years 2015-18. Details are at Annexure 35-A.

Audit observed that the whole amount was drawn in the name of DDO and expenditure incurred on serving meal to the late sitting staff was not supported by list of participants, agenda and minutes of meetings.

Audit further observed that an amount of Rs 6.457 million was also paid to the late sitting staff under the head A03808.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends to stop the practice besides fixing responsibility.

35.5.2 Unauthorized payment of honorarium - Rs 90.552 million

Fundamental Rule 9(9) states that honorarium means a recurring or non-recurring payment granted to a government servant from general revenues as remuneration for special work of an occasional or intermittent character.

The President Secretariat (Public), Islamabad paid an amount of Rs.90,552,303 as honorarium to its employees on different occasion during financial years 2014-15 to 2017-18. Details are as under:

(Rupees)

S. No.	Financial Year	Occasion	Date	Amount
1	2017-18	Eid-ul-Azha	August-2017	9,045,920
		Seerat Conference & Quaid-e-Azam Day	December-2017	8,899,270
		Closing of Financial Year	April-2017	17,449,293
Total				**35,394,483**
2	2016-17	Independence Day 14th August, 2016	August-2106	7,333,800
		Seerat Conference & Quaid-e-Azam Day	December, 2016	7,807,390
		23rd March 2017	April, 2017	5,222,250
		Closing of Financial Year	May-2017	9,063,760
Total				**29,427,200**
3	2015-16	Eid-ul-Azha	September-2015	5,883,342
		Quaid-e-Azam Day	February-2016	5,958,186
		Closing of Financial Year	May-2016	5,955,606
				17,797,134
4	2014-15	Eid-ul-Fitr	Aug-2014	3,406,660
		Closing of Financial Year	June-2015	4,526,826
Total				**7,933,486**
Grand Total				**90,552,303**

Audit observed that the occasions on which 'honorarium' paid were routine work and was not occasional and intermittent character.

Audit is of the view that payment of honoraria on the occasion of Eid-ul-Fitr, Eid-ul-Azha, celebration of Quaid-e-Azam Day, Independence Day and closing of financial year did not merit for granting honorarium.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends to stop the practice.

35.5.3 Irregular and unauthorized expenditure on 20 excess vehicles - Rs.24.899 million

Rule 4 (3) of the Rules for the use of official vehicles in the President Secretariat (Public), 2010 states that the authorization of General Duty vehicles will be as under:

a) General Duty: one vehicle will be maintained against six officers in BPS 17 to18

b) Vehicles will also be maintained for the following purposes;

i. Pick and drop of staff

ii. College/school duty

iii. Dispensary duty

iv. Store, Cashier, General duties etc.

President Secretariat (Public) was maintaining the following 26 vehicles on pool.

S. No	Make	Vehicle No	S. No	Make	Vehicle No
1.	Toyota Corolla	GP-014	14	Suzuki Van	GP-098
2.	Toyota Corolla	GP-050	15	Suzuki Mehran	GP-022
3.	Toyota Corolla	GS-6000	16	Suzuki Van	GP-026
4.	Toyota Corolla	GP-099	17	Suzuki Van	GP-027
5.	Toyota Corolla	IDP-9	18	Toyota Hiace	IDP-30
6.	Toyota Corolla	IDN-1411	19	Toyota Hiace	IDP-32
7	Toyota Corolla	GP-020	20	Toyota Hiace	IDJ-8742
8	Toyota Corolla	GP-005	21	Toyota Hiace	GK-111
9	Toyota Corolla	IDH-8011	22	Toyota Hiace	IDM-9614
10	Toyota Corolla	GP-012	23	Hino Bus	GP-099
11	Suzuki Cultus	GAA-083	24	Hino Coaster	IDP-34
12	Suzuki Cultus	ARH-902	25	Toyota Ambulance	GA-888
13	Suzuki Van	GP-025	26	Shehzore	GP-070

President Secretariat (Public), Islamabad incurred an expenditure of Rs 17.823 million on account of POL and Rs 7.076 million on repair and maintenance of these vehicles during the period of audit.

Audit observed that 20 vehicles in excess of authorized of 6 vehicles were being maintained by the President Secretariat (Public).

Audit is of the view that excess maintenance of vehicle was irregular.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends that the excess vehicles may be surrendered to Cabinet Division.

35.5.4 Appointment of Coordinators without advertisement and selection committee and un-authorized payment from contingent grant - Rs 7.100 million

Establishment Division O.M. No. F.53/1/2008-SP dated 22.10.2014 states that vacancies in each Ministry/Division/Department/Autonomous Body/ Corporation as per the Provincial/Regional quota etc. shall be advertised through widely published National/Provincial/Regional newspaper. Establishment Division vide O.M. No. F.53/1/2008-SP dated 16.01.2015 devised a mechanism to ensure transparency and merit base recruitment in the Ministries/Divisions/Attached Departments/Autonomous bodies/Semi-Autonomous Bodies, Corporations, Companies and Authorities.

President Secretariat (Public) paid an amount of Rs 7.100 million to the Coordinators (HR) during 2014-2017 from President's Contingent Grant.

Audit observed that management of President Secretariat (Public), Islamabad appointed Mr. Muhammad Tariq and Mr. Islahuddin Mughal as Coordinators in Human Right Cell vide office Order dated 05.12.2013 without advertisement and Departmental Selection Committee. The qualification, experience, age and other details of the coordinators were not available in the file. The Coordinators were paid from the President's Contingent Grant which was not meant for such purposes.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends to inquire the matter and fix responsibility.

35.5.5 Non-adjustment of advance - Rs.1.000 million

Rule 668 of Federal Treasury Rules, Volume-I states that advances granted under special orders of competent authority to Government officers for departmental or allied purposes may be drawn on the responsibility and receipt of the officers for whom they are sanctioned, subject to adjustment by submission of detailed accounts supported by vouchers or by refund, as may be necessary.

President Secretariat (Public) paid an amount of Rs 1,000,000 to Military Secretary to the President vide cheque No A228556 dated 30.04.2015.

Audit observed that the amount was drawn from the President's Contingent Grant for incurring miscellaneous expenditure at camp office Karachi. Audit further observed that the adjustment of the amount was also not made despite lapse of four years.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends early adjustment of advance under intimation to audit.

35.5.6 Irregular payment of charity out of President's Contingent Grant - Rs 2.000 million

Finance Division O.M No F.5(4)-F&A/2000 dated 27.07.2000 states that the purposes of the Contingent Grant are as under:

1. Ex-gratia payment to private citizens and organizations which are normally not financed from public money;
2. Grants to public and private organizations like bar councils which are the responsibility of the Provincial Governments;
3. Grants which fall within the financial jurisdiction of the Federal Government or public-sector organizations under their control for which full or adequate budgetary provision does not exist;
4. Donations to schools, clubs, indigent individuals, public servants, charitable institutions and other similar bodies;
5. Donations to the needy and the disadvantaged groups/individuals in cases determined at the level of the President/Chief Executive;

President Secretariat (Public) paid an amount of Rs.2.000 million to Pakistan Foreign Office Women Association, Islamabad during 2014-2017. Details are as under:

(Rupees)

S. No	Cheque No	Date	Amount
1	A164028	19.12.2014	1,000,000
2	A349916	25.11.2016	500,000
3	A439805	07.12.2017	500,000
Total			**2,000,000**

Audit observed that the charity was announced by the First Lady of Pakistan on the occasion of inaugurating and other meeting with the association but the payment was made from the President's Contingent Grant.

Audit is of the view that payment of charity announced by First Lady from the President's Contingent Grant was irregular and unauthorized.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends that the matter may be probed.

35.5.7 Non-adjustment of advances of Urdu Bagh Project - Rs 33.868 million

Para 207 (3) of GFR Volume-I states that before a grant is paid to any public body or institution, the sanctioning authority should as far as possible insist on obtaining an audited statement of the account of the body or institution concerned in order to see that the grant-in-aid is justified by the financial position of the grantee and to ensure that any previous grant was spent for the purpose for which it was intended.

President Secretariat paid an amount of Rs 33.868 million to NESPAK Foundation for construction of Urdu Bagh Project in Karachi. Details are as under:

(Rs in millions)

S. No	Cheque No	Date	Amount
1	A254864	17.06.2015	15.000
2	A263496	04.02.2016	10.000
3	A297956	27.05.2016	5.118
4	A385704	04.04.2017	3.750
Total			**33.868**

Audit observed that funds from the Contingent Grant were extended for development projects but no adjustment accounts of the advance were obtained by President Secretariat (Public).

Neither management replied nor was DAC convened till finalization of report.

Audit recommends adjustment of accounts be obtained to authenticate the expenditure.

35.5.8 Irregular appointment of consultant - Rs 13.141 million

According to para-1 (ii) and (iii a) of the guidelines for appointment on Contract to civil posts under the Federal Government, the post should be advertised and selection should be made by a Departmental Selection Committee. The condition of open advertisement may be dispensed with, with the approval of the Chief Executive, if it is proposed to appoint a retired civil servant or a retired officer of the Armed Forces or a retired Judge of superior court, on contract basis.

President Secretariat appointed Mr. Muhammad Faisal Kamal Alam as Consultant (Legal Affairs) on contract basis. An amount of Rs13.141 million was paid on account of pay and allowances and other benefits such as TADA and Medical facility as admissible to a Judge of a High Court vide letter No F.3(315)/2014-Estt dated 23.07.2014.

Audit observed that the appointment was made without advertisement and the consultant was neither a retired civil servant nor a retired Judge of Superior Court.

Audit is of the view that the appointment was made without observing the principle of open merit and equal opportunity and the condition of advertisement was dispensed with despite the fact that the candidate did not meet the criteria of dispensation.

Neither the management replied nor DAC was not convened till finalization of this report.

Audit recommends inquiry and fixing of responsibility.

35.5.9 Irregular retention of consultant after expiry of contract period - Rs.42.347 million

Serial No (i) (ii) and (v) of the guidelines for appointment on Contract to civil posts under the Federal Government states that the department concerned should specifically justify why it is not possible to fill in a vacancy in accordance with the procedure laid down in the civil Servants (Appointment, Promotion and Transfer) Rules, 1973 and the recruitment rules and where it is considered necessary to fill in a post on contract, it shall only be for a period not exceeding two years. The professional qualifications, experience, and age limit (where necessary) required for the post, shall be prescribed in consultation with the Establishment Division.

President Secretariat appointed Mr. Justice (R) Ijaz Ahmed Chaudhry as consultant (Legal Affairs) on contract basis by relaxing the conditions of open advertisement, being a retired judge by the Prime Minister. He was appointed vide notification dated 25.01.2016 for a period of two years i.e. 25.01.2018.

Audit observed that the service of the consultant was terminated on 25.01.2019 instead of 25.01.2018. He continued to draw salary after two years without any extension by the competent authority.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends regularization of the services of consultant.

CHAPTER 36

PRIVATIZATION DIVISION

36.1 Introduction

As per Schedule II [Rule 3 (3)] Distribution of Business among the Divisions read with Schedule III [rule-4(4)] Rules of Business 1973 (As amended up to 23rd April, 2019) following main business have been assigned to the Division amongst the other functions.

1. Privatization policies.
2. The transfer of Managed Establishments Order, 1978.
3. Administration of the Privatization Commission Ordinance, 2000.
4. Negotiation with International organizations relating to the functions of Privatization in consultation with the Economic Affairs Division.
5. Any item incidental or ancillary to the above.

ATTACHED DEPARTMENT / AUTONOMOUS BODIES

i. Privatization commission.

Sr. No.	Description	Total No.	Audited	Expenditure Audited (FY-2018-19) Rs. in million	Revenue / Receipt Audited (FY 2018-19) Rs. in million
1	Formations	2	1	306.000	-
2	Assignment Accounts (Excluding FAP)	-	-	-	-
3	Authorities / Autonomous Bodies etc. under the PAO	-	-	-	-
4	Foreign Aided Project (FAP)	-	-	-	-

36.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Privatization Division for the financial year 2018-19 was Rs.171.040 million, out of which the Division expended an amount of Rs.169.460 million. Grant-wise detail of current and development expenditure is as under:

(Rupees in million)

Type of Grant	ID	Original Grant	Supply Grant	Surrender (-)	Final Grant	Actual Expenditure	Excess / (Savings)	Excess / (Savings) % age
Current	93	166.000	11.441	-6.401	171.040	169.460	-1.580	-0.92%

Audit noted that there was an overall savings of Rs.1.580 million.

Privatization division managed its budget with due care as there was a saving of only 0.92%.

36.3 Classified Summary of Audit Observations

Audit observations, amounting to Rs.4,414.332 million, were raised in this report during the current audit of Privatization Division. Summary of the audit observations classified by nature is as under:

(Rupees in million)

S. No	Classification	Amount
1	Non-production of record	-
2	Reported cases of fraud, embezzlement and m misappropriation	-
3	Irregularities	
A	*HR/Employees related Irregularities*	
B	*Procurement related irregularities*	-
C	*Management of account with commercial banks*	206.334
D	*Recovery*	-
E	*Internal Control*	
4	Value for money and service delivery	4,207.998
5	Others	-

36.4 Status of compliance with PAC Directives

Name	Audit Year	Total No. of Audit Paras	No. of Actionable Points Issued	Compliance	Non/Partial Compliance	% of Compliance
Privatization Division	2011-12	4	4	2	2	50%
	2017-18	4	4	1	3	25%
	Total	**8**	**8**	**3**	**5**	**38%**

The Draft Audit Report including following Paras was issued to the PAO on 20.12.2019 with the request to reply and also arrange the DAC meeting to discuss the Paras.

36.5 AUDIT PARAS

36.5.1 Irregular retention of sale proceeds realized through privatization - Rs.3,751.538 million

Section 16 of the Privatization Commission Ordinance, 2000 states that all the privatization proceeds net of transaction expenditures should be remitted to Government of Pakistan. The privatization proceeds distributed to the Federal Government pursuant to sub-section (1) shall be utilized by the Federal Government as follows:

a) Ten (10) percent shall be used for poverty alleviation programmes;

b) The remaining ninety (90) percent for retirement of the Federal Government debt.

Rule 2A of the Accounting Procedures Rules, 2007 of Privatization Commission states that transfer of net sale proceeds to GOP within 15 days after receipt of final payment from the buyer.

Privatization Commission of Pakistan (PC) is maintaining a PC Fund Account No. 35-1 (3035236082) in NBP, main branch, Islamabad to deposit the amounts received from the sale proceeds of the entities or shares/assets since long. An amount of Rs.3,751.538 million was available as balance in the bank account as on 30.06.2017.

Audit observed that Privatization Commission (PC) retained the sale proceeds of different entities. The reasons for non-transferring of sale proceeds to the Government or the cause of retention were not provided to audit. PC also failed to show the Cash Book of the Fund Account.

Audit is of the view that retention of the sale proceeds deprived the government of the revenue required to achieve the objectives under Section 16 of the Privatization Commission Ordinance, 2000.

DAC was held on 27.12.2019. It was apprised that current balance is Rs.2.879 billion as on 30.06.2019 and the record of source of this balance is to be shared with audit so that retaining or non-retaining of sale proceeds can be verified.

Audit recommends implementation of DAC directives.

36.5.2 Irregular opening of bank accounts and retention of heavy balances- Rs.206.334 million

Section 19 of Privatization Commission Ordinance, 2000 states that the Commission may open and maintain its accounts at such scheduled banks as it may from time to time determine in consultation with the Federal Government.

Rule 5(a) of Chapter-IV of Privatization Commission Form and Manner of Budget and Accounts (Accounting Procedure) Rules, 2007 states that the Commission shall maintain its accounts in the National Bank of Pakistan in respect of following funds/entities on accrual basis:

i. Privatization Fund Account

ii. Commission Account

iii. Grants from the Federal Government

iv. Superannuating Allowances/Gratuity Fund Account as separate entities under Commission Account.

v. Earnest moneys, etc.

Privatization Commission of Pakistan (PC) opened following three bank accounts in addition to Privatization Fund / Commission Account etc. Due to subsequent withdrawals and deposits, the opening/closing balances as on 01.07.2017 and 30.06.2019 were Rs.193.799 million and Rs.206.334 million respectively. Details are as under:

(Rupees)

S. No.	Account Title	Account No.	Bank	Amount as on 30.06.2017	Amount as on 30.06.2019
1.	Payable to Govt.	PKR 113500002	SBP	5,702,834	5,632,798
2.	Custodian Karachi Hotel project	NIDA 48-6	NBP	73,817,942	80,124,341
3.	Revolving Fund BESOS	NIDA 2-6	NBP	114,277,933	120,577,308
			Total	**193,798,709**	**206,334,447**

Audit observed that both the bank accounts were opened without the approval of the Finance Division. Neither details nor source of the retained amount was provided to audit. Not a single transaction from PC was made during the last two years. Heavy balances are lying in the accounts unutilized since long.

Audit is of the view that opening of bank accounts in violation of the approved accounting procedure was irregular and unauthorized and if the accounts contain the sale proceeds then the same needs to be transferred to government.

DAC was held on 27.12.2019. It was directed that approval and record of all the three accounts be verified.

The department did not get any record verified till finalization of this report.

Audit recommends implementation of DAC directives.

36.5.3 Irregular/unauthorized retention of shares and dividend- Rs.127.142 million

Para 7(i) of FTR states that all receipts of government may immediately be deposited into Government Treasury.

Privatization Commission (PC) was in possession of shares of the following entities since long:

(Rupees)

S. No.	Description	No. of Shares	Face Value as on 10.12.2019	Amount
1.	NBP	1,656,788	45.93	76,096,272
2.	OGDCL	322,460	128.35	41,387,741
3.	PPL	70,055	124.99	8,756,174
4.	HBL	4002	153.46	614,147
5.	UBL	1714	167.92	287,815
			Total	**127,142,149**

Audit observed that Privatization Commission Ordinance, 2000 did not have any provision of holding on to a liquid asset of an entity that had been privatized. After privatization of the entity, the shares belonged to the Federal Government which should have been handed over to the Finance Division for further disposal. Further, management failed to provide the details of accumulated dividend received up to June,2019.

Audit is of the view that retention of shares and their dividends by the Privatization Commission without provision in the Ordinance was irregular and unauthorized.

DAC was held on 27.12.2019. The DAC directed to transfer the shares along with dividend to Government.

No progress was shown to audit till finalization of report.

Audit recommends implementation of DAC directives.

36.5.4 Non-submission of Annual Certified Accounts to Federal Government and preparation of annual Report

Section 21 (3) of Privatization Ordinance,2000 states that within six months of the close of the financial year, the Commission shall submit to the Federal Government an audited report, statements of accounts of the Commission including a balance sheet and an account of income and expenditure in respect of the preceding financial year.

Section 37(1) of the Privatization Commission Ordinance, 2000 states that as soon as practicable but not later than six months after the end of each financial year, the Commission shall prepare and publish an annual report concerning its activities during the financial year and send a copy of the said report to the Cabinet.

Privatization Commission was required to prepare audited report, statements of accounts of the Commission including a balance sheet and an account of income and expenditure in respect of the preceding financial year for submission to Federal Government.

Similarly, it was required to prepare and publish an Annual Report concerning its activities during the financial year.

Audit observed that the management neither submitted the Annual Certified Accounts to Federal Government for the financial year 2013-14 to 2018-19 nor prepared the Annual Report of its activities made during the financial year 2017-18 to 2018-19 in violation of PC Ordinance, 2000.

DAC was held on 27.12.2019. The DAC directed to immediate action for publishing of annual report and certification of all outstanding annual reports till 31.03.2020.

Audit recommends implementation of DAC directives.

36.5.5 Irregular retention of amount in a foreign currency account - US$ 2.008 million (Rs.329.318 million)

Finance Division vide U.O. No.F.7(10)-Inv.IV/2001 dated 09.10.2001 on submission of summary of the PC approved the proposal for opening of interest/profit bearing bank account in NBP both in Pak Rupees as well as US Dollars to deposit the

amounts received from the potential/successful bidders as earnest money or sale proceeds till such time either the possession of the entities or shares/assets were handed over to buyers. Finance Division further stated that the issue will be reviewed on the basis of experience gained.

Privatization Commission of Pakistan (PC) is maintaining a foreign currency bank account No. 990573 (3035237661) in NBP, main branch, Islamabad to deposit the amounts received from the potential/successful bidders as earnest money or sale proceeds till such time either the possession of the entities or shares/assets were handed over to buyers since 2001.

Audit observed that US$ 2.008 million equaling Rs.329.318 million was available as balance in the bank account as on 30.06.2019 but neither source of the retained amount was provided to audit nor a single transaction from PC was made during the last two years. However, heavy balances are laying in the account un-utilized since long.

Audit is of the view that in the absence of source of amount retained, audit could not ascertain the authenticity of the amount.

DAC was held on 27.12.2019. The DAC directed to share the source of funds and get all the record verified by audit. It was also decided that amount of sale proceeds will be deposited into Government treasury.

Audit recommends to implement the decision of DAC.

36.5.6 Irregular increase in salary of Consultants/Advisors over and above the amount agreed in contract

Section 3(3) of the Privatization commission advisor / Senior consultants / Transaction management and Technical Assistants (Terms and condition of appointments) Regulation 2002, states that the appointment of advisor / Senior consultants / Transaction management and Technical Assistants or any other staff shall be governed by the terms and condition given in the schedule to these regulations.

PC initially approved pay packages for hiring of the advisor/Senior consultants / Transaction managers and Technical Assistants (Grade-I, II and III) vide Privatization Commission Regulation 2002. The pay packages were revised twice and amendments were made in these regulations regarding salary vide notification dated 10.10.2013 and 31.01.2017. Details are as under:

Name of the Post	Regulation 2002	Amendment 2013	Amendment 2017
Advisor/Senior Consultant	180000-10000-280000	Not applicable	Not applicable
Consultant/Transaction manager (Grade-I)	80000-7500-192500	200000-10000-300000	3000000-500000
Consultant/Transaction manager (Grade-II)	50000-5000-125000	125000-5000-200000	Not applicable
Consultant/Transaction manager (Grade-III)	30000-3000-75000	75000-2500-125000	Not applicable
Senior Technical Assistant/Technical Associate.	12500-1250-31250	Not applicable	Not applicable
Technical Assistant/other support staff	7500-750-18750	Not applicable	Not applicable
Technical Assistant (Grade-IV)	Not applicable	20000-2000-70000	Not applicable

Audit observed that pay packages were neither revised on basis of any defined criterion nor it was revised for all the posts. This renders the enhancement irrational.

Audit also observed that management hired the following consultants/advisors of Grade I, II and III and their monthly remunerations were changed during the contract period on the basis of revision made in the pay structure. Details are as under:

Name of the Post	Date of initial appointment	Before 2013 (Per Month)	2013-2017	After 31.01.2017
Abdul Haseeb Khan (Grade-I)	7.3.2009-6.4.2019	185,000	300,000	Record not provided
Asad Rasool(Grade-I)	24.3.2017 to 23.3.2020	-	300,000	
Mr. Shahid Raza(Grade-I)	10.4.2008-30.6.2020	-	300,000	
Azeem Qadir Haye(Grade-II)	Record not provided to audit	-	200,000	
Moazam Ali (Grade-II)	Record Not provided to audit	-	200,000	500,000
Syed Mohsin Abbas(Grade-I)	10.3.2019-12.3.2021			
Ikram ul haq(Grade-I)	7.3.2019-6.3.2021			500,000
Faisal Ali Khan (Grade-II)	1.4.2019-31.3.2021			200,000
Zahir Sadiq(Grade-II)	28.5.2019-27.5.2021			200,000
Faisal Saeed(Grade-II)	25.3.2019-24.3.2021			200,000

DAC was held on 27.12.2019. The DAC directed the verification of record on case to case basis to find out the cases where change in salaries are made during the period of contract.

The department did not get any record verified till finalization of this report.

Audit recommends implementation of DAC directives.

CHAPTER 37

RELIGIOUS AFFAIRS AND INTERFAITH HARMONY DIVISION

37.1 Introduction

As per Schedule II [Rule 3 (3)] Distribution of Business among the Divisions read with Schedule III [rule-4(4)] Rules of Business 1973 (As amended up to 23rd April, 2019) following main business have been assigned to the Division amongst the other functions.

1. Pilgrimage beyond Pakistan; Muslim pilgrims' visits to India.
2. Ziarat and Umra and Welfare and safety of pilgrims and Zairian.
3. Islamic studies and research including holding of seminars, conferences, etc., on related subjects.
4. Training and education of Ulemas and Khatibs etc.
5. Error-free and exact printing and publishing of the Holy Quran.
6. Exchange of visits of scholars.
7. Ruet-e-Hilal.
8. Tabligh.
9. Observance of Islamic Moral Standards.
10. Donations for religious purposes and propagation of Islamic Ideology abroad.
11. Marriage and divorce, infants and minor's adoption.
12. Policy and legislation with regard to interfaith harmony.
13. International agreements and commitments in respect of all religious communities and implementation thereof.
14. Representation of Pakistan at UN Sub-Commission on Prevention of Discrimination to Minorities.

ATTACHED DEPARTMENTS / AUTONOMOUS BODIES

i. Hajj and Umrah Directorate (06) subordinate offices.
ii. Council of Islamic Ideology.
iii. Pakistan Madrassah Education Board.
iv. Evacuee Trust Property Board.

v. National Commission for Minorities.

Sr. No.	Description	Total No.	Audited	Expenditure Audited (FY-2018-19) Rs. in million	Revenue / Receipt Audited (FY 2018-19) Rs. in million
1	Formations	2	2	313.707	-
2	Assignment Accounts (Excluding FAP)	2	-	-	-
3	Authorities / Autonomous Bodies etc. under the PAO	33	4	200.628	-
4	Foreign Aided Project (FAP)	-	-	-	-

37.2 Comments on Budget & Accounts (Variance Analysis)

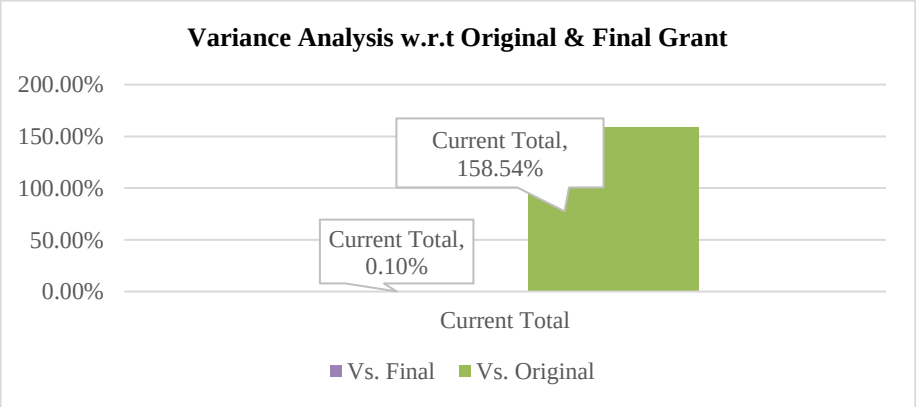
Final budget allocated to the Religious Affairs and Inter Faith Harmony Division for the financial year 2018-19 was Rs.2,882.385 million, out of which the Division expended an amount of Rs.2,885.317 million. Grant-wise detail of current and development expenditure is as under:

(Rupees in million)

Type of Grant	ID	Original Grant	Supply Grant	Surrender (-)	Final Grant	Actual Expenditure	Excess / (Savings)	Excess / (Savings) % age
Current	95	490.000	40.114	-9.951	520.163	507.310	-12.853	(2.47%)
	96	626.000	1,750.004	-13.782	2,362.222	2,378.007	15.784	0.67%
Current Total		**1,116.000**	**1,790.118**	**-23.733**	**2,882.385**	**2,885.317**	**2.931**	0.10%

Audit noted that there was an overall excess of Rs.2.931 million.

Religious Affairs and Inter Faith Harmony division managed its budget with due care, as excess expenditure was only 0.10% of the final grant. As the division managed its budget by obtaining supplementary grant, as depicted in the graph below:



37.3 Classified Summary of Audit Observations

Audit observations, amounting to Rs.80,667.476 million, were raised in this report during the current audit of Religious Affairs And Interfaith Harmony Division. This amount also includes recoveries of Rs.1,698.755 million as pointed out by the audit. Summary of the audit observations classified by nature is as under:

(Rupees in million)

S. No	Classification	Amount
1	Non-production of record	83.610
2	Reported cases of fraud, embezzlement and m misappropriation	11.970
3	Irregularities	
A	*HR/Employees related Irregularities*	-
B	*Procurement related irregularities*	-
C	*Management of account with commercial banks*	77,169.821
D	*Recovery*	1,698.755
E	*Internal Control*	-
4	Value for money and service delivery	-
5	Others	1,703.320

37.4 Status of compliance with PAC Directives

Name	Audit Year	Total No. of Audit Paras	No. of Actionable Points Issued	Compliance	Non/Partial Compliance	% of Compliance
Religious Affairs and Inter Faith Harmony Division	1988-89	2	2	2	0	100%
	1989-90	4	4	1	3	25%
	1990-91	6	6	0	6	0%
	1991-92	7	7	4	3	57%
	1992-93	3	3	2	1	67%
	1993-94	2	2	0	2	0%
	1994-95	1	1	0	1	0%
	1995-96	1	1	1	0	100%
	1996-97	7	7	2	5	29%
	2000-01	30	30	21	9	70%
	2005-06	3	3	0	3	0%
	2006-07	1	1	0	1	0%
	2009-10	8	8	4	4	50%
	2010-11	14	2	1	1	50%
	2013-14	13	9	1	8	11%
	2015-16	29	29	0	29	0%
	2016-17	47	12	1	11	8%
	Total	**178**	**127**	**40**	**87**	**31%**

The Draft Audit Reports including following Paras were issued to the PAO on 10.01.2020 and 16.01.2020 followed by reminder 11.01.2020 with the request to reply and also arrange the DAC meeting to discuss the Paras.

37.5 AUDIT PARAS

Ministry of Religious Affairs and Interfaith Harmony, Islamabad

37.5.1 Non-adjustment of advances - Rs.23.320 million

Para-207 (3) of GFR Volume-I, states that the recipient organization is required to submit vouched accounts or audited statement of the accounts to the sanctioning authority, in order to ensure that the grant was utilized / spent for the purpose for which it was provided.

The Ministry of Religious Affairs and Interfaith Harmony, Islamabad made advance payments of Rs.23.320 million to PWD on account of partition of space in new Secretariat (Kohsar Block) during 2018-19.

Audit observed that Ministry of Religious Affairs and Interfaith Harmony, Islamabad did not obtain the adjustment accounts/ audited statements of the amounts placed at the disposal of the Pak PWD. In the absence of adjustment accounts, the authenticity of use of public funds could not be ascertained.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry to fix the responsibility.

37.5.2 Non-production of record of HGOs, Seerat Conferences and honorarium - Rs.83.610 million

Section 14(3) of Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 states that ‘any person or authority hindering the auditorial functions of the Auditor General regarding inspection of accounts shall be subject to disciplinary action under relevant Efficiency and Discipline Rules, applicable to such person.

Supreme Court of Pakistan in its judgment dated 27.8.2013, rendered in the case of Dossani Travels, on recommendations of Competition Commission of Pakistan ordered Ministry of Religious Affairs to get verified the credentials of private operators (HGOs) and recommended that all the variables should be evaluated by a third party, preferably a chartered accountancy firm approved by ICAP, to ensure transparency of the process.

Ministry of Religious Affairs and Interfaith Harmony, Islamabad was requested to provide the following record.

i. Detail of allocation of 40 % quota (153,368 No. of Hujjaj) to the HGOs.

ii. Detail of expenditure of Rs.56,843,390 incurred on Seerat Conferences during the years 2018 and 2019.

iii. The detail of expenditure of Rs.26,767,245 incurred on payment of honorarium to the officers/officials for the period under audit i.e. 2018 and 2019.

Audit observed that inspite of repeated requisitions management failed to provide the record.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry to fix the responsibility besides production of record.

37.5.3 Irregular collection & retention of Service Charges - Rs.1,621.809 million

Para 25 of GFR Volume-I states that all departmental regulations in so far as they embody orders or instructions of a financial character or have important financial bearing should be made by, or with the approval of, the Ministry of Finance.

Hajj Policy and Plan for the Hajj 2018 was issued vide Ministry of Religious Affairs and Interfaith Harmony Letter No.F.1(1)/2018-HP after having been approved in the Federal Cabinet meeting held on 26.12.2017.

Ministry of Religious Affairs and Inter-Faith Harmony, Islamabad collected Rs.1,621.809 million as Service Charges @ Rs.4,000 from each successful applicant and transferred it to HBL Account No. 06027900459301 Civic Center Branch, Islamabad opened for the maintenance of Pilgrim's Welfare Fund.

Audit observed that there was no provision in the Hajj Policy 2018 for the collection of service charges from the Pilgrims.

Audit is of the view that collection retention and utilization of service charges without any approved provision in Hajj Policy was un-authorized.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends that amount collected be refunded or got regularized.

37.5.4 Unauthorized retention and utilization of penalty amount realized from Hajj Group Operators (HGOs) - Rs.12.190 million

Rule-7(i) of FTR states that all money received by or tendered to Government Officers on account of the revenues of the Federal Government shall without undue delay be paid in full into a treasury or into the Bank and shall be included in the Federal Consolidated Fund of the Federal Government.

Para 3 of the Hajj Pilgrims Welfare Fund Rules 1990 states that fund shall be comprised of the income received from the following sources:

(i) Service charges and Hajj application fee recovered from the Hajj Pilgrims.
(ii) Donations
(iii) Income generated from utilization of facilities at Madinat-ul-Hujjaj and income from investment.
(iv) Sale proceed of unclaimed personal effect of pilgrims.
(v) Unspent amount of deduction from personal exchange quota pilgrims.
(vi) Any other income derived from the charges leviable from the Hajis.

Ministry of Religious Affairs and Inter-Faith Harmony, Islamabad charged Rs.5,000 and Rs.3,000 for inter-city and intra-city shifting of address/location of the companies enrolled as Hajj Group Operators (HGOs) respectively. Similarly, an amount of Rs.1,000 was charged for the change of management. Penalties were also imposed on HGOs by Complaint Disposal Committee (CDC)/Appellate committees and retained the amounts of Rs.1,140,000 and Rs.11,050,000 for the years 2017 and 2018 respectively in Hajj Pilgrims Welfare Fund.

Audit observed that the amount collected was not deposited into Govt. treasury and retained in the Welfare Fund.

Audit is of the view that the amounts collected were not from the sources of Pilgrims Welfare Fund stated above, therefore, the same cannot be treated as its part.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends amounts collected be deposited into government treasury.

37.5.5 Non-adjustment of advances made for Hajj Activities - Rs.1,680.00 million

Rule 668 of Federal Treasury Rules states that advance granted under special orders of competent authority for departmental or allied purposes, subject to

adjustment of detail accounts supported by vouchers or by refund, as may be necessary.

Ministry of Religious Affairs and Interfaith Harmony released Rs.1,680.000 million as advance from Pilgrim Welfare Fund (PWF) account to different Hajj Directorates in Pakistan and DG Hajj, Jeddah during the Hajj, 2017 and 2018.

Audit observed that there was no documentary evidence showing utilization/adjustment of above mentioned advance which may lead to misappropriation of the fund.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry to fix the responsibility.

37.5.6 Non-recovery of fee charges on retained amount of Rs.77,169.821 million of unsuccessful applicants

Clause 3 (vi) Terms and Condition of the Expression of Interest (EOI) from the banks for Hajj 2018 states that banks shall submit refund accounts of all payments to Accounts Officer (Refund) on monthly basis. In case, the banks fail to make payment of Hajj dues according to agreed schedule, fee charges for late payment will be levied.

In case, the banks fail to make payment of Hajj dues according to agreed schedule, fee charges for late payment will be levied as follows:

1	Deposited after delay of 7 days.	Fee Charges @ 2.00% per day of the un-paid amount.
2	Deposited after delay of 8-14 days.	Fee Charges @ 2.50% per day of the un-paid amount.
3	Deposited after delay of 15-21 days.	Fee Charges @ 3.00% per day of the un-paid amount.
4	Deposited after delay of 22-45 days.	Fee Charges @ 3.50% per day of the un-paid amount.
5	Deposited after 46-60 days	Fee Charges @ 4.00% per day of the un-paid amount.
6	Deposited after 60 days	Fee Charges @ 5.00% per day of the un-paid amount

"For retention of Hajj dues by the banks, expected profit rates will be as follows:

Detail	**Expected Rate of Profit**
Retention of Hajj Dues up to 30 days	1.15 % on daily product basis
Retention of Hajj Dues up to 60 days/	3.00 % on daily product basis
Retention of Hajj dues beyond 60 days and up to 120 days	3.25 % on daily product basis.
Retention of Hajj dues beyond 120 days and up to 180 days	3.85% on daily product basis
Retention of Hajj dues beyond 180 days and up to final reconciliation.	3.85% on daily product basis

MoRA called applications for Hajj 2018. The detail of the applications received and Hajj dues is as under:

(Rupees)

S. No	Particulars	Applications	Hajj Dues
1	Total Applications	374,857	106,411,700,990
2	Successful applicants	87,813	24,926,725,790
3	Un-Successful applicants	271,850	77,169,821,100
4	Pending Applications	15,194	4,315,154,100

Audit observed that the management did not recover the fee charges on the amount of unsuccessful as well as successful applicants retained by the banks after the 60 days period according to agreed schedule.

Audit further observed that the management did not reconcile the Hajj dues and fee charges for Hajj 2018.

Audit is of the view that Hajj account was put under loss due non-observance of MoUs.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry to fix the responsibility besides effecting the recovery of fee charges.

37.5.7 Non-supply of vaccines and non-imposition of penalty on supplier- Rs.5.130 million

Clause 13.7 (b)(ii) ITB of tender states that the bid security may be forfeited if bidder fails to deliver the goods with in stipulated time period as per schedule of requirements.

According to para 2 clause (viii) of supply order No. 3(5)/2019-PW dated 25.03.2019, “the bidder must supply ordered items by 25.04.2019 without fail, otherwise 5% bid security would be confiscated in addition to invoking of appropriate legal action. Besides timely supply of vaccine will guarantee that no pilgrims departs without vaccination failing which all cases of delay and rescheduling of flights and all necessary expenses made thereof shall also be borne by the supplier.

Ministry of Religious Affairs and Interfaith Harmony, Islamabad issued supply orders dated 25.03.2019 and dated 03.06.2019 to M/s Sanofi Aventis Pakistan

Ltd., Karachi for the supply of 190,000 and 14,000 doses of Trivalent Seasonal Influenza Vaccine, for Rs.102.600 million for Pilgrims of Hajj-2019.

Audit observed that the supplier delivered only 190,000 doses of Trivalent Seasonal Influenza Vaccine on 03.05.2019, eight days late from the stipulated time and failed to supply 14,000 doses of vaccine till the date of audit due to which 10551 Hujjaj could not be vaccinated. The management neither recover penalty amounting to Rs.5.130 million from the supplier nor received any other compensation as mentioned in the supply order.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry to fix the responsibility besides recovery of penalty and other compensation charges.

Evacuee Trust Property Board

37.5.8 Non-recovery of arrears from defaulters of ETPB Hyderabad Region - Rs.50.384 million

As per Amended Scheme for the Management & Disposal of Urban Evacuee Trust Properties, 1977 Urban Scheme 3(i)(a) "the tenant shall pay monthly rent in advance by 10th of each month".

Evacuee Trust Property Board, Lahore issued reconciliation of arrears of all Assistant/Deputy Administrators Evacuee Trust Property in Pakistan vide letter No. ETPB/PRG-108/2016/7011 dated 18.09.2019.

Audit observed that an amount of Rs.50,384,327 was outstanding against the defaulter's lessee of ETPB properties of Hyderabad Region up to August 2019.

Audit is of the view that due to negligence of the management of Evacuee Trust Property, Hyderabad Region the Government/Board was deprived of the due share of income from properties.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry to fix the responsibility besides recovery.

37.5.9 Incorrect assessment of rent and change in tenancy - Rs.11.970 million

According to the Scheme for the Management and Disposal of Urban Evacuee Trust Properties, 1977 Section 3 (II) (A) (a) On the express consent, in writing of the previous tenant, the change of tenancy may be allowed by a District Officer, an

Administrator or the Chairman, as the case may be, on the following terms and conditions:

(a) 30% increase in the existing rent;

As per Evacuee Trust Property Act No. XIII of 1975 Section-2 (f) "any sum due to the Board in respect of any evacuee trust property which is not paid within thirty days of its having become due, shall be recoverable as an arrears of land revenue.

Audit observed that as per list of outstanding dues and from the review of bill delivery register/tenant's files of urban properties on test basis, an amount of Rs.11,970,282 was less recovered due to incorrect calculation of rent at the time of annual enhancement/re-assessment and change of tenancies which is a serious negligence on the part of management.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry to fix the responsibility besides recovery.

37.5.10 Non-recovery of arrears on account of lease of agricultural land - Rs.2.266 million

According to Scheme for Lease of Evacuee Trust Agricultural Land 1975 under clause 14 the full lease money for the first year shall be payable by the lessee in advance and for subsequent years by the 31st January every year. In case of auction the lease money shall be payable at the fall of hammer and for each subsequent year payable in advance by 31st January."

Evacuee Trust Property Board, Hyderabad Region leased out agricultural land to different parties/lessees.

Audit observed that an amount of Rs.2,266,752 on account of lease money was not recovered from the lessees.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry to fix the responsibility besides recovery.

37.5.11 Non-recovery of mesne-profit from illegal cultivator's of 1255 acres agriculture land

As per Scheme for the lease of Evacuee Trust Agricultural Land, 1975 under clause 20(A) in addition to such action as may be taken under section 25 of the Evacuee Trust Properties (Management and Disposal) Act, 1975 (XIII of 1975), any person who is found to be in possession of an evacuee trust land not otherwise authorized under any of the Provisions of this Scheme there shall be charges mesne-

profit not less than two times of the relevant rate prescribed in clause 7 for the period of his illegal and unauthorized possession.

ETPB Hyderabad region has 1255 Acre (144 lots) of agriculture land at District Hyderabad, Dadu, Sanghar, Thata & Jamshoro.

Audit observed that the above mentioned land was left unattended resulting into illegal occupation. The management neither received mesne-profit from the occupants nor leased out the land resulting into loss of millions of rupees.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry to fix the responsibility besides recovery.

37.5.12 Loss to Government due to non-recovery of rent-Rs.6.976 million

Clause 3 (i) (a) & (b) of the ETPB Act provides that the tenant shall pay the monthly rent in advance by the 10th of each month and in case of annual lease, the lease money shall be paid by the 10th of the first month of the lease year. In case of default in payment by the above said due date, surcharge @ 10% shall be charged.

Evacuee Trust Property Board Peshawar floated a tender for Development/Construction of property on plot measuring 8033 sq. ft (29.53 Marla) valuing Rs.21,116,095 @ Rs.715,000 per Marla. The plot was leased out for a period of 30 years for construction of (SONA TOWER**)** and agreement was signed between the management and the lessee on 15.04.1996 on a monthly rent of Rs.30,000 with 30% increase after every three years.

Audit observed that the rate of rent of the constructed plaza was very low. Furthermore, rent from July 2016 to June 2019 and Surcharge @ 10% amounting to Rs.6,976,651 was not recovered.

The management replied that the matter was pending decision in the Federal Government, after decision of the Federal Government, rental arrears shall be recovered.

No progress has been intimated to audit.

DAC was not convened till finalization of report.

Audit recommends that recovery be made.

CHAPTER 38

SCIENCE AND TECHNOLOGY DIVISION

38.1 Introduction

As per Schedule II [Rule 3 (3)] Distribution of Business among the Divisions read with Schedule III [rule-4(4)] Rules of Business 1973 (As amended up to 23rd April, 2019) following main business have been assigned to the Division amongst the other functions.

1. Establishment of science cities.
2. Establishment of institutes and laboratories for research and development in the scientific and technological fields.
3. Establishment of science universities as specifically assigned by the Federal Government.
4. Planning, coordination, promotion and development of science and technology monitoring and evaluation of research and development works, including scrutiny of development projects and coordination of development programmes in this field.
5. Promotion of applied research and utilization of results of research in the scientific and technological fields carried out at home and abroad.
6. Guidance to the research institutions in the Federation as well as the provinces in the fields of applied scientific and technological research.
7. Coordination of utilization of manpower for scientific and technological research.
8. Promotion and development of industrial technology.
9. Promotion of scientific and technological contacts and liaison nationally and internationally, including dealings and agreements with other countries and international organizations.
10. Initiate promotional measures for establishment of venture capital companies for technological development and growth.
11. Support to NGOs concerned with development of science and technology.
12. Promotion of metrology Standards, Testing and Quality Assurance System.

ATTACHED DEPARTMENTS / AUTONOMOUS BODIES

i. National Commission for Science and Technology.

ii. Pakistan Council of Scientific and Industrial Research.

iii. Council for Works and Housing Research.

iv. Pakistan Science Foundation.

v. National Institute of Electronics.

vi. Pakistan Council of Science and Technology.

vii. National Institute of Oceanography.

viii. STEDEC Technology Commercialization Corporation of Pakistan (Private) Limited.

ix. National University of Sciences and Technology.

x. Pakistan Standards and Quality Control Authority (PSQCA).

xi. Prescription of standards and measures for quality control of manufactured goods.

xii. Establishment of standards of weights and measures.

xiii. Development, deployment and demonstration of renewable sources of energy.

xiv. Pakistan National Accreditation Council (PNAC).

xv. Pakistan Council of Renewable Energy Technologies (PCRET).

xvi. COMSATS Institute of Information Technology.

xvii. Pakistan Engineering Council (PEC).

xviii. Pakistan Halal Authority.

xix. National University of Science & Technology.

Sr. No.	Description	Total No.	Audited	Expenditure Audited (FY-2018-19) Rs. in million	Revenue / Receipt Audited (FY 2018-19) Rs. in million
1	Formations	80	1	185.565	-
2	Assignment Accounts (Excluding FAP)	9	5	3,381.438	-
3	Authorities / Autonomous Bodies etc. under the PAO	41	6	2,341.604	-
4	Foreign Aided Project (FAP)	-	-	-	-

38.2 Comments on Budget & Accounts (Variance Analysis)

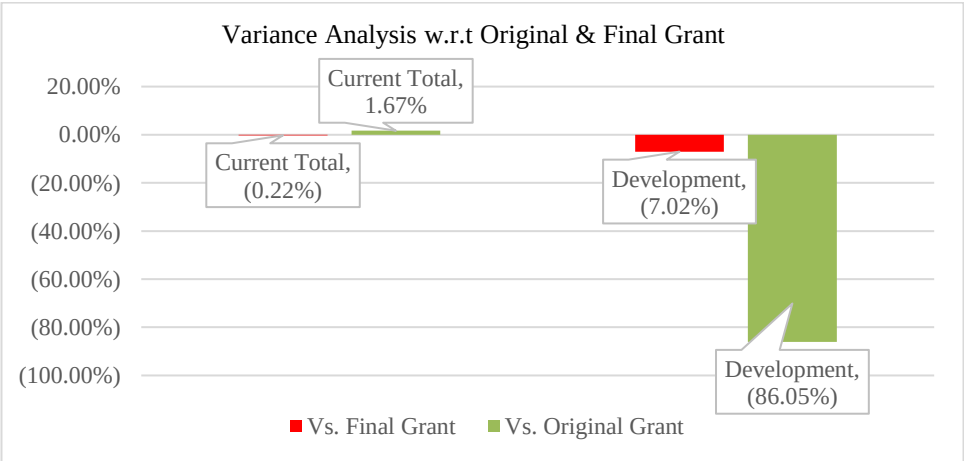
Final budget allocated to the Science and Technology Division for the financial year 2018-19 was Rs.8,882.466 million, out of which the Division expended an amount of Rs.8,822.939 million. Grant-wise detail of current and development expenditure is as under:

(Rupees in million)

Type of Grant	ID	Original Grant	Supply Grant	Surrender (-)	Final Grant	Actual Expenditure	Excess / (Savings)	Excess / (Savings) % age
Current	97	503.000	0.001	-65.981	437.020	437.734	0.713	0.16%
Current	98	7,640.000	286.000	-65.621	7,860.379	7,841.197	-19.182	(0.24%)
Current Total		**8,143.000**	**286.001**	**-131.602**	**8,297.399**	**8,278.930**	**-18.468**	**(0.22%)**
Development	**138**	**3,900.000**	**0.000**	**-3,314.933**	**585.067**	**544.009**	**-41.059**	**(7.02%)**
Grand Total		**12,043.000**	**286.001**	**-3,446.535**	**8,882.466**	**8,822.939**	**-59.527**	**(0.67%)**

Audit noted that there was an overall savings of Rs.59.527 million, which was due to savings in the Development grant. However, Science and Technology division surrender almost 85% of its allocation of Development Budget and still there was a savings of 7.02% which means the division failed to execute the conceived development projects during the financial year.

According to Para 71 of General Financial Rules (Volume I), while framing budget estimates, the authorities should exercise utmost foresight. Rules of good governance demand that budget processes are carried out in accordance with clearly defined expectations, assumptions and a coordinated calendar of activity. As shown in the chart below, bifurcating total allocation into current and development expenditure it was observed that, in case of development expenditure, there was 86.05% of savings w.r.t Original grant which reduced to 7.02% savings w.r.t Final Grant and in case of current expenditure 1.67% of excess expenditure reduced to 0.22% of savings , as depicted in the graph below:



38.3 Classified Summary of Audit Observations

Audit observations, amounting to Rs.963.993 million, were raised in this report during the current audit of Science And Technology Division. This amount also includes recoveries of Rs.608.305 million as pointed out by the audit. Summary of the audit observations classified by nature is as under:

(Rupees in million)

S. No	Classification	Amount
1	Non-production of record	-
2	Reported cases of fraud, embezzlement and m misappropriation	55.349
3	Irregularities	
A	*HR/Employees related Irregularities*	178.103
B	*Procurement related irregularities*	-
C	*Management of account with commercial banks*	104.638
D	*Recovery*	608.305
E	*Internal Control*	-
4	Value for money and service delivery	3.000
5	Others	14.598

38.4 Status of compliance with PAC Directives

Name	Audit Year	Total No. of Audit Paras	No. of Actionable Points Issued	Compliance	Non/Partial Compliance	% of Compliance
Science and Technology Division	1988-89	3	3	0	3	0%
	1989-90	7	7	5	2	71%
	1990-91	4	4	1	3	25%
	1991-92	12	12	9	3	75%
	1992-93	8	8	7	1	88%
	1994-95	6	6	3	3	50%
	1995-96	2	2	0	2	0%
	1996-97	3	3	3	0	100%
	1999-00	158	158	120	38	76%
	2000-01	7	7	2	5	29%
	2003-04	81	81	71	10	88%
	2005-06	4	4	2	2	50%
	2007-08	3	3	2	1	67%
	2008-09	5	5	2	3	40%
	2015-16	2	2	0	2	0%
	2016-17	37	11	0	11	0%
	2017-18	2	2	0	2	0%
	Total	**344**	**318**	**227**	**91**	**71%**

The Draft Audit Reports including following Paras were issued to the PAO on 07.01.2020 and 21.01.2020 followed by reminders 11.01.2020 and 30.01.2020 with the request to reply and also arrange the DAC meeting to discuss the Paras.

38.5 AUDIT PARAS

National Institute of Electronics, Islamabad

38.5.1 Irregular appointment of officers on Contract - Rs.41.00 million

Clause 13(4) of PC-1 of the project titled "Balancing, Modernization and Rehabilitation (BMR) of NIE" states that all recruitments will be made on open merit basis.

National Institute of Electronics (NIE), Islamabad appointed officers/officials on contract basis for one year extendable for the project period and incurred an expenditure of Rs.41,142,143 on account of salaries for the period from June, 2015 to June, 2017.

Audit observed that recruitments were made in the project without conducting test/interviews. Extension for further period of one year was not obtained from competent authority.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry to fix the responsibility.

38.5.2 Irregular payment of honorarium - Rs.1.819 million

Para 12 of GFR Vol-I requires that a Controlling officer must see that the funds allotted to spending units are expended in the public interest and upon objects for which the money was provided.

National Institute of Electronics, Islamabad paid honorarium Rs.1,587,518 to regular employees of NIE and Rs.232,000 to the employees of other departments out of the development fund of BMR Project during the financial years 2014-18.

Audit observed that payment of honorarium amounting to Rs.1,819,518 out of the development fund of BMR Project without any provision in PC-1 irregular.

The management replied that there existed no provision in PC-I of BMR project for payment of honorarium. However, an amount of Rs.3.000 million allocated in the development budget for the year 2015-17 and Rs.1.750 million allocated in the

regular non-development budget for the F.Y 2014-18 was insufficient. Therefore, both allocations (Development and Non –Development) were utilized for payment of honorarium.

The reply indicates that the management has accepted the Audit observation.

DAC was not convened till finalization of report.

Audit recommends that responsibility be fixed and recovery be made.

38.5.3 Payment of computer allowance without approval of Finance Division - Rs.3.150 million

Finance Division OM No.F.5 (1) R.5/2011 dated 07.05.2013 states that computer allowance is allowed to computer personnel employed whole time on computer in a full-fledged computer cell, manned by a team of computer personnel who hold appointments under the prescribed recruitment rules. Persons using computer as a tool for other work will not be eligible for computer allowance.

National Institute of Electronics, Islamabad paid computer allowance amounting to Rs.3,150,825 to various non-entitled personnel like Principal Research Officers, Senior Research Officers, Audit & Accounts Officer, Deputy Director Personnel, etc. during the financial year 2014-18.

Audit observed that payment of Computer allowance without fulfillment of above mentioned criteria was irregular.

The management replied that the audit objected the admissibility of computer allowance to NIE employees in year 1999-2000. The observation of Audit was challenged in the Lahore High Court, Rawalpindi Bench, Rawalpindi. The Honorable Court restored the allowance subject to the approval by the Ministry of Finance.

Reply is not acceptable as approval from Ministry of Finance was not obtained.

DAC was not convened till finalization of report.

Audit recommends that recovery be made from non- entitled employees.

38.5.4 Un-authorized expenditure on medical allowance - Rs.2.514 million

Finance Divisions (Regulation Wing) Islamabad vide O.M dated 19.09.2005 fixed medical allowance of the employees of NIO, Karachi as Rs.425 and Rs.300 per month for married and unmarried employees respectively.

National Institute of Oceanography, Karachi incurred expenditure of Rs.2,514,846 on account of medical allowance to their employees during the year 2018-2019 at the following rates.

Gazetted officers	10% of Basic Pay of 30.06.2015
Non-Gazetted employees	Rs.1500 PM

Audit observed that the expenditure was made at excessive rates.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry to fix the responsibility.

38.5.5 Irregular medical re-imbursement - Rs.3.799 million

As per Rule 4 of National Institute of Oceanography, Karachi Medical Rules 1993 NIO Karachi will make arrangements with certain hospitals/clinics; specialists/ surgeons, chemists/dispensaries etc. and will notify their names from time to time.

Health Ministry vide its letter No. F.5-38-2001-Chief (H) issued guidelines for the medical reimbursement procedures / requirements mandatory for authorizing a reimbursement claim for payment.

National Institute of Oceanography, Karachi incurred expenditure of Rs.3, 799,256 on medical re-imbursement charges during audit period 2018-2019.

Audit observed that

i. Neither the procedure given in Medical Rules 1993 of NIO Karachi nor the guidelines issued by the M/o Health were followed.
ii. The sanction of expenditure was accorded by the DG NIO Karachi beyond delegated financial powers.

iii. Proper prescription bearing OPD number were not used, medicines and test prescriptions were also not signed by the authorized medical officer.

iv. Medical Emergency Certificate and discharge cards were not attached with the claims.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry for irregular re-imbursement of medical claims.

Pakistan Council of Scientific and Industrial Research

38.5.6 Un-authorized distribution of government receipts - Rs.20.006 million

As per Rule-12(1) of Rules of Business-1973, No Division shall without previous consultation with the Finance Division, authorize the issue of any orders, other than orders in pursuance of any general or special delegation made by the Finance Division, which will affect directly or indirectly the finances of the Federation.

Pakistan Council of Scientific and Industrial Research, Karachi Lab Complex (KLC) paid an amount of Rs.20,006,712 to their employees as incentive, with the approval of the Governing Body on account of various tests performed during the financial year 2018-19.

Audit observed that the distribution of Rs.20.006 million as incentive was not approved from Ministry of Finance. Moreover, departmental financial rules regarding distribution of share were not framed.

The management replied that the amount was duly approved by the Chairman PCSIR as per section 10 and 19 of PCSIR Act-1973 where Council was empowered to make rules and regulations and further the financial rules to regulate self-generated income of S&T's Organization vide reference No. PCSIR-CS/F(A)/2001(56)/446 dated 28.01.2016 was approved in 30th Council Meeting of PCSIR on 19.11.2015.

The reply is not satisfactory as government receipts should be deposited into government treasury.

DAC was not convened till finalization of report.

Audit recommends inquiry to fix the responsibility besides regularization from Finance Division.

38.5.7 Non-recovery of dues by Karachi Lab Complex - Rs.4.625 million

Para-26 of GFR Vol-I provides that subject to any special arrangement that may be authorized by competent authority with respect to any particular class of receipts, it is the duty of the departmental controlling officers to see that all sums due to Government are regularly and promptly assessed, realized and duly credited in the public account.

Pakistan Council of Scientific and Industrial Research (PCSIR) Laboratory Complex, Karachi provided office accommodation to the various departments most of them located in its premises and paid utility charges against them during the financial year 2018-19.

Audit observed that different departments and pharmaceutical companies were not paying their utility and other charges to the KLC and an amount of Rs.4,625,464 was outstanding for the period Feb-2018 to June-2019. The management of Estate affairs of PCSIR KLC did not impose any penalty charges on them.

The management replied that the recovery steps had been taken.

Reply is not acceptable as no recovery has been made so far.

DAC was not convened till finalization of report.

Audit recommends inquiry to fix the responsibility besides recovery.

38.5.8 Non-deduction of Sindh Sales Tax on laboratory tests - Rs.15.459 million

In terms of Second Schedule under Tariff Heading 9817.9000 of Sindh Sales Tax on Services Act 2011 amended on 01.07.2013 that the services provided or rendered by laboratories other than the services relating to pathological, radiological or diagnostic tests of patients will pay Sindh Sales Tax @13% of the total receipts during the financial year.

Pakistan Council of Scientific and Industrial Research Lab Complex Karachi earned Rs.118,922,181 during financial year 2018-19 on account of laboratory tests carried out in the laboratories of PCSIR Karachi.

Audit observed that the management did not pay Sindh Sales Tax @ 13% amounting to Rs.15,459,884 on the receipts of laboratory tests.

PCSIR Lab., replied that the activities of PCSIR extend only to scientific research and therefore were exempted under article 165 / 165-A of the Constitution

of Pakistan. Moreover, PCSIR was not exclusively running its laboratories for generating revenues from market but to carry out scientific studies and providing public service to the people of Pakistan.

The reply is not convincing as PCSIR is also operating on commercial basis.

DAC was not convened till finalization of report.

Audit recommends inquiry to fix the responsibility besides recovery.

38.5.9 Irregular expenditure on distribution of worker share - Rs.26.626 million

Para 25 of GFR Vol-I states that all departmental regulations in so far as they embody orders or instructions of a financial character or have important financial bearing should be made by or with the approval of the Ministry of Finance.

Item No. 7 of Minutes of Meeting issued by Finance Division (FA's Organization) vide letter No. Fin. Div. F A Org. UO No.D.1366-DFA(S&T)/2012 dated 29-11-2012 states that PCSIR shall not incur any expenditure from its own receipts except for research and development in its own labs. This shall not be incurred for payment of salary, pension or other operational expenditure of PCSIR.

PCSIR Labs. Lahore paid Rs.26.629 million as worker share to its officers / officials during financial year 2018-19.

Audit observed that the expenditure was incurred in violation of above stated rules.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry to fix the responsibility besides recovery.

38.5.10 Non-deposit of government receipts - Rs.104.638 million

Para-26 of General Financial Rules Volume-I states that it is the duty of the department Controlling officer to see that all sums due to Government are regularly and promptly assessed, realized and duly credited in the Public Account.

Rule-7(1) of Federal Treasury Rules Volume-I describes that all money received by or tendered to government officers on account of the revenues of Federal Government shall without undue delay be paid in full into treasury. Money received as aforesaid shall not be appropriated to meet the departmental expenditure nor otherwise kept apart from the Federal Consolidated

PCSIR Laboratories Lahore was running research centers in its premises. These research centers were receiving income from public on account of services rendered, calibration & testing fees as well as sale proceeds of various items etc., during the year 2017-18.

Audit observed that all expenditure on account of pay and allowances and contingencies was being met from the consolidated fund through Assignment Account while income generated by the centers was not deposited into Federal Consolidate Fund.

Management replied that the earnings of PCSIR (Self-Generated Funds) had been centralized at PCSIR Head Office and deposited in NBP Islamabad on the directions of Headquarters.

The reply is not satisfactory as PCSIR is required to deposit the amount in treasury.

DAC was not convened till finalization of report.

Audit recommends inquiry to fix the responsibility besides recovery.

Pakistan Standards and Quality Control Authority (PSQCA) Karachi

38.5.11 Loss on account of investment at lesser rate- Rs.3.00 million

Para 6 of the Finance Division Letter dated July 2, 2003 states that it would be necessary for public sector entities to set up in-house professional treasury management functions. Specifically, they would need to have an Investment Committee (IC) with defined investment approval authority. Transactions above the approval authority of the IC will be subject to approval of the Board of Directors or an equivalent forum.

Pakistan Standards and Quality Control Authority (PSQCA) Karachi invested an amount of Rs.500.00 million in National Bank of Pakistan M.A. Jinnah Road Branch @ 10.40% markup p.a. on TDR dated 26.12.2018

Audit observed that investment was made without approval of the Board of Governors. Moreover, NBP Aimai House Saddar, Karachi offered 11.00% interest rate on 27.12.2018 and M.A. Jinnah Road Branch offered interest rate of 10.40% on 28.12.2018. The amount was invested in NBP M.A. Jinnah road resulting in a loss of Rs.3.00 million.

Audit is of the view that investment of Rs.500 million without competitive rates caused a loss to the exchequer.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry to fix the responsibility.

38.5.12 Non-recovery of marking fee - Rs.577.795 million

Under Government of Pakistan, Ministry of Science & Technology Islamabad SRO No. 29 (KE) 2008 dated. 27th February 2008. PSQCA is required to charge marking fee from various companies.

Pakistan Standards and Quality Control Authority (PSQCA), Karachi was required to charge marking fee in light of above mentioned notification.

Audit observed that an amount of Rs.577.795 million was outstanding against Lucky Cement, M/s.Tapal Tea Private Limited and M/s. Unilever Pakistan Limited.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends recovery.

38.5.13 Irregular payment of incentive share to employees - Rs.125.821 million

As per Para 25 of GFR Vol-I all departmental regulations in so far as they embody orders or instructions of a financial character or have important financial bearing should be made by or with the approval of the Ministry of Finance.

Section-33of PSQCA Act 1996 states that the Authority shall, in respect of each financial year, submit for approval of the Federal Government, on such date as may be prescribed, a statement of the estimated receipts and expenditure, including requirements of foreign exchange for the next financial year.

Pakistan Standards and Quality Control Authority (PSQCA), Karachi incurred expenditure of Rs.125.821 million on payment of incentive share to employees @ 10% of revenue during the year 2018-19 without prior approval of Finance Division.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends that approval of Finance Division be obtained.

38.5.14 Loss due to expiry of pay orders - Rs.8.717 million

Rule7(i) of Federal Treasury Rules states that all moneys received by or tendered to Government officers on account of the revenues of the Federal Government shall without undue delay be paid in full into a treasury or into the Bank.

Pakistan Standards and Quality Control Authority (PSQCA), Karachi earned revenue of Rs.8.717 million from August 2016 to June 2019 in the shape of pay orders.

Audit observed that the pay orders of the subject amount received by Import/Export Section and QCC Section since 08.08.2016 had not been deposited in bank till date of audit.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry to fix the responsibility besides recovery.

38.5.15 Non-recovery of income tax - Rs.6.081 million

In terms of Section 149 of Income tax ordinance 2001 every person responsible for paying salary (including Honorarium/cash reward paid to an employee) shall, at the time of payment, deduct tax from the amount paid.

Pakistan Standards and Quality Control Authority (PSQCA), Karachi paid Rs.60.813 million to the officers/officials as incentive during period 2018-19.

Audit observed that the management did not deduct the amount of income tax @ 10% amounting to Rs.6,081,340 from the payment of Incentive Share.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry to fix the responsibility besides recovery.

38.5.16 Recovery on account of income tax due to less deduction - Rs.1.244 million

Clause-2 of Part-III of the Second Schedule of Income Tax Ordinance, 2001 states that the tax payable by a full-time teacher or a researcher, employed in a non-profit education or research institution duly recognized by Higher Education Commission, a Board of Education or a University recognized by the Higher Education Commission, including government training and research institution, shall be reduced by an amount equal to 40% of tax payable on his income from salary.

Pakistan Standards and Quality Control Authority (PSQCA), Karachi allowed 40% rebate amounting to Rs.1.244 million on deduction of Income Tax from the salaries of their employees during the period 2018-19.

Audit observed that unauthorized rebate @ 40% was allowed to all employees of PSQCA, Karachi without taking into consideration their status of Researcher or otherwise.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends recovery.

38.5.17 Non-deduction of Sindh Sales Tax on testing fee of Quality Control Centers (QCC) - Rs.3.101 million

As per Sindh Sales Tax on Services Act 2011 amended on 01.07.2013 Second Schedule under Tariff Heading 9817.9000 of Sindh Sales the services provided or rendered by laboratories other than the services relating to pathological, radiological or diagnostic tests of patients will pay Sindh Sales Tax @13%

Pakistan Standards Quality Control Authority, Karachi generated receipts amounting to Rs.238.577 million through laboratories tests carried out in the laboratories of QCC, Karachi, Lahore and Peshawar during 2018-19.

Audit observed that PSQCA, Karachi did not deduct Sindh Sales Tax @13% amounting to Rs.3.101 million on its receipts.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry to fix the responsibility besides recovery

38.5.18 Unauthorized expenditure on rent of residential building - Rs.6.798 million

Ministry of Housing & Works O.M No. F.4 (8)/ 92-Policy dated 18.10.2011 states that there are only six specified stations for the purpose of rental ceiling throughout Pakistan which are Islamabad, Rawalpindi, Lahore, Quetta, Peshawar and Karachi.

Pakistan Standards and Quality Control Authority (PSQCA), Karachi incurred expenditure of Rs.6,798,180 on rent of residential buildings of officers/officials of its different offices / centers.

Audit observed that the rent of residential building / rental ceiling was paid for non-specified stations. Moreover, requisite documents, i.e. lease agreement, ownership documents, assessment report, inventory report were also not obtained from the employees.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry to fix the responsibility besides recovery.

CHAPTER 39

STATES AND FRONTIER REGIONS DIVISION

39.1 Introduction

As per Schedule II [Rule 3 (3)] Distribution of Business among the Divisions read with Schedule III [rule-4(4)] Rules of Business 1973 (As amended up to 23rd April, 2019) following main business have been assigned to the Division amongst the other functions.

Issues of policy directives to the Governments of Khyber Pakhtunkhwa and Baluchistan regarding Tribal Areas;

a. Matters relating to the Durand Line;
b. Anti-subversion measures;
c. Administrative control of the contingents of Levies.
d. Matter relating to Afghan Refugees.
e. Affairs of the former and acceding States.

The Government through 25th constitutional amendment bill in 2018 merged the Federally Administered Tribal Areas with the Province of Khyber Pakhtunkhwa. This has drastically curtailed the functions of Ministry of State and Frontier Region.

ATTACHED DEPARTMENTS / AUTONOMOUS BODIES

1. Chief Commissioner Afghan Refugees.

Sr. No.	Description	Total No.	Audited	Expenditure Audited (FY-2018-19) Rs. in million	Revenue / Receipt Audited (FY 2018-19) Rs. in million
1	Formations	35	1	6.180	-
2	Assignment Accounts (Excluding FAP)	-	-	-	-
3	Authorities / Autonomous Bodies etc. under the PAO	-	-	-	-
4	Foreign Aided Project (FAP)	7	2	312.000	-

39.2 Comments on Budget & Accounts (Variance Analysis)

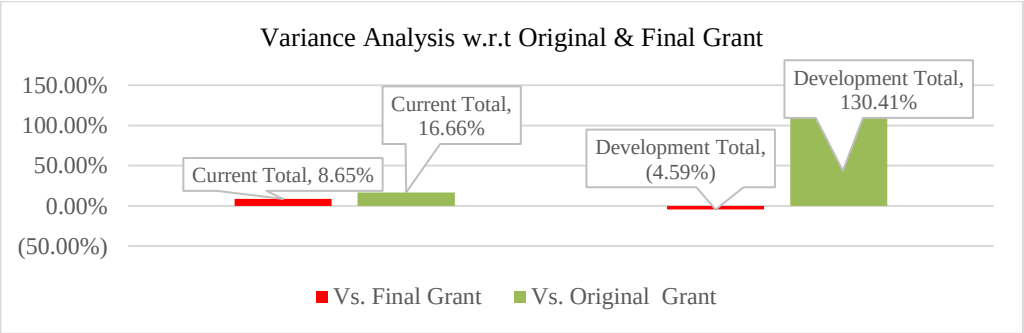
Final budget allocated to the States and Frontier Regions Division for the financial year 2018-19 was Rs.107,700.698 million, out of which the Division expended an amount of Rs.107,985.553 million. Grant-wise detail of current and development expenditure is as under:

(Rupees in million)

Type of Grant	ID	Original Grant	Supply Grant	Surrender (-)	Final Grant	Actual Expenditure	Excess / (Savings)	Excess / (Savings) % age
Current	99	127.000	0.000	-4.564	122.436	122.681	0.245	0.20%
Current	100	10,601.000	1,229.577	-	11,830.577	12,913.078	1,082.501	9.15%
Current	101	25,505.000	1,226.250	-	26,731.250	29,061.652	2,330.402	8.72%
Current	102	2.651	19.360	-	22.011	21.853	-0.158	(0.72%)
Current	103	523.000	328.121	-91.497	759.624	762.042	2.419	0.32%
Current Total		**36,758.651**	**2,803.308**	**-96.061**	**39,465.898**	**42,881.306**	**3,415.409**	**8.65%**
Development	139	28,255.529	21,663.000	-	49,918.529	46,795.820	-3,122.709	(6.26%)
Development	139-A	0.000	11,859.950	-	11,859.950	11,852.106	-7.844	(0.07%)
Development	139-B	0.000	6,456.321	-	6,456.321	6,456.321	-	0.00%
Development Total		**28,255.529**	**39,979.271**	**-**	**68,234.800**	**65,104.247**	**-3,130.553**	**(4.59%)**
Grand Total		**65,014.180**	**42,782.579**	**-96.061**	**107,700.698**	**107,985.553**	**284.856**	**0.26%**

Audit noted that there was an overall excess of Rs.284.856 million, which was due to excess in 5 Nos. of Current Grants. However, there was a supplementary grant of Rs.39.979 billion for development expenditure which was more than 100% of the original grant.

According to Para 71 of General Financial Rules (Volume I), while framing budget estimates, the authorities should exercise utmost foresight. Rules of good governance demand that budget processes are carried out in accordance with clearly defined expectations, assumptions and a coordinated calendar of activity. As shown in the chart below, bifurcating total allocation into current and development expenditure it was observed that, in case of development expenditure, there was 130.41% of excess w.r.t Original grant which reduced to 4.59% savings w.r.t Final Grant and in case of current expenditure 16.66% of excess expenditure was reduced to 8.65% of excess expenditure, as depicted in the graph below:



39.3 Classified Summary of Audit Observations

Audit observations, amounting to Rs.8.172 million, were raised in this report during the current audit of States And Frontier Regions Division. This amount also includes recoveries of Rs.8.172 million as pointed out by the audit. Summary of the audit observations classified by nature is as under:

(Rupees in million)

S. No	Classification	Amount
1	Non-production of record	-
2	Reported cases of fraud, embezzlement and m misappropriation	-
3	Irregularities	
A	*HR/Employees related Irregularities*	-
B	*Procurement related irregularities*	-
C	*Management of account with commercial banks*	-
D	*Recovery*	8.172
E	*Internal Control*	-
4	Value for money and service delivery	-
5	Others	-

39.4 Status of compliance with PAC Directives

Name	Audit Year	Total No. of Audit Paras	No. of Actionable Points Issued	Compliance	Non/Partial Compliance	% of Compliance
States and Frontier Regions	1987-88	7	7	7	0	100%
	1988-89	13	13	3	10	23%
	1989-90	5	5	5	0	100%
	1990-91	7	7	5	2	71%
	1991-92	12	12	8	4	67%
	1992-93	30	30	28	2	93%
	1994-95	15	15	13	2	87%
	2000-01	4	4	0	4	0%
	2005-06	4	4	1	3	25%
	Total	**97**	**97**	**70**	**27**	**72%**

The Draft Audit Report including following Paras was issued to the PAO on 10.01.2020 followed by reminders 11.01.2020 and 30.01.2020 with the request to reply and also arrange the DAC meeting to discuss the Paras.

39.5 AUDIT PARAS

39.5.1 Loss to Government due to non-imposition of penalty - Rs.8.172 million

According to the Clause-2 of the contract agreement signed with the contractor "if the contractor fails to complete the work within stipulated time, 10% penalty (maximum) will be imposed on him".

Executive Engineer Highway Division Bajaur Agency awarded contracts to different contractors through open competition under INL fund with estimated cost of Rs.81.723 million during the financial year 2014-15. Details are at Annexure 39-A.

Audit observed that the schemes were neither completed within stipulated time nor penalty of Rs.8.172 million (81.723 million x 10%) was imposed on the contractor for delay.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends for imposition of penalty under intimation to audit.

CHAPTER 40

TEXTILE DIVISION

40.1 Introduction

As per Schedule II [Rule 3 (3)] Distribution of Business among the Divisions read with Schedule III [rule-4(4)] Rules of Business 1973 (As amended up to 23rd April, 2019) following main business have been assigned to the Division amongst the other functions.

1. Textile Industrial Policy.
2. Coordination and liaison with Federal Agencies/Institutions, Provincial Governments and Local Government entities for facilitation and promotion of the textile sector.
3. Liaison, dialogues, negotiations, except trade negotiations, and cooperation with international donor agencies and multilateral regulatory and development organizations with regard to textile sector.
4. Setting of standards; and monitoring and maintaining vigilance for strict compliance of the standards throughout production and value chain.
5. Textile related statistics, surveys, commercial intelligence, analysis and dissemination of information and reports on international demand patterns, market access etc.
6. Linkages with cotton and textile producing countries.
7. Training, skill development, research for quality improvement and productivity enhancement throughout the production/value chain.
8. Management of Textile Quotas.

ATTACHED DEPARTMENTS / AUTONOMOUS BODIES

i. Textile Commissioner's Organization.
ii. Federal Textile Board.
iii. National Textile University, Faisalabad.
iv. Directorate General of Textiles & Quota Supervisory Council.
v. Textile Testing Laboratory, Faisalabad.
vi. Garment City Projects at Lahore, Faisalabad and Karachi.
vii. Pakistan Cotton Standards Institute, Karachi.

viii. Cotton Hedge Markets.

Sr. No.	Description	Total No.	Audited	Expenditure Audited (FY-2018-19) Rs. in million	Revenue / Receipt Audited (FY 2018-19) Rs. in million
1	Formations	2	1	185.605	-
2	Assignment Accounts (Excluding FAP)	-	-	-	-
3	Authorities / Autonomous Bodies etc. under the PAO	10	3	439.676	-
4	Foreign Aided Project (FAP)	-	-	-	-

40.2 Comments on Budget & Accounts (Variance Analysis)

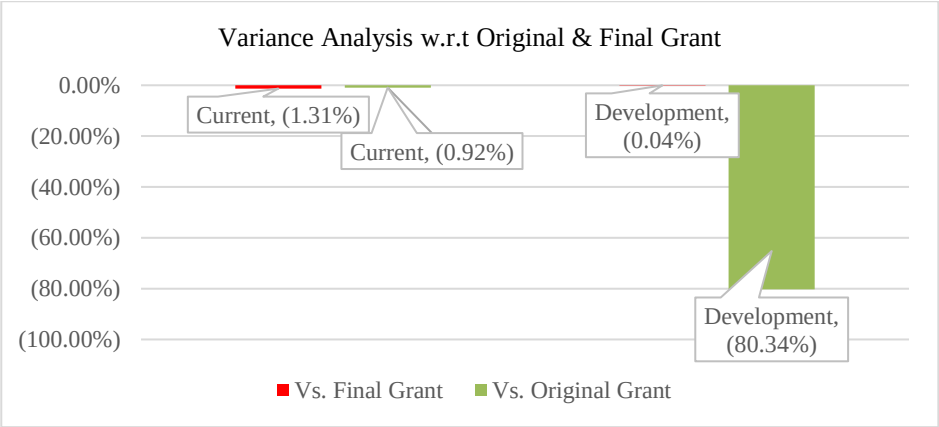
Final budget allocated to the Textile Division for the financial year 2018-19 was Rs.488.916 million, out of which the Division expended an amount of Rs.483.191 million. Grant-wise detail of current and development expenditure is as under:

(Rupees in million)

Type of Grant	ID	Original Grant	Supply Grant	Surrender (-)	Final Grant	Actual Expenditure	Excess / (Savings)	Excess / (Savings) % age
Current	20	432.000	29.819	-28.072	433.747	428.046	-5.700	(1.31%)
Development	115	280.437	46.200	-271.468	55.169	55.145	-0.024	(0.04%)
Grand Total		**712.437**	**76.019**	**-299.540**	**488.916**	**483.191**	**-5.724**	**(1.17%)**

Audit noted that there was an overall savings of Rs.5.724 million, which was due to savings in the Current grant.

According to Para 71 of General Financial Rules (Volume I), while framing budget estimates, the authorities should exercise utmost foresight. Rules of good governance demand that budget processes are carried out in accordance with clearly defined expectations, assumptions and a coordinated calendar of activity. As shown in the chart below, bifurcating total allocation into current and development expenditure it was observed that, in case of development expenditure, there was 80.34% of savings w.r.t Original grant which reduced to 0.04% savings w.r.t Final Grant and in case of current expenditure 0.92% of savings increased to 1.31% of savings , as depicted in the graph below:



40.3 Classified Summary of Audit Observations

Audit observations, amounting to Rs.838.713 million, were raised in this report during the current audit of Textile Division. This amount also includes recoveries of Rs.12.782 million as pointed out by the audit. Summary of the audit observations classified by nature is as under:

(Rupees in million)

S. No	Classification	Amount
1	Non-production of record	-
2	Reported cases of fraud, embezzlement and m misappropriation	1.736
3	Irregularities	
A	*HR/Employees related Irregularities*	15.195
B	*Procurement related irregularities*	-
C	*Management of account with commercial banks*	0.000
D	*Recovery*	12.782
E	*Internal Control*	0.000
4	Value for money and service delivery	200.000
5	Others	609.000

40.4 Status of compliance with PAC Directives

Name	Audit Year	Total No. of Audit Paras	No. of Actionable Points Issued	Compliance	Non/Partial Compliance	% of Compliance
Textile Division	2000-01	1	1	0	1	0%
	2009-10	1	1	0	1	0%
	2010-11	2	2	0	2	0%
	Total	**4**	**4**	**0**	**4**	**0%**

The Draft Audit Report including following Paras was issued to the PAO on 10.01.2020 followed by reminders 21.01.2020 and 11.02.2020 with the request to reply and also arrange the DAC meeting to discuss the Paras.

40.5 AUDIT PARAS

Faisalabad Garment City Company (FGCC)

40.5.1 Leasing of factory units to large companies instead of small and medium companies in violation of PC-I (FGC)

Para 2 of the Revised PC-1 of the Project Faisalabad Garment City Company (FGCC) under heading Description, Justification, Technical Parameters and Technology Transfer Aspects, provides that Faisalabad Garment City is envisaged as a cluster of sewing and stitching units grouped together to produce specialized garments for export. The project will provide an opportunity to small and medium entrepreneurs to develop value-added clothing and accessories.

Rule 29 of the Public Procurement Rules 2004 further provides that procuring agencies shall formulate an appropriate evaluation criterion listing all the relevant information against which a bid is to be evaluated.

Sr. No. 3 of Third Schedule of Companies Act 2017 provides the essentials of Small and Medium Sized entity as follows:

Sr. No.	Category	Share Capital	Turnover	No. of Employees
1	Small Sized Company	Up to Rs.10 million	Not exceeding Rs.100 million	Not more than 250
2	Medium Sized Company	Less than Rs.200 million	Not exceeding Rs.1 Billion	More than 250 but less than 750

Faisalabad Garment City Company (FGCC) under the auspices of Ministry of Commerce and Trade incurred an expenditure of Rs.538.108 million on construction of factory units for leasing to Small and Medium Sized (foreign and domestic) manufacturers of garments to boost up exports in garments with the objective to reduce the capital outlay.

Audit observed that the factory units/halls constructed to provide an opportunity for leasing to the small and medium enterprises was lost as the units were leased to Public Interest Companies (Large Sized Companies) which is irregular and un-authorized.

Audit further observed that criteria laid down in the PC-I was not given in the tender/ bid documents

Audit is of the view that due to management policy, SMEs were deprived of the benefit of Government constructed factory units as approved in the objectives of PC-1.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends an inquiry to probe the matter and fix responsibility besides effective steps for leasing out to the small & medium enterprises

40.5.2 Payment and expenditure on land without transfer of title - Rs.609.000 million

Para 5 (1) of Corporate Governance Rules 2013 provides that the Board shall exercise its powers and carry out its fiduciary duties with a sense of objective judgment and independence in the best interest of the company.

Faisalabad Garment City Company (FGCC) project incurred an expenditure of Rs.96.960 million out of PSDP allocation and purchased 38.919 acres land. FIEDMC allotted 38-919 acres land to FGCC, Faisalabad. Out of total land of 38.919 acres, an area of 28.094 acres was registered and transferred to FGCC on 02.12.2013 whereas the remaining land of 10.825 acres was not registered to the company. Detail are as under:

(Rupees in million)

Sr. No	Land Status	Area Acres	Cost Paid.
1	Total land	38.919	96.96
2	Land registered to FGCC	28.094	89.853
3	Land unregistered so far	10.825	7.112

Audit observed that expenditure of Rs.616.112 million on the purchase of land and development of infrastructure without acquiring ownership rights was irregular and un-authorized

Neither management replied nor was DAC convened till finalization of report.

Audit recommends an inquiry to fix responsibility besides early acquiring of land ownership.

40.5.3 Recruitment without advertisement and irregular payment of conveyance and boarding - Rs.4.047 million

According to Rule-12(2) of PPRA rules all procurement opportunities over one million rupees should be advertised on the Authority's website as well as in other print media or newspapers having wide circulation. The advertisement in the newspapers shall principally appear in at least two national dailies, one in English and the other in Urdu.

Rule 8 further states that all persons to be appointed in the company shall possess minimum qualification, academic degrees of the university / colleges from HEC and experience required for the post.

Faisalabad Garment City Company (FGCC) hired the services of Mr. Abdul Rehman, Deputy Secretary (Rtd) Textile Division as coordinator at a monthly remuneration of Rs.60,000 w.e.f. 01.07.2017 without advertising the post as required under the rules. The details are given below.

(Rupees)

Sr. No	Period	Remuneration Per Month	Amount
1	1-7-2017 to 30-06-2018	60,000	720,000
2	1-07-2018 to 30-6-2019	66,000	792,000
3	1-7-19 to 30-11-2019	69,300	346,500
		Total	**1,858,500**

Audit observed that:

i. The services of officer were hired without existence of specific post of Coordinator in the Service Rules of the company.

ii. The appointment of the officer was made without advertisement in the print media.

iii. The minimum educational qualification, experience and age limit for hiring of the officer was not prescribed in the service rules.

iv. Along with per month remuneration the officer was paid Rs.75,449 on account of conveyance and boarding charges every month.

Audit is of the view that expenditure on account of salary, boarding and conveyance to the Coordinator without existence of post and appointment without codal formalities is irregular.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends to investigate the matter and fix responsibility.

40.5.4 Non-recovery of security against electricity installation - Rs 9.071 million

Rule 4(3) of the Corporate Governance Rules 2013 states the chief executive is responsible for implementation of strategies and policies approved by the Board, making appropriate arrangements to ensure that funds and resources are properly safeguarded and are used economically, efficiently and effectively and in accordance with all statutory obligations.

Faisalabad Garment City Company constructed factory units at a cost of Rs.390.279 million with a covered area of 367213.87 Sq. ft for leasing on rent to the manufacturers of garments. Management further incurred an expenditure of Rs.90.706 million for provision of electricity connection to the tenants. The details of expenditure are given below.

S. No	Head of Account	Category A	Category B	Package IV
1	covered area (Sq. ft)	232,135.78	135,078.09	470,830.25
2	Construction works cost (Millions)	199.246	132.393	58.640
3	Eclectic Installation and Connection Expenditure (Millions)	44.216	41.953	4.537

Audit observed that management did not obtain refundable security Rs.9.071 million @ 10% of the electric installation cost for Rs.90.71 million to safeguard the Government interests.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends to investigate the matter besides obtaining security from the lessee.

40.5.5 Irregular investment of company funds in a non-transparent manner - Rs.50.00 million

According to Finance Division O.M. No. F.4(1)/2002-BR-11 dated 02.07.2003, investment of working balances/surplus funds be made subject to fulfillment of various requirements such as investment in A rating banks, competitive bidding process, investment exceeding Rs.10 million shall not be kept in one bank, setting up of in-house professional treasury management functions, formation of

Investment Committee, employment of qualified investment management staff, utilization of services of Professional Fund Managers approved by SECP, annual certificate of the Chief Executive of the organization, etc.

Faisalabad Garment City Company made investment out of rental income during the financial year 2017-18 and 2018-19. The details are given below:

(Rupees)

S. No	Investment Date	Investment	Name of Bank	Date of Maturity	Rate Present	Profit
1	07/08/2017	40,000,000	ZTBL	07/08/2018	6.30%	2,520,000
2	20/12/2017	10,000,000	ZTBL	19/12/2018	6.30%	630,000
3	08/08/2018	40,000,000	ZTBL	07/08/2019	7.55%	3,011,726
4	21/12/2018	10,000,000	ZTBL	20/12/2019	10.65%	1,062,082
5	22/08/2019	40,000,000	ZTBL	21/08/2020	14.00%	5,600,000

Audit observed that the department did not constitute investment committee resultantly no working balance was determined and the rollover investments were made without obtaining rates from different banks in a transparent manner.

Audit is further of the view that the investments made by the management without obtaining rates and without forming an investment committee is irregular.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends to investigate the matter and fix responsibility.

40.5.6 Irregular absorption of employees of training institute in Faisalabad Garment City Company - Rs.11.148 million

Para 12.4 of the Draft Manual for Development Projects of Planning Commission provides that timely efforts are required to be made for the handing over of the project and provision of maintenance cost to the authority concerned. This exercise should be taken in hand before six months of the expected completion date. If any of the project staff has to be retained for the operation of the project, a case for the shifting of the post in revenue budget maybe initiated and got approved from the Finance Division well in time so that the continuity in project operation is not hindered and public assets created under the project are properly maintained.

Faisalabad Garment City Company, shifted 16 number of employees of project Female Exclusive Training Institute to Faisalabad Garment City Company w.e.f. 15.11.2019 and created an estimated liability for Rs.11.148 million per annum.

Audit observed that Female Exclusive Training Institute (FETI) was a PSDP project approved by the Federal, Planning Commission. The shifting of all employees

along with project to FGCC without furnishing of PC-IV to Planning Commission and approval of Finance Division is irregular. Moreover, the management prior to shifting did not get re-affirmation from the HR Committee for retention of project employees for their effective utilization in the Faisalabad Garment City Company.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends to investigate the matter and fix responsibility.

Lahore Garment City Company, (LGCC) Lahore

40.5.7 Non-recovery of Punjab Sales Tax - Rs.3.711 million

Section 6 of Sales Punjab Sales Tax on Services (Withholding) Rules 2015 states that a withholding agent shall, on receipt of taxable services other than advertisement services from an unregistered person, deduct sales tax at the applicable rate of the value of taxable service provided to him from the payment due to the service provider and the amount of sales tax for the purpose of this rule shall be worked out on the basis of gross value of taxable services.

Section 31(5) of the Punjab Sales Tax Services Act 2012 states that the registered persons, whose accounts are subject to audit under the Companies Ordinance, 1984 (XLVII of 1984), shall be required to submit a copy of the annual audited accounts, along with a certificate by the auditors certifying the payment of the tax due and any deficiency in the tax paid by the registered person.

Lahore Garment City Company, (LGCC) Lahore incurred an expenditure of Rs 23.195 million on acquiring of taxable services from the private firms / service providers during the FY 2015-16 to 2018-19. The details are given as under:

(Rupees)

S. No.	Heads of Account	Period				Total	Amount of Tax
		2015-16	2016-17	2017-18	2018-19		
1	Operation and Maintenance	1,045,332	1,053,225	2,112,460	4,321,274	**8,532,291**	1,365,167
2	Repair and Maintenance	195,157	138,582	1,531,316	1,055,335	**2,920,390**	467,262
3	Legal and Professional Charges	847,000	1,008,750	1,186,405	820,375	**3,862,530**	618,005
4	Advertisement	251,400		512,183	259,487	**1,023,070**	163,691
5	Auditor's Remuneration	85,000	92,500	96,525	86,000	**360,025**	57,604
6	Building on Freehold Land	2,972,101			3,524,725	**6,496,826**	1,039,492
Total		**5,395,990**	**2,293,057**	**5,438,889**	**10,067,196**	**23,195,132**	**3,711,221**

Audit observed that:

i. Management of Lahore Garment City Company, did not deducted the provincial sales tax (PST) @ 16 % from the service providers while making payment.

ii. Annual audited accounts for the financial year 2017-18 and 2018-19 were not submitted to Punjab Revenue Authority by FGCC showing tax deduction.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends to investigate the matter and deposit the tax into Government Treasury.

40.5.8 Irregular / unauthorized opening of Bank accounts without permission from Competent Authority.

Rule 5(5) of the Corporate Governance Rules 2013 provides that The Board shall establish a system of sound internal control, which shall be effectively implemented at all levels within the Public-Sector Company, to ensure compliance with the fundamental principles of probity and propriety; objectivity, integrity and honesty and relationship with the stakeholders.

Lahore Garment City Company (LGCC) was maintaining seven bank accounts. The detail of accounts and closing balance as on 30.06.2019 are as under:

(Rupees)

S. No.	Account No.	Bank & Branch Name	Account Type	Balance as on 30.06.2019
1	NIDA 34-5	National Bank of Pakistan Model Branch Gulberg, Lahore	Current A/C	11,325
2	0382300009	Bank of Punjab Tower Branch, 28 A-K Block, MM Alam Road Gulberg-II	Saving A/C	125,673,652
3	143405	JS Bank Plot # 4, Chenab Block, Main Boulevard, Allama Iqbal Town	Current A/C	200
4	376902	JS Bank Plot # 4, Chenab Block, Main Boulevard, Allama Iqbal Town	Saving A/C	424
5	2960206	NIB Bank Kibriya Town, Raiwind Road, Thokar Niaz Baig	Current A/C	18,145
6	4768426	NIB Bank 83-E Main Boulevard Gulberg-III	Saving Account	2,927
7	0007-0081-052293-01-4	Bank Al Habib New Garden Town Branch	Current A/C	697,622
			Total	**126,404,295**

Audit observed that seven (07) bank accounts were opened and operated without approval of Finance Division.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends closure of bank accounts or their regularization from Finance Division.

40.5.9 Loss to Government due to provision of lockers and parking area free of cost - Rs.1.736 million

Clause 5(1) of the Corporate Governance Rules 2013 provides that The Board shall exercise its powers and carry out its fiduciary duties with a sense of objective judgement and implementation in the best interest of the company.

Agenda item no.2 of 54th meeting of Board of Directors dated December ,2017 of Lahore Garment City Company states that the tenant vide their request dates 2-11-2017 & 15-11-2017 requisitioned the space for parking areas or rent.

Lahore Garment City Company, Lahore provided an area of 115758 Sq. ft for parking & maintaining of lockers to the tenants.

Audit observed that the request of the tenant for the provision of space measuring 137915 sq. ft @ Rs.1 to 1.25 per sq. ft parking was turned down by the BOD without giving any reason. Renewed lease agreement dated 05.04.2019 revealed that management provided an area of 115758 sq. ft for parking of vehicles and lockers w.e.f 7th February 2018 free of cost as detailed below:

(Rupees)

Date	Area Sq. Ft	Rate per Sq. ft	Rent Due
7.02.2019 to 06.02.2020	115758	1.25	1,736,370

Audit is of the view that the management extended undue favour to the tenant and deprived the Government from its due revenue Rs.1.736 million.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends to stop the practice and inquire the matter to fix responsibility besides recovery.

40.5.10 Non-transfer of ownership rights to the Lahore Garment City Company

Para-5 of Punjab Industrial Estates allotment letter No. "nil" dated 02.02.2006 states that NOC and Sale Deed in your favour shall be issued after completion of project. In case actual area, after measurement of the plots is different, this letter will be replaced by PIE after payment /refund of the different in payment due and amount paid by you.

Lahore Garment City Company purchased a chunk of land measuring 19.34 Acres (64733 - 9289) at a cost of Rs.69.362 million from Punjab Industrial Estates/Sundar Industrial Estates vide PIE allotment letter dated 02.02.2006 for construction of buildings, hall for renting / leasing out to local as well foreign investors & manufacturers for undertaking business related to Garments, and incurred expenditure on construction / civil works. Details are as under:

(Rupees)

S. No	Building Category	Covered Area constructed	Expenditure	Completed Since
1	Unit A Basement, Ground & 5th Floor	191150	201.971	31.08.2011
2	Unit B Basement, Ground & 4th Floor	80400	92.316	26.09.2011
3	Basement, Ground & 4th Floor	41100	63.699	30.09.2015
4	Admin Block	30960	56.055	27.12.2018
		Total	**414.041**	

Audit observed that the Management incurred expenditure of Rs.483.403 million on the purchase of land and development of infrastructure, without acquiring ownership rights which is irregular and un-authorized.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends early steps for acquiring of ownership rights and investigate the matter.

40.5.11 Non-transparent investment causing loss to company funds - Rs.150.00 million

According to Finance Division O.M. No. F.4(1)/2002-BR-11 dated 02.07.2003, investment of working balances/surplus funds be made subject to fulfilment of various requirements such as investment in A rating banks, working

balance limit of each organization should be determined with the approval of administrative Ministry in consultation with Finance Division, competitive bidding process, investment exceeding Rs.10 million shall not be kept in one bank, setting up of in-house professional treasury management functions, formation of Investment Committee, employment of qualified investment management staff, utilization of services of professional fund managers approved by SECP, annual certificate of the Chief Executive of the organization, etc.

Monetary policy statement of State Bank of Pakistan revealed a rising trend in the interest rate as detailed below:

S. No.	Policy Statement Dated	Effective from	Interest rate (in percentage %)
1	14.07.2018	16.07.2018	7.50
2	29.09.2018	01.10.2018	8.50
3	30.11.2018	03.12.2018	10.0
4	29.03.2019	01.04.2019	10.75

Lahore Garment City Company, (LGCC) made investment out of Receipt Account. The details were given as under:

(Rupees in million)

S. No	Account No.	Date of investment	% of interest	Period of Investment	Date of Maturity	Amount of investment
1	Receipt Account	14.11.2018	8.50 %	1 year	13.11.2019	150.00

Audit observed that:

i. Audit observed that the department did not constitute investment committee resultantly no working balance was determined and the rollover investments were made without obtaining rates from different banks in a transparent manner.

ii. Investment Rs.150 million @ 5.90% PA was matured by 30th August 2018. According to comparative statement dated 30.08.2018 management of LGCC approved rollover investment for Rs.150 million @ 7.10% PA.in Bank of Punjab. Pursuant to audit committee decision and revised rates by Bank Al-Habib @8.30% PA the investment was withdrawn from Bank of Punjab and invested with Bank Al-Habib vide TDR No. 228964 dated 17.10.2018. The above stated TDR was again got cancelled vide LGCC letter No.

LGCC/AC/3258 dated 12.10.2018 and invested in the same bank @ 8.50 % vide TDR No. 228967 dated 14.11.2018 for one year, but CST for the re-investment w.e.f. 14.11.2018 was not prepared, which create doubts about the transparency in the investment procedure.

Audit is further of the view that the investments made by the management without obtaining rates and without forming an investment committee is irregular.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends to investigate the matter and fix responsibility.

CHAPTER 41

TRADE DEVELOPMENT AUTHORITY OF PAKISTAN

41.1 Introduction

The Trade Development Authority of Pakistan (TDAP), is continuation of erstwhile Export Promotion Bureau, and is a premier government agency mandated to develop programs and projects directed at maximum exploitation of the available export market access to the country.

Trade Development Authority of Pakistan (TDAP) develop and promote export holistically, through focus, synergy, and with collective wisdom and counsel of its stakeholders. In addition, it is supposed to achieve the objective of rapid export growth through interaction and coordination with respective public and private–sector stakeholders and enhancing value of products and services by broadening the export base by fostering supportive export culture and facilitation; and by encouraging export oriented foreign investment and joint ventures.

Sr. No.	Description	Total No.	Audited	Expenditure Audited (FY-2018-19) Rs. in million	Revenue / Receipt Audited (FY 2018-19) Rs. in million
1	Formations	1	1	2,178.254	-
2	Assignment Accounts (Excluding FAP)	-	-	-	-
3	Authorities / Autonomous Bodies etc. under the PAO	-	-	-	-
4	Foreign Aided Project (FAP)	-	-	-	-

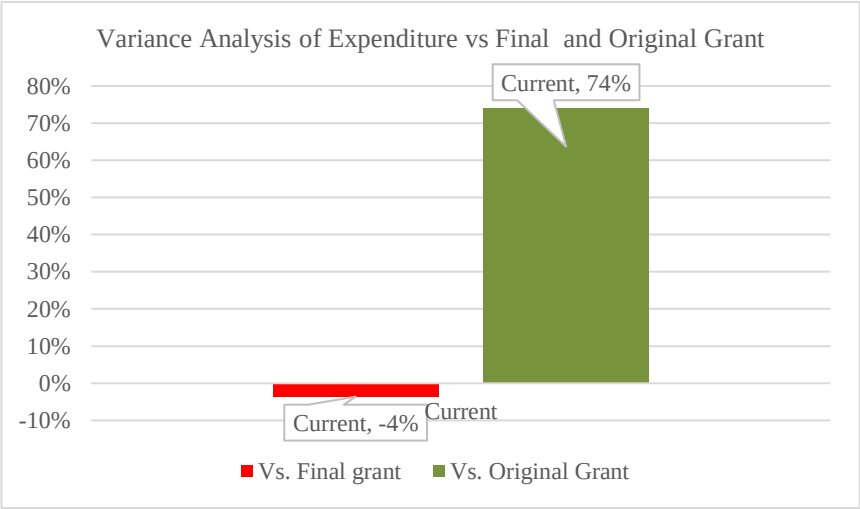
41.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the TDAP for the financial year 2018-19 was Rs.2,037.085 million out of which the TDAP utilized Rs.1,963.485 million. Audit noted that there was an overall saving of Rs.73.600 million, which was 4% of Final Grant. The expenditure was incurred from Grant No. 19 - Commerce Division.

(Rupees in million)

Grant No.	Type of Grant	Original Grant	Supplementary Grant	Surrender (-)	Final Grant	Actual Expenditure	Excess/ (Saving)	% age Excess/ (Saving)
19	Current	1,131.000	700.000	-61.030	2,037.085	1,963.485	(73.600)	(4%)

According to Para 71 of General Financial Rules (Volume I), while framing budget estimates, the authorities should exercise utmost foresight. Variation between estimated and actual expenditure captures the level of foresight that goes into budget formulation. As shown in the chart below, it was observed that there was 74% excess w.r.t. Original Grant which was changed to 4% saving w.r.t. to Final Grant it was due to heavy supplementary grant.



41.3 Classified Summary of Audit Observations

Audit observations, amounting to Rs.1,474.232 million, were raised in this report during the current audit of Trade Development Authority Of Pakistan. This amount also includes recoveries of Rs.51.296 million as pointed out by the audit. Summary of the audit observations classified by nature is as under:

(Rupees in million)

S. No	Classification	Amount
1	Non-production of record	-
2	Reported cases of fraud, embezzlement and m misappropriation	227.783
3	Irregularities	
A	*HR/Employees related Irregularities*	22.728
B	*Procurement related irregularities*	3.478
C	*Management of account with commercial banks*	-
D	*Recovery*	51.296
E	*Internal Control*	-
4	Value for money and service delivery	382.376
5	Others	786.571

41.4 Status of compliance with PAC Directives

Name	Audit Year	Total No. of Audit Paras	No. of Actionable Points Issued	Compliance	Non/Partial Compliance	% of Compliance
Trade Development Authority of Pakistan	2005-06	19	19	0	19	0%
	2007-08	2	2	0	2	0%
	2008-09	8	8	0	8	0%
	2010-11	7	7	3	4	43%
	2016-17	8	4	2	2	50%
	Total	**44**	**40**	**5**	**35**	**13**

The Draft Audit Report including following Paras was issued to the PAO on 18.01.2020 with the request to reply and also arrange the DAC meeting to discuss the Paras.

41.5 AUDIT PARAS

41.5.1 Non-deposit of amount recovered by FIA into Government treasury - Rs.382.376 million

According to Rule-5 of GFR Vol-I "Moneys received as dues of Government or for deposit in the custody of Government should be credited into the public Account in accordance with the Treasury Rules."

Contrary to above, it was observed that in response to Ministry of Commerce letter No.PS/AS-II/2013 dated 05.09.2014, the TDAP Karachi vide letter No.EDF/Misc./2013-FIA dated 12.11.2014 intimated the Ministry that FIA had recovered an amount of Rs.233,005,963 (Rs.151,402,697 + 81,603,266) on account of General Freight Subsidy, which was released by the EDF Board / Ministry of Commerce from time to time. In the above letter to the M/o Commerce the TDAP had given breakup of amount received and its rule position for utilization as under:

1. Rs.81,603,266 (Fund provided by the EDF Board, M/o Commerce for General freight subsidy scheme)

2. Rs.151,402,697 (Funds provided by the Federal Government via Finance Division for Export Investment Support Fund for STPF 2009-12)

Audit observed that the TDAP informed the Ministry that Honorable Sindh High Court Vide its judgments in bail application of accused persons in the TDAP cases, has directed that "in case the applicant is acquitted from the charge at any stage of the proceedings, the prosecution shall refund this amount to the applicants after its

recovery from TDAP and in this regard specific orders for the refund were passed by the trial court in its judgment. Out of total amount of Rs.233,005,963, conditional amount of Rs.8,500,000 pertaining to 09 applicants was required to be deposited in bank account as per order of the honorable Sindh High Court. Whereas, the remaining amount of Rs.224,505,963 was to be deposited into Government treasury.

During review of record for the year 2018-19, the file regarding investment revealed (vide Para 734 to 737) that the said amount received from FIA was invested with the National Bank of Pakistan, FTC Branch Karachi and this amount increased to Rs.382,375,846 (after earning profit up to 20th July-2019). The investment of the said amount was without the approval of Honorable Court and the TDAP Board.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends that the amount be deposited to government along with interest along with insuring the matter to fix responsibility.

41.5.2 Non-deduction of income tax on rental income of EXPO Centre - Rs.26.928 million

In terms of Section 49 of Income Tax ordinance 2001 the income of the Federal Government, Provincial Government and Local Government shall be exempt from tax. Further as per sub Rule (4) ibid exemption under this section shall not be available in the case of corporation, company, a regulatory authority, a development authority, other body or institution established by or under a Federal law or a Provincial Law or an existing law or a corporation, company, a regulatory authority, a development authority or other body or institution setup, owned and controlled , either directly or indirectly, by the Federal Government or a Provincial government, regardless of the ultimate destination of such income as laid down in Article 165A of the Constitution of the Islamic Republic of Pakistan.

TDAP Karachi generated income of Rs.269,287,388 during the year 2018-2019 on account of rent of Halls in Expo Centre, Karachi.

Audit observed that the management did not pay income tax on rental income of Rs.269,287,388 @10% amounting to Rs.26,928,738.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends recovery of the amount.

41.5.3 Irregular reimbursement of medical charges despite payment of 35% extra medical allowance & medical allowance 2010 - Rs.13.478 million

Rule 12(1) of the Rules of Business, 1973 states that no Division shall, without previous consultation with the Finance Division, authorize the issue of any orders, other than orders in pursuance of any general or special delegation made by the Finance Division, which will affect directly or indirectly the finances of the Federation or which in particular involve a change in the terms and conditions of service of Government servants, or their statutory rights and privileges, which have financial implications.

As per Para-25 of GFR Vol-I, All Departmental regulations in so far as they embody orders or instructions of a financial character or have important financial bearing should be made by, or with the approval of Ministry of Finance.

The TDAP Board in its 3rd meeting held on 02.12.2014 allowed Medical Allowance @ 35% of Basic Pay till finalization of hospital panel. The Board further directed that the list of Panel Hospitals will be put up before the Board by the TDAP Management for approval.

TDAP Karachi paid Medical Allowance @ 35% in addition to Medical Allowance -2010 allowed by the Finance Division for all Federal Government employees. In addition to above, an amount of Rs.13,478,000 was paid to the employees on account of re-imbursement of medical expenses.

Audit is of the view that the payment of re-imbursement of medical expenses made to the employees is irregular, as they have been drawing extra 35% medical allowance in lieu of treatment in the panel hospitals.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends that either the payment of extra 35% medical allowance or re-imbursement of medical expenses should be stopped and recovery be made.

41.5.4 Non-recovery of rent from M/s Defence Export Promotion Organization (DEPO) - Rs.8.8 million

Para 26 of GFR Volume-I states that subject to any special arrangement that may be authorized by competent authority with respect to any particular class of receipts it is the duty of the departmental controlling officers to see that all sums due to Government are regularly and promptly assessed, realized and duly credited in the public account.

During review of File. No. TDAP-618/KEC/IDEAS-2016 it has been observed that management of TDAP, Karachi rented out the Expo Centre for IDEAS-2016-2018 to M/s Defence Export Promotion Organization (DEPO) Islamabad against the rent of Rs.10,800,000 and received advance Rs.2,000,000 on 30.06.2016.

Audit observed that as per general terms and conditions of Expo Center, the balance amount is payable within 03 days before taking possession of the venue. The Expo Center was taken over by the DEPO on 6th November-2016 for IDEAS-2016 till 25th November-2016. However, the remaining amount of Rs.8,800,000 has not been paid by the DEPO.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends that the early recovery under intimation to audit.

41.5.5 Payment of security charges after termination of contract - Rs.3.478 million

Para 10 (iii) of GFR provides that no authority should exercise its powers of sanctioning expenditure to pass an order which will be directly or indirectly to its own advantage. Further Para 10 (iv) provides that public moneys should not be utilized for the benefit of a particular person or section of the community.

According to Rule 12 of PPRA procurement over one hundred thousand rupees and up to the limit of two million rupees shall be advertised on the Authority's website in the manner and format specified by the regulation by the Authority from time to time. These procurement opportunities may also be advertised in print media, if deemed necessary by the procuring agency.

TDAP made contract agreement with M/s Muhafiz Security Pvt. Ltd, Karachi for Security Management Services (Security Guards, CCTV and other security equipment & maintenance at Karachi Expo Center). The tender was published on 29-11-2016. The contract commenced w.e.f. 01.02.2017 for three months on trial basis and extendable to one year on satisfactory performance.

According to Note -319 of File No. TDAP-3 (13)/KEC/Security Management, the contract was terminated w.e.f.18-01-2018 with the advice to take all necessary steps to bring the services to close in an orderly manner and handing over of all relevant equipment to the TDAP authorities.

Audit observed that after termination of agreement the TDAP management continued the services of M/s Muhafiz Security Pvt. Ltd, Karachi up to May-2019 without any legal authority and paid an amount of Rs.8,489,764 as mentioned below:

(Rupees)

Bill No. & Month	Invoice No. of Firm	Gross Amount	Net Amount	Cheque No. & Date
6/8-18	18/1-08-2018	1,082,400	1,062,720	02948005 dt. 6-08-2018
18/9-18	19/1-09-2018	1,082,400	1,062,720	02948017 dt.30-09-2018
22/9-18	20/--09-2018	1,082,400	1,062,720	02948021 dt.28-09-2018
41/11-18	21/31-10-2018	1,082,400	1,062,720	09784647 dt.13-11-2018
61/12-18	22/30-11-2018	1,082,400	1,062,720	02948667 dt. 27-12-2018
86/2-19	24/31-12-2018	1,082,400	479,767	02948694 dt. 51-2-2019
111/3-19	25/31-01-2019	959,200	684,504	02948717 dt. 28-3-2019
132/4-19	26/28-02-2019	1,082,400	720,818	09784739 dt. 30-4-2019
-do-	27/31-03-2019	1,082,400	720,818	-do-
15/6-19	28/30-04-2019	1,082,400	570,257	09784758 dt.13-6-2019
	Total	**10,700,800**	**8,489,764**	

Audit is of the view that the payment made to M/s Muhafiz Security Pvt. Ltd, Karachi without any agreement is held irregular and un-authorized.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends that the payment made to the contractor beyond the agreement period be recovered and responsibility be fixed for the irregular payments.

41.5.6 Non-registration in FBR causing a loss by additional bank charges - Rs.15.568 million

According to Para-4, Duties and Responsibilities of Principal Accounting Officer issued by Government of Pakistan, Finance Division, vide O.M. No. F. 3(2) Exp-III/2006- Islamabad, the 13th September, 2006 the Principal Accounting Officer is to ensure that financial considerations are taken into account at all stages in framing and implementing decisions. The Principal Accounting Officer is responsible not only for the efficient and economical conduct but also continues to be personally answerable before the Public Accounts Committee. The two main principles to be observed are economy: (getting full value for money) and regularity: (spending money for the purposes and in the manner prescribed by law & rules).

During review of the Cash Book of Bank Account No.403610685 maintained at NBP FTC Branch Karachi an amount of Rs.15,568,598 was withheld by the bank as charges on account of TDAP being not registered as filer with FBR.

Audit is of the view that due to negligence of the TDAP management a huge amount was withheld by the bank which could have been avoided had TDAP been timely registered with FBR.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry to fix responsibility besides registration with FBR.

41.5.7 Loss due to abandoning of the project Dazzle Park. - Rs.226.000 million

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

In 2015-16 management of the then Export Promotion Bureau Karachi paid an amount of Rs.226.000 million (Rs.20. million in 2007 premium of 16 acre land and Rs.206. million annual ground rent in-2013) to M/s Civil Aviation Authority Karachi for the project Dazzle Park for the development of Gems and Jewelry sector.

Audit observed that:

i. The project was initiated without proper feasibility study.

ii. The payment of Rs.206.000 million Premiums for 16 acres land at Jinnah Airport Karachi was made without Lease Deed Agreement.

iii. The TDAP during 2009-13 continued to negotiate with the CAA on the terms and conditions of the deal but due to heavy registration fee it could not be registered.

Resultantly the TDAP Board in 4th board meeting dated. 1st December -2015 (Agenda-7.13) decided to abandon the project and advised the ministry to constitute the Fact-finding Committee on the project and fix the responsibility.

In response to above, the agenda item 5.13 (Approval of the way forward on Dazzle Park) of Minutes of 5th meeting of TDAP Board held on 28th April-2016 at Ministry of Commerce, Islamabad, it was discussed and Secretary TDAP informed the Board that the work of the Fact-Finding Committee, headed by Chairman Trading Corporation of Pakistan (TCP) was currently in progress.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends the report of the Facts Finding Committee be produced besides fixing of responsibility.

41.5.8 Non-transparent expenditure on repair/ maintenance of chillers - Rs.1.783 million

Rule 4 of Public Procurement Rules, 2004 states that procuring agencies, while engaging in procurements/services, shall ensure that the procurements are conducted in a fair and transparent manner, the object of procurement brings value for money to the agency and the procurement process is efficient and economical.

Para 11 of GFR Vol-1 states that each head of a department is responsible for enforcing financial order and strict economy at every step. He is responsible for observance of all relevant financial rules and regulations both by his own office and by subordinate disbursing officers.

The Management of the TDAP HQ Karachi incurred expenditure of Rs.11,783,513 on repair and maintenance of chillers (Kawasaki Brand of Japan) installed at Karachi Expo Center and made payment to M/s Khan Associates Karachi (authorized agent of Kawasaki Brand of Japan) during the financial year 2018-19.

Audit observed that:

1. The maintenance work was carried out without any complaint from the expo staff. Only one work (servicing of chiller # 3) amounting Rs.2.042 million was carried out due to panel error on the report of AD (PME-EXPO).

i. The servicing of Chillers # 1, 4, 5 and 6 was also carried out @ 1,190,000 per chiller plus tax Rs.5,902,400 without any complaint.

ii. The repair work of Chiller # 2 carried out for Rs.6,423,125 (including parts Rs.1,208,500) without any complaint from the concerned officer of Expo.

iii. The details of parts installed and their procurement was not noted in the file. The replaced parts were also not known to Audit. The price list of the OEM was not available.

iv. The certificate regarding satisfactory completion of work was not recorded.

v. The work of Chillers # 1, 4, 5 and 6 proved to be defective later on and was informed to firm on 31.12.2018, but the firm vide letter dated. 1st January-2019 refused to address the complaint.

vi. The stamp duty of Rs.35,350 was not recovered from the firm.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends that matter be investigated to fix the responsibility.

41.5.9 Non-adjustment of advances issued to TDAP officers for fairs/exhibitions - Rs.54.493 million

Rule 668 of Federal Treasury Rules Volume-I, states that advances granted under special orders of the competent authority to officers/officials for departmental or allied purposes may be drawn on the responsibility and receipt of the officers for whom they are sanctioned subject to adjustment by submission of detailed account supported by vouchers or by refund as may be necessary.

According to Para 269 of GFR Vol-1, Advances for journeys on tour to a Government servant, other than an inspecting officer, for himself or an Assistant or Deputy, proceeding on tour, up to an amount sufficient to cover for a month his contingent charges can be granted subject to adjustment upon the Government servant's return to Head-quarters or 30th June, whichever is earlier.

TDAP, Karachi issued advances amounting to Rs.54,493,032 to officers and officials on account of fairs / exhibitions, TA/DA and various other purposes.

Audit observed that the adjustment of the above-mentioned advances has not been made even after the lapse of many years.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends early recovery/adjustment of advances.

41.5.10 Irregular appointment of advertisement firms for media campaign without open competition - Rs.9.250 million

Rule 12 (2) of Public Procurement Rules, 2004 states that all procurement opportunities over two million rupees should be advertised on the Authority's website as well as in other print media or newspapers having wide circulation. The advertisement in the newspapers shall principally appear in at least 2 national dailies, one in English and the other in Urdu.

During review of record it has been noticed that Rs.9,250,92 were paid on account of advertisement to M/s Midas International (Pvt.) Limited Karachi during 2018-19. The detail is as under:

(Rupees)

Sr. No.	Cheque No. & Date	Amount
1	1497549, 08.10.2018	2,079,174
2	1497773, 18.02.2019	1,265,472
3	1497515, 18.02.2019	1,010,183
4	88173288, 15.05.2019	4,896,098
	Total	**9,250,927**

Audit observed as under:

i. The work of media campaign was awarded without open competition and involvement of Press Information Department (PID).

ii. The original files relating to release orders for print and electronic media were not provided to Audit to verify the schedule of advertisement, justification for the media campaign and approval of the Chief Executive/ Secretary, TDAP.

iii. There was no monitoring mechanism to determine the impact of the media campaign.

iv. Tender for selection of advertising agency was not published on PPRA and Print Media.

Audit is of the view that the appointment of the firm without open competition and non-involvement of PID was irregular and unauthorized.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends that responsibility be fixed for the gross negligence.

41.5.11 Non-adjustment of advances issued for Expo-2020 Dubai, UAE for Texpo-Lahore - Rs.692.078 million and Rs.40.000 million

Rule 668 of Federal Treasury Rules Volume-I, states that advances granted under special orders of the competent authority to officers/officials for departmental or allied purposes may be drawn on the responsibility and receipt of the officers for whom they are sanctioned subject to adjustment by submission of detailed account supported by vouchers or by refund as may be necessary.

Rule 666 (b) of Federal Treasury Rules Volume-I, states that an advance must be adjusted on or before the close of the financial year.

TDAP, Karachi issued advances amounting to Rs.692.070 million for participation in Expo-2020 at Dubai UAE and Rs.40.000 million for Texpo-Lahore during the period 2018-2019.

Audit observed that the advances have not been adjusted till the close of audit which is grossly irregular and against the provision of the rules.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends inquiry to fix the responsibility.

ANNEXURES

Annexure-1

Memorandum for Departmental Accounts Committee (MAFDAC)

(Rupees in million)

S. No.	PAO	No. of Paras	Amount
1	Aviation Division	158	4,313.867
2	BoI	7	36.257
3	Cabinet	50	1062.787
4	Commerce	46	358.674
5	Communication Division	111	2,429.552
6	Defence Division	23	212.516
7	Defence Production	12	28.275
8	Election Commission of Pakistan	51	158.251
9	Establishment Division	130	38,868.172
10	Federal Education & Professional Training	188	1,211.667
11	Federal Judicial Academy	5	4.867
12	Federally Administrated Tribal Areas	2128	2,394.934
13	Finance	166	34,385.736
14	FPSC	11	25.554
15	HEC	293	63,512.316
16	Housing and Works	10	10.656
17	Human Rights Division	66	351.671
18	Industries and Production	83	320.776
19	Information and Broadcasting	48	6,973.469
20	Inter Provincial Coordination	29	27,371.083
21	Interior	1093	111,905.106
22	IT and Telecommunication	80	1,504.57
23	Kashmir Affairs & Gilgit Baltistan Division	44	1,757.622
24	Law & Justice Commission	15	2,262.636
25	Law & Justice Division	9	35.856
26	Maritime Affairs	162	226,405.533
27	Ministry of Science and Technology	169	1,970.967
28	Narcotics Control Division	152	1,983.666
29	National Accountability Bureau	189	6,329.454
30	National Food Security and Research	81	1,509.507
31	National Health Services & Coordination	194	7,577.270
32	National History and Literary Division	93	904.411

S. No.	PAO	No. of Paras	Amount
33	NAVTTC	39	1,963.091
34	NSPP	25	194.916
35	PAEC	154	716,425.070
36	Planning Development and Reforms	36	7.754
37	PNRA	9	420.513
38	President Secretariat	10	4,456.809
39	Privatization Commission	16	255.260
40	Religious Affairs	129	74,057.252
41	SAFRON	106	1,023.500
42	TDAP	32	2,185.815
43	Textile	65	4,068.562
44	Wafaqi Mohtasib	16	85.47
	Total	**6,526**	**1,349,203.987**

Annexure 1-A

Type of Grant	ID	Original Grant	Total Supply	Actual Expenditure	Exp Less than Original Grant
Charged	A	1.036	0.039	0.952	0.084
Charged	H	1.964	0.000	1.806	0.158
Charged	I	0.527	0.000	0.526	0.001
Charged	K	0.722	0.000	0.696	0.026
Charged	L	0.243	0.007	0.241	0.002
Current	4	6.207	0.050	5.804	0.403
Current	12	0.051	0.000	0.039	0.012
Current	13	0.986	0.282	0.940	0.046
Current	14	0.272	0.000	0.262	0.010
Current	15	0.070	0.000	0.045	0.025
Current	17	0.113	0.000	0.106	0.007
Current	18	0.614	0.049	0.365	0.249
Current	20	0.432	0.030	0.428	0.004
Current	33	1.809	0.020	1.794	0.015
Current	37	17.061	0.180	16.834	0.227
Current	39	106.500	0.200	105.863	0.637
Current	40	563.190	9.013	490.894	72.296
Current	43	0.378	0.000	0.369	0.009
Current	45	8.088	0.350	8.084	0.004
Current	50	0.160	0.000	0.159	0.001
Current	54	0.438	0.027	0.433	0.005
Current	56	0.006	0.000	0.002	0.004
Current	57	0.936	0.006	0.925	0.011
Current	73	1.907	0.029	1.304	0.603
Current	74	0.371	0.000	0.352	0.019
Current	78	4.053	0.041	3.936	0.117
Current	85	2.995	0.000	2.831	0.165
Current	89	0.395	0.000	0.332	0.063
Current	90	1.110	0.000	1.071	0.039
Current	91	0.058	0.000	0.056	0.002
Current	97	0.503	0.000	0.438	0.065
Current	104	2.357	0.000	2.169	0.188
Current	106	19.436	0.100	1.533	17.903
Development	109	4.677	0.000	0.852	3.826
Development	115	0.280	0.046	0.055	0.225
Development	116	14.481	0.000	6.897	7.584
Development	117	0.531	0.025	0.194	0.337
Development	121	143.987	7.973	28.815	115.171
Development	123	180.238	27.464	174.810	5.428
Development	128	0.551	0.000	0.111	0.439

Type of Grant	ID	Original Grant	Total Supply	Actual Expenditure	Exp Less than Original Grant
Development	129	3.046	0.538	1.424	1.623
Development	130	23.651	1.722	11.381	12.270
Development	131	3.553	0.971	0.935	2.618
Development	133	1.025	0.000	0.385	0.640
Development	135	1.808	0.014	0.557	1.251
Development	136	30.734	3.552	10.293	20.442
Development	137	31.240	0.129	3.906	27.335
Development	140	0.200	0.000	0.123	0.077
Development	141	62.026	0.000	45.896	16.131
Development	145	156.315	0.000	100.657	55.658
Total	**50**	**1,403.332**	**52.858**	**1,038.876**	**364.455**

Annexure 1-B

Type of Grant	ID	Original Grant	Total Supply	Actual Expenditure	Exp Excess than Original Grant	Excess Supply
Charged	B	4.633	0.964	5.570	-0.937	0.027
Charged	J	2.531	20.173	21.675	-19.144	1.029
Current	2	6.343	1.175	7.333	-0.990	0.185
Current	3	0.276	0.871	1.115	-0.839	0.033
Current	5	0.097	0.056	0.149	-0.052	0.004
Current	7	1.235	0.216	1.392	-0.157	0.059
Current	9	2.734	0.093	2.756	-0.022	0.071
Current	16	9.412	0.623	9.964	-0.552	0.071
Current	19	4.912	0.700	5.437	-0.525	0.175
Current	22	3.507	0.500	3.584	-0.077	0.423
Current	23	1.687	1.019	2.697	-1.010	0.009
Current	27	0.698	0.887	1.139	-0.441	0.446
Current	28	0.245	8.640	0.650	-0.405	8.235
Current	29	0.377	25.803	11.093	-10.716	15.087
Current	34	5.887	2.249	7.908	-2.021	0.228
Current	41	65.000	2.593	67.592	-2.592	0.001
Current	42	5.296	1.648	6.840	-1.544	0.104
Current	44	4.419	0.074	4.493	-0.074	0.000
Current	46	13.335	0.576	13.741	-0.406	0.170
Current	55	0.331	4.810	5.130	-4.799	0.011
Current	58	0.735	0.050	0.755	-0.020	0.030
Current	59	0.331	0.015	0.338	-0.007	0.008
Current	60	0.725	0.306	1.017	-0.292	0.014
Current	62	6.105	1.406	7.420	-1.315	0.091
Current	63	1.085	0.067	1.117	-0.032	0.035
Current	64	4.075	0.468	4.405	-0.330	0.139
Current	65	0.831	1.368	2.039	-1.208	0.159
Current	67	2.752	1.883	4.578	-1.826	0.058
Current	71	21.963	3.094	25.003	-3.040	0.054
Current	72	4.167	3.324	6.997	-2.830	0.494
Current	75	0.031	0.009	0.034	-0.003	0.006
Current	77	0.555	0.018	0.562	-0.007	0.011
Current	79	0.120	0.016	0.134	-0.014	0.003
Current	80	0.387	0.053	0.437	-0.050	0.002
Current	82	0.782	0.059	0.791	-0.009	0.050
Current	86	4.176	0.763	4.815	-0.639	0.123
Current	87	2.004	9.441	11.018	-9.014	0.427
Current	88	1.341	2.534	3.813	-2.472	0.061
Current	93	0.166	0.011	0.169	-0.003	0.008

Type of Grant	ID	Original Grant	Total Supply	Actual Expenditure	Exp Excess than Original Grant	Excess Supply
Current	95	0.490	0.040	0.507	-0.017	0.023
Current	98	7.640	0.286	7.841	-0.201	0.085
Current	102	0.003	0.019	0.022	-0.019	0.000
Current	103	0.523	0.328	0.762	-0.239	0.089
Current	105	0.236	0.097	0.285	-0.049	0.048
Current	107	49.076	20.505	63.248	-14.172	6.333
Development	108	14.741	24.000	27.000	-12.258	11.742
Development	120	4.337	3.825	4.607	-0.271	3.555
Development	139	28.256	21.663	46.796	-18.540	3.123
Development	139-A	0.000	11.860	11.852	-11.852	0.008
Total	**49**	**290.587**	**181.178**	**418.620**	**-128.033**	**53.145**

Annexure 1-C

Type of Grant	ID	Original Grant	Total Supply	Actual Expenditure	Exp Excess than Original Grant	Insufficient Supply
Current	6	6.275	0.519	7.767	-1.492	-0.973
Current	10	0.636	0.067	0.709	-0.073	-0.006
Current	11	2.138	1.711	3.850	-1.712	-0.001
Current	25	5.717	0.469	7.187	-1.470	-1.001
Current	32	1.476	12.975	14.828	-13.352	-0.377
Current	38	342.000	58.585	407.265	-65.265	-6.680
Current	52	0.143	0.000	0.149	-0.006	-0.006
Current	66	8.444	0.865	9.584	-1.140	-0.276
Current	68	60.344	25.460	88.662	-28.318	-2.858
Current	69	8.920	0.000	10.864	-1.944	-1.944
Current	70	1.994	0.000	2.052	-0.058	-0.058
Current	81	2.634	1.087	3.990	-1.356	-0.269
Current	83	2.672	0.078	2.783	-0.111	-0.033
Current	96	0.626	1.750	2.378	-1.752	-0.002
Current	100	10.601	1.230	12.913	-2.312	-1.083
Current	101	25.505	1.226	29.062	-3.557	-2.330
Development	112	4.700	0.522	20.277	-15.577	-15.055
Development	125	2.559	0.000	3.399	-0.840	-0.840
Development	124-A	0.000	2.203	2.251	-2.251	-0.047
Total	**19**	**487.384**	**108.747**	**629.970**	**-142.586**	**-33.840**

Annexure 1-D

S. No	Grant No.	ID	Grant Description	Final Grant	(Savings)
1	**130**	130	Development Expenditure of Interior Division	14,000,000	(14,000,000)
2	**AT0065**	136	EPI Astore Development Astore	1,000	(1,000)
3	**BJ0095**	134	Bajaur Area Development Project	1,600,000	(1,600,000)
4	**BJ1143**	139	Bosaq Hydro Power Project Bajor Agency	500,000,000	(500,000,000)
5	**DG0081**	141	Remedial Measures to Control Water Logging Due to Muzaffargarh &Tp Link Canal Kot Addu Distt Muzaffargarh	1,500,000,000	(1,500,000,000)
6	**DG0161**	141	Kachhi Canal Project Phase-I Dera Bughti Jhal Magsi	2,835,000,000	(2,835,000,000)
7	**DM0072**	136	EPI Diamer Development Diamer	1,000	(1,000)
8	**GL0099**	130	Const Of Accommodation for HQ NA Scouts And 114 Wing at Challas	170,067,000	(170,067,000)
9	**GL0361**	130	Construction of Administrative Camps in Distt. Ghazar-GB Scouts Gilgit	133,305,000	(133,305,000)
10	**GL0759**	132	4 MW Hydel Power Project Thack Nallah	100,000,000	(100,000,000)
11	**GL0766**	132	26 MW Hydro Power Project Shagrthang.	200,000,000	(200,000,000)
12	**GL0812**	136	EPI Gilgit Development Gilgit	1,000	(1,000)
13	**GL7019**	132	30 MW Hydro Power Project Ghowari on Shayoke River	50,000,000	(50,000,000)
14	**GL7028**	132	Project Director Regional Grid Gilgit-Baltistan	300,000,000	(300,000,000)
15	**GL7031**	132	Medical College Gilgit	95,000,000	(95,000,000)
16	**GL7048**	132	Construction Of 05 MW HPP Hassanabad Hunza	100,000,000	(100,000,000)
17	**GL7060**	132	Ofshore Development Atabad Lake at Hunza Distt. Hunza	100,000,000	(100,000,000)
18	**GL7061**	132	Establishment of Polyetech Institute for Boys at Skrdu (Baltistan Region)	100,000,000	(100,000,000)
19	**GL7062**	132	32.5 MW Hydro Power Project Attabad Hunza	150,000,000	(150,000,000)
20	**GN0070**	136	EPI Ghanche Development	1,000	(1,000)
21	**GZ0075**	136	EPI Ghizar Development Ghizar	1,000	(1,000)
22	**HQ3519**	109	New Gawadar International Airport (NGIA)	999,000,000	(999,000,000)
23	**ID1418**	130	Construction of Judicial Administration "Complex G-10/1, Islamabad"	150,000,000	(150,000,000)
24	**ID5260**	130	Pakistan Automated Fingerprint Identification System (PAFIS)Phase-II	31,050,000	(31,050,000)
25	**ID7183**	136	Estt. Of National Resource Center for Estt. Of National Resource Center for Raw Material Traditional Medicine, Nih, Islam	6,856,000	(6,856,000)
26	**ID7336**	120	Mainstreaming of Madrassas	81,697,000	(81,697,000)

S. No	Grant No.	ID	Grant Description	Final Grant	(Savings)
27	**ID7338**	146	Establishment of Hydro Power Training Institute	50,000,000	(50,000,000)
28	**ID7345**	146	Warsak Hydroelectric Power Station 2nd Rehabilitation	70,000,000	(70,000,000)
29	**ID8147**	137	National Endowment of Scholarships for National Endowment of Scholarships for Talents (Nest)	2,000,000,000	(2,000,000,000)
30	**ID8167**	136	National Programme For Family Planning National Programme For Family Planning & Primary Health Care AJK	575,717,000	(575,717,000)
31	**ID8201**	110	Establishment of Smart Schools In ICT	200,000,000	(200,000,000)
32	**ID8233**	136	Roll Back Malaria Control Programme Roll Back Malaria Control Programme Punjab	2,026,000	(2,026,000)
33	**ID8237**	136	Prime Minister Programme For Prevention Prime Minister Programme For Prevention & Control of Hepatitis Punjab	10,000,000	(10,000,000)
34	**ID8238**	136	Prime Minister Programme For Prevention Prime Minister Programme For Prevention & Control of Hepatitis Sindh	10,000,000	(10,000,000)
35	**ID8239**	136	Prime Minister Programme For Prevention Prime Minister Programme For Prevention & Control of Hepatitis KPK	10,000,000	(10,000,000)
36	**ID8240**	136	Prime Minister Programme For Prevention Prime Minister Programme For Prevention & Control of Hepatitis Baluchistan	10,000,000	(10,000,000)
37	**ID8245**	136	National Programme For Prevention and National Programme For Prevention and Control of Blindness Punjab	10,000,000	(10,000,000)
38	**ID8246**	136	National Programme For Prevention and National Programme For Prevention and Control of Blindness Sindh	10,000,000	(10,000,000)
39	**ID8247**	136	National Programme For Prevention and National Programme For Prevention and Control of Blindness KPK	10,000,000	(10,000,000)
40	**ID8248**	136	National Programme For Prevention and National Programme For Prevention and Control of Blindness Baluchistan	10,000,000	(10,000,000)
41	**ID8261**	121	Temporarily Displaced Persons Temporarily Displaced Persons	15,019,729,000	(15,019,729,000)
42	**ID8262**	121	Security Enhancement Security Enhancement	16,497,000,000	(16,497,000,000)
43	**ID8404**	136	Expanded Prgramme On Immunization (EPI)-ICT	72,600,000	(72,600,000)
44	**ID8405**	136	Expanded Prgramme On Immunization (EPI)-CDA	72,600,000	(72,600,000)
45	**ID8440**	146	Chitral Hydal Power Station Capacity Enhancement	5,000,000	(5,000,000)

S. No	Grant No.	ID	Grant Description	Final Grant	(Savings)
46	**ID8883**	131	Replacement of Synthetic Hockey Turfs in Seven Cities Viz. Ibd Fsd Wcnt Psh Qtta Atd & Lhr	378,163,000	(378,163,000)
47	**ID8884**	131	Construction of Football Ground at Chaman	25,000,000	(25,000,000)
48	**ID9161**	127	Estab. Of Digitalized Archive Library Pnca-Nag F-5/1	2,500,000	(2,500,000)
49	**ID9162**	127	Estab. Of National Film Academy H-9 Islamabad	15,000,000	(15,000,000)
50	**ID9181**	141	Normal Emergent Flood Programme Azad Jammu & Kashmir Sector	96,631,000	(96,631,000)
51	**ID9214**	110	Establishment of Islamabad Modl Schools for Boys G-15 Islamabad	40,000,000	(40,000,000)
52	**ID9215**	110	Establishment of Islamabad Modl College for Girls G-13/1 Islamabad	30,000,000	(30,000,000)
53	**ID9229**	137	Research/Holding of Workshops & Technical/ Feasibility Studies	226,548,000	(226,548,000)
54	**ID9248**	116	Construction of Nhmp Building/Offices on Acquired Land	300,000,000	(300,000,000)
55	**ID9249**	116	Construction Buildings at Nhmp Training College Sheikhupura	183,644,000	(183,644,000)
56	**ID9323**	109	Establishment of Aerodrome Facilities at Mansehra Acquisition of Land for Construction /Establishment of Airport at Manse	250,000,000	(250,000,000)
57	**ID9353**	129	Feasibility Study & Consultancy for Development of It Park in Karachi	58,287,000	(58,287,000)
58	**ID9354**	113	Climate Resilient Urban Human Settlements Unit	4,000,000	(4,000,000)
59	**ID9355**	113	Establishment of Pakistan Wash Strategic Planning and Coordination Unit (Facilitating Achievement of Sdg 6.1 & 6.2)	1,300,000	(1,300,000)
60	**ID9358**	131	Laying of Synthetic Hockey Turf at Psc Islamabad	150,000,000	(150,000,000)
61	**ID9359**	131	Upgradation of Sports Infrastructure (Psb)	100,000,000	(100,000,000)
62	**ID9360**	131	Construction Of 100 Stadium (50: 50) Sharing with Provinces	1,000,000,000	(1,000,000,000)
63	**ID9361**	131	Promotion of Sports Talent and Regaining Pride	30,000,000	(30,000,000)
64	**ID9370**	109	Extension/Upgradation of Bunu Airport	675,980,000	(675,980,000)
65	**ID9385**	110	Const. Of Federal Medical College Islamabad	200,000,000	(200,000,000)
66	**ID9399**	108	Infrastructure Dev. & Provision of Security Lights at Newly Purchased (08) Acre of Land at Aviation Squadron Isb Heliport	59,138,000	(59,138,000)
67	**ID9400**	110	Signal Free Islamabad Expressway	7,000,000,000	(7,000,000,000)
68	**ID9401**	110	Conduction of Water from Indus River System of Tarbela Dam for Isb-Rwp	500,000,000	(500,000,000)
69	**ID9402**	110	Providing/ Replacement of Hvac System Installed at Aiwan-E-Sadr Isb	295,760,000	(295,760,000)
70	**ID9403**	110	Providing/ Replacement Of 10 Nos Lifts Installed at Awan-E-Sadr Isb	158,009,000	(158,009,000)

S. No	Grant No.	ID	Grant Description	Final Grant	(Savings)
71	**ID9413**	136	Estab. Of Research and Dev. Laborites for National Inst. Of Health Islamabad	8,000,000	(8,000,000)
72	**ID9418**	108	Tourism Master Plan AJK GB And Swat (Technical Study)	50,000,000	(50,000,000)
73	**ID9420**	110	Capital Adm and Dev Division Govt Polytechnic Inst For Women H-8/1 Isb	10,000,000	(10,000,000)
74	**ID9424**	110	Construction of New Building of Isb Model School for Girls (I-V) N0.1 Tarlai (Fa) Isb	20,000,000	(20,000,000)
75	**ID9425**	110	Constr. Of New Building of Isb Model School for Girls (I-Viii) Bain Nullah (Fa) Isb	15,000,000	(15,000,000)
76	**ID9426**	110	Etab. Of Isb Model College for Boys Margalla Town Isb	50,000,000	(50,000,000)
77	**ID9428**	110	Construction of Boundary Wall of Islamabad Model College for Girls I-14/3 Islamabad	20,000,000	(20,000,000)
78	**ID9431**	110	Up Gradation of Isb Model for Girls Bhara Kahu Isb	50,000,000	(50,000,000)
79	**ID9433**	110	Estab. Of Islamabad Model College for Girls G-14/4 Islamabad	200,000,000	(200,000,000)
80	**ID9434**	110	Estab. Of Islamabad Model College for Boys G-13/2 Isb	200,000,000	(200,000,000)
81	**ID9437**	143	Up- Gradation of Hdip Pol Testing Facilities at Isb Lhr Mtln Psh Qtta And Iso Certification of Petroleum Testing Laboratory	50,000,000	(50,000,000)
82	**ID9438**	143	Strengthening & Upgradation of Karachi Laboratories Complex(Klc) At Hdip Operation Office Karachi	220,000,000	(220,000,000)
83	**ID9439**	143	Expansion and Upgradation of Pakistan Petroleum Crehouse(Petcore) For Its Sustainable Operation to Facilities Oil & Gas Exp	100,000,000	(100,000,000)
84	**ID9444**	110	Up-Gradation of Radiology Deptt. At Fgpc Hospital Fgpc Hospital (Pgmi) Islamabad	110,000,000	(110,000,000)
85	**ID9446**	110	Strengthening of Intensive Care Unit(Icu) At Federal Government Polyclinic Hospital Islamabad	46,000,000	(46,000,000)
86	**ID9480**	130	Sustainable Livelihood and Food Security Through Adoption of Agriculture Technologies In ICT	28,776,000	(28,776,000)
87	**ID9486**	129	Estab. Of Qa Lab for Software Lab for Software Products in Pseb	29,325,000	(29,325,000)
88	**ID9512**	130	Health System Strengthening of ICT Health Department to Prevent & Control Emerging Communicable Diseases in Islamabad	26,253,000	(26,253,000)
89	**ID9515**	130	Constr.Of Accommodation Trg. & Admin. Blocks & Barracks for The Estab. Of Rapid Response Force for ICT Police Isb. (Phase-	400,000,000	(400,000,000)
90	**ID9516**	130	Establishment of Anti-Riot Force Consisting 2388 Officers / Men and Construction of Accommodation For 2388 Officers/ Men O	1,000,000,000	(1,000,000,000)

S. No	Grant No.	ID	Grant Description	Final Grant	(Savings)
91	**ID9521**	130	Establishment of Model Police Stations In ICT/Police Reforms (Phase-II)	200,000,000	(200,000,000)
92	**ID9522**	130	Construction of Residential Accommodation for Senior Officers of Icta	400,000,000	(400,000,000)
93	**ID9523**	130	Construction of ICT Administration Complex Phase-II	400,000,000	(400,000,000)
94	**ID9529**	130	Up-Gradation / Improvement of Mosques Under Administration Auqaf Department ICT Islamabad	150,000,000	(150,000,000)
95	**ID9530**	130	Islamabad Bus Service Project	500,000,000	(500,000,000)
96	**ID9531**	130	Construction of Town Hall Mci House and Other Related Infrastructure for The Efficient Functioning of Metro Politan Corpo	625,000,000	(625,000,000)
97	**ID9532**	130	Strengthening of Union Council by Construction Of 50 Union Council Offices and Related Infrastructure	100,000,000	(100,000,000)
98	**ID9534**	130	Water Supply Scheme in Rural Area of ICT Islamabad	250,000,000	(250,000,000)
99	**ID9535**	130	Street Pavement/ Sanitation in Rural Area of ICT Islamabad	500,000,000	(500,000,000)
100	**ID9537**	130	Construction of Roads in Rural Area of ICT Islamabad	400,000,000	(400,000,000)
101	**ID9541**	130	Islamabad Citizen Facilitation & Automation of Service Project	50,000,000	(50,000,000)
102	**ID9542**	130	Purchase of Machinery and Equipment for Disaster Management System Islamabad	250,000,000	(250,000,000)
103	**ID9545**	130	Strengthening & Up-Gradation of Islamabad Zoo	100,000,000	(100,000,000)
104	**ID9546**	130	Korang River & Rawal Lake Water Treatment Plants	400,000,000	(400,000,000)
105	**ID9547**	130	Strengthening of Sewerage Maintenance System of ICT Through Procurement of Modern Machinery and Equipment and Revamping O	150,000,000	(150,000,000)
106	**ID9548**	130	Beautification of Islamabad Through Horticulture & Improvement of Existing Parks and Play Grounds in Islamabad	150,000,000	(150,000,000)
107	**ID9549**	130	Construction of Infrastructure for Sports and Revamping of Islamabad Sports Board for The Promotion of Sports & Physical	150,000,000	(150,000,000)
108	**ID9552**	130	Islamabad Food Authority Project	100,000,000	(100,000,000)
109	**ID9553**	130	Upgradation of Security Measures at National Police Academy H-11 Isb	55,500,000	(55,500,000)
110	**ID9554**	130	Police Hospital Islamabad	1,000,000,000	(1,000,000,000)
111	**ID9555**	130	Construction of Women Development Centre At Rural Development Markaz Tarlai	59,843,000	(59,843,000)

S. No	Grant No.	ID	Grant Description	Final Grant	(Savings)
112	**ID9556**	119	Feasibility of Study for Enhancement/ Upgradation & Augmentation/Bmr Of Production Facilities at Pac Kamra	80,000,000	(80,000,000)
113	**ID9571**	144	Rebranding/ Renovati Rebranding/485 Post Offices All Over the Country	200,000,000	(200,000,000)
114	**ID9572**	144	Construction of International Mail Office at Karachi	80,000,000	(80,000,000)
115	**ID9573**	144	Construction of International Standard Mail Facilitation Centre At Golra M Ore Rawalpindi	50,000,000	(50,000,000)
116	**ID9574**	144	Construction of International Mail Office at Gawadar	40,000,000	(40,000,000)
117	**ID9647**	136	Strengthening of Maternal and Child Health Care Services at Fgpc Isbd.	8,125,000	(8,125,000)
118	**ID9652**	136	Federal EPI Islamabad	65,000	(65,000)
119	**ID9653**	136	EPI ICT Development Islamabad	1,000	(1,000)
120	**ID9654**	136	EPI CDA Development Islamabad	1,000	(1,000)
121	**ID9961**	146	Establishment of Pakistan Glacier Monitoring Network Upper Indus Basin Area Falling Within KPK Gilgit Baltistan & Azad Jam	50,000,000	(50,000,000)
122	**KA1306**	114	Remodeling and Expansion of Karachi Expo Centre	500,000,000	(500,000,000)
123	**KA1307**	114	Etab. Of Pakistan Institute of Fashion & Design Karachi Campus	100,000,000	(100,000,000)
124	**KA1320**	130	Construction / Development 5th Pak. Coast Guards Battalion Omara for CPEC	250,000,000	(250,000,000)
125	**KA3069**	138	External Dev. Of PSQCA Building Gulistan-E-Johar Complex at Karachi	3,800,000	(3,800,000)
126	**KA3080**	135	Strengthening of Tech.Information Support System of Dept. Plant Protection by Linking Quarantine Outposts with Webocc Sy	260,548	(260,548)
127	**LO1170**	114	Pakistan Expo Centres (Expo Centre Islamabad)	50,000,000	(50,000,000)
128	**LO1172**	114	Pakistan Expo Centres (Expo Centre Quetta)	50,000,000	(50,000,000)
129	**LO1219**	141	Land and Water Monitoring/ Evaluation of Indus Plains (SMO)	1,000	(1,000)
130	**LO1287**	114	Provision of Student Faculty Hostel and Transport Facilities for Pakistan Inst. Of Fashion & Design Lahore	100,000,000	(100,000,000)
131	**LO1291**	121	Modernization & Up-Gradation of Pakistan Mint phase-II	350,000,000	(350,000,000)
132	**LO1300**	130	Constr.Of Married Accomd. For Serving Officers/ Troops of HQ Punjab Rangers (24 X Cat-V 16 X Cat-Iv Houses 10 X Patient Q	113,086,000	(113,086,000)
133	**LO1301**	130	Up-Gradation of Security Infrastructure At 3 X Joint Check Posts at Wagha Gandha Singh Wala And Sulemanki	63,785,000	(63,785,000)
134	**LO3132**	141	Diamer Bhasha Dam Project (Land Acquisition& Settlement)	3,944,281,000	(3,944,281,000)

S. No	Grant No.	ID	Grant Description	Final Grant	(Savings)
135	**MG1137**	134	Mohmand Area Development Project	9,000,000	(9,000,000)
136	**MZ9655**	136	EPI Muzaffarabad Development Muzaffarabad Islamabad	1,000	(1,000)
137	**OI0114**	139	Executive Engineer Irrigation & Hydal Power Division Orakzai Agency At Hangu	16,590,000	(16,590,000)
138	**PR0776**	139	Construction of Zyara To Dabori Road Orakzai Agency	659,400,000	(659,400,000)
139	**PR0777**	139	Construction of Chao Tangi Small Dam Project SWA	319,390,000	(319,390,000)
140	**PR0778**	139	Construction of Nahqi Tunnel Mohmand Agency	34,331,000	(34,331,000)
141	**PR1104**	139	Public Health Engineering-All FATA Project (FATA)	995,000	(995,000)
142	**PR1106**	139	Communications-All FATA Project (FATA)	204,000	(204,000)
143	**PR1148**	139	Widening and Improvement of Ghalanai Muh Amad Gut Road Muhammad Agency	400,000,000	(400,000,000)
144	**PR1191**	118	Estab. Of FG Degree College Kohat Cantt	17,956,000	(17,956,000)
145	**PR1201**	141	Normal Emergent Flood Programme Khyber Pakhtunkhwa	110,000,000	(110,000,000)
146	**PR1207**	141	Gomal Zam Dam South Waziristan & D.I Khan	1,000,000	(1,000,000)
147	**PR1252**	130	Construction of Frontier Corps KP Hospital at Bara Road Peshawar	400,000,000	(400,000,000)
148	**PR1257**	130	Water Supply System in Forward Area of FC (South) D.I. Khan	150,000,000	(150,000,000)
149	**PR1258**	130	Construction of Detention 2 X 128 Men Barrack 2 X Blocks of Soldier Quarters at Operational HQ In Wana FC KP South	100,000,000	(100,000,000)
150	**PR1260**	130	Strengthening of Frontier Constabulary	100,000,000	(100,000,000)
151	**QA3011**	138	Construction of PSQCA Labs Offices at Quetta	1,413,000	(1,413,000)
152	**QA3991**	130	Construction of Officers Offices / Residential Accommodation Turbat HQ Frontier Corps Baluchistan (South)	58,800,000	(58,800,000)
153	**QA3996**	130	Construction of FC Training Center for FC (South) Khuzdar HQ Frontier Corps Baluchistan (South)	232,725,000	(232,725,000)
154	**QA3998**	130	Construction of FC Hospital for Frontier Corps (South) Turbat HQ Frontier Corps Baluchistan (South)	450,000,000	(450,000,000)
155	**QA4100**	145	Electrification of Villages Derabugti (Derabugti Package)	1,000	(1,000)
156	**QA4101**	145	Construction Of 132 KV Grid Station at Khan Mehterzai with Allied T/Line	1,000	(1,000)
157	**QA4104**	145	Interconnection of Isolated Network at Basima Via Nag G/Station from Panjgoor G/Station	1,000	(1,000)
158	**RI0161**	141	Construction of Chera Dam Rawalpindi	20,000,000	(20,000,000)
159	**SD9601**	136	EPI Skardu Development Skardu	1,000	(1,000)

S. No	Grant No.	ID	Grant Description	Final Grant	(Savings)
160	**SK4441**	141	Preparation of Detailed Feasibility for Upgradation Widening & Re-Designing of Hairdin Carrier Drain-1-II Qutfa L& Hairdi	55,537,000	(55,537,000)
161	**TB0260**	140	Updation Of Rural Area Frame for The Conduct of Censuses/ Surveys F/O Turbat	190,000	(190,000)
			Grand Total	**71,836,850,548**	**(71,836,850,548)**

Annexure 1-E

S No.	Heads	ID No.	Grant Description	Ministry/ Division	Final Grant	Actual Expenditure 2018-19
1	A01-Employees Related Expenses	ID8211	Improvement of Record Preservation Improvement off Record Preservation Archives Management Infrastructure and Research Development.	Cabinet Division	-	90,880
2	A01-Employees Related Expenses	ID9222	Green Pakistan Programme Strengthening Zoological Survey of Pakistan Undertaking Immediate Inventory of Endangered Wild Life	Climate Change	-	6,299,357
3	A01-Employees Related Expenses	ID9224	Green Pakistan Programme -Revival of Forestry Resources in Pakistan	Do	-	9,942,458
4	A01-Employees Related Expenses	LO0625	Purchase of Equipment Furnishing- Curriculum Dev. and Training of Pakistan School of Fashion Design- Lahore	Commerce Division	-	632,626
5	A01-Employees Related Expenses	ID3230	Upgradation of Quality Assurance and Quality Control Labs (QA&QCL)	Defense Division	-	55,316
6	A01-Employees Related Expenses	ID6075	Lump Provision for Other/Misc Grants	Finance Division	-	262,490
7	A01-Employees Related Expenses	ID6783	Media Monitoring and Tracking Centre, Electronic Media Relation Wing (Emr)	Information and Broadcasting Division	-	147,860
8	A01-Employees Related Expenses	ID9968	Reservation Restoration Presentation of Rewat Fort	National History and Literacy Heritage Division	-	578,309
9	A01-Employees Related Expenses	ID2106	Excise &Tax Dept/Computerization of Vehicle	Interior Division	-	92,743
10	A01-Employees Related Expenses	ID0173	Est of Abt Squash Cmpx&Sqaush Courts At	Inter-provincial Coordination Division	-	89,914
11	A01-Employees Related Expenses	ID1547	Federal Projects Under Access to Justice Programme, Islamabad	Law and Justice Division	-	72,000
12	A01-Employees Related Expenses	ID7279	Himalayan Adoption, Water and Himalayan Adoption, Water and Resilience (Hi-Aware) Research on Glacier and Snowpack Depend	National Food Security and Research Division	-	4,501,445
13	A03-Operating Expenses	ID7279	Himalayan Adoption, Water and Himalayan Adoption, Water and Resilience (Hi-Aware) Research on Glacier and Snowpack Depend	Do	-	12,771,313

S No.	Heads	ID No.	Grant Description	Ministry/ Division	Final Grant	Actual Expenditure 2018-19
14	A01-Employees Related Expenses	LA0018	District officer Agriculture Extension Larkana	Do	-	271,201
15	A01-Employees Related Expenses	BJ3501	Population Welfare office Bajuar Agency Bajuar Agency	National Health Services, Regulation and Coordination Division	-	2,379,937
16	A01-Employees Related Expenses	KH3501	Population Welfare office Khyber Agency Khyber Agency	Do	-	2,620,469
17	A01-Employees Related Expenses	KM3501	Population Welfare office Kurram Agency Kurram Agency	Do	-	1,900,126
18	A01-Employees Related Expenses	MG3501	Population Welfare office Mohmand Agency Mohmand Agency	Do	-	16,211,281
19	A01-Employees Related Expenses	MW3501	Population Welfare office NW Agency NW Agency	Do	-	1,100
20	A01-Employees Related Expenses	OI3501	Population Welfare office Orakzai Agency Orakzai Agency	Do	-	3,161,149
21	A01-Employees Related Expenses	PR3500	National Maternal New Born & Child Health (MNCH) Program Fata Peshawar	Do	-	5,422,549
22	A03-Operating Expenses	ID3306	Institutional Co-Operation Programme (Norwegian Grant)	Planning, Development and Reform Division	-	45,598
23	A01-Employees Related Expenses	ID7366	Research/Workshops & Feasibility Studies	Do	-	2,274,301
24	A01-Employees Related Expenses	BJ1115	Social Welfare-Bajour Agency (Fata)	SAFRON	-	2,176,768
25	A01-Employees Related Expenses	DI1101	Health-Fr Di Khan (Fata)	Do	-	6,719,553
26	A01-Employees Related Expenses	KH1101	Health-Khyber Agency (Fata)	Do	-	6,036,600
27	A01-Employees Related Expenses	KH1107	Livestock & Dairy Development-Khyber Agency (Fata)	Do	-	66,747
28	A01-Employees Related Expenses	KM1101	Health-Kurram Agency (Fata)	Do	-	1,459,500

S No.	Heads	ID No.	Grant Description	Ministry/ Division	Final Grant	Actual Expenditure 2018-19
29	A01-Employees Related Expenses	KT1101	Health-Fr Kohat (Fata)	Do	-	3,487,824
30	A01-Employees Related Expenses	KT1107	Livestock & Dairy Development-Fr Kohat (Fata)	Do	-	2,085,730
31	A01-Employees Related Expenses	PR1100	Education-All Fata Project (Fata)	Do	-	1,482,704
32	A01-Employees Related Expenses	PR1102	Health-All Fata Project (Fata)	Do	-	8,482,534
33	A01-Employees Related Expenses	PR1103	Health-Fr Peshawar (Fata)	Do	-	31,821,930
34	A01-Employees Related Expenses	PR1108	Housing-All Fata Project (Fata)	Do	-	57,393
35	A01-Employees Related Expenses	PR1112	Agriculture Extension-All Fata Project (Fata)	Do	-	236,900
36	A01-Employees Related Expenses	PR1114	Livestock & Dairy Development-All Fata Project (Fata)	Do	-	26,638,623
37	A01-Employees Related Expenses	PR1115	Livestock & Dairy Development-Fr Peshawar (Fata)	Do	-	5,990,732
38	A01-Employees Related Expenses	PR1120	Fisheries-All Fata Project (Fata)	Do	-	14,648,170
39	A01-Employees Related Expenses	PR1124	Regional Development-All Fata Project (Fata)	Do	-	129,408,786
40	A01-Employees Related Expenses	PR1126	Irrigation-All Fata Project (Fata)	Do	-	935,600
41	A01-Employees Related Expenses	PR1131	Social Welfare-Fr Peshawar (Fata)	Do	-	198,000
42	A01-Employees Related Expenses	PR1139	Sports, Culture and Youth Affairs all FA	Do	-	5,264,971
43	A01-Employees Related Expenses	PR1141	Sports, Culture and Youth Affair FR Peshawar	Do	-	922,400

S No.	Heads	ID No.	Grant Description	Ministry/ Division	Final Grant	Actual Expenditure 2018-19
44	A08-Loans and Advances	ID9963	Construction of Mohmand Dam	EAD	-	30,534,152
45	A01-Employees Related Expenses	3	Emergency Relief and Repatriation	Cabinet Division	-	2,873,892
46	A01-Employees Related Expenses	4	Other Expenditure of Cabinet Division	Do	-	85,902
47	A01-Employees Related Expenses	8	Capital Administration and Development Division	Capital Administration and Development Division	-	4,808,326
48	A03-Operating Expenses	8	Capital Administration and Development Division	Do	-	907,632
49	A06-Transfers	8	Capital Administration and Development Division	Do	-	10,000
50	A09-Physical Assets	8	Capital Administration and Development Division	Do	-	3,000
51	A13-Repairs and Maintenance	8	Capital Administration and Development Division	Do	-	43,000
52	A01-Employees Related Expenses	8	Capital Administration and Development Division	Do	-	540,677
53	A01-Employees Related Expenses	8	Capital Administration and Development Division	Do	-	5,675,808
54	A01-Employees Related Expenses	8	Capital Administration and Development Division	Do	-	1,475,329
55	A05-Grants, Subsidies and Write off Loans	25	Federal Government Educational Institutions in Cantonments and Garrisons	Defence Division	-	11,300,000
56	A05-Grants, Subsidies and Write off Loans	25	Federal Government Educational Institutions in Cantonments and Garrisons	Do	-	127,130,000
57	A05-Grants, Subsidies and Write off Loans	25	Federal Government Educational Institutions in Cantonments and Garrisons	Do	-	29,800,000
Total Rs.						**533,133,605**

Annexure 4-A

S. No.	Name of Item	Lowest rates by M/s Ilyas (Rs./kg)	Original Rate by M/s Qureshi Enterprises (Rs./kg)	Revised Rates by M/s Qureshi Enterprises (Rs./kg)
1	Beef Fillet Cleaned	900	929	899
2	Beef Round	450	540	500
3	Beef Bong	480	327	480
4	Fat	180	199	180
5	Veal Legs	500	550	500
6	Whole Mutton (Male Cleaned)	935	848	848
7	Mutton Legs Male	970	859	859
8	Mutton Rack	910	847	847
9	Fresh Brain	125	115	115
10	Top Loin (Puth)	950	847	847

Annexure 5-A

(Rupees)

Sr. No.	Bank Name	Branch Name	Account Number	Purpose	Balance
1	National Bank of Pakistan	Tech Society Lahore	3003849711 (5318-9)	Saving A/C	228,109.93
2	Habib Bank Limited	Johar Town Lahore	22167900286001	Fee & Payments	1,832,160.83
3	Habib Bank Limited	Johar Town Lahore	22167901219801	Students Start-up Business Centre	6,268,063.45
4	National Bank of Pakistan	Davis Road Lahore	3001306935 (7042-5)	Refund of Student Security	13,027,752.14
5	Habib Bank Limited	Johar Town Lahore	22167900984101	Gratuity Fund	9,950,493.99
6	National Bank of Pakistan	Tech Society Lahore	4003854722 (718-7)	Current A/C	3,020,876.98
7	National Bank of Pakistan	Tech Society Lahore	4003855150 (766-8)	Imprest Account	7,468,779.50
8	National Bank of Pakistan	Tech Society Lahore	4154580108	HEC Grant	13,939,228.00
9	Habib Bank Limited	EXPO Centre Lahore	50397000268851	Fee & Payments	49,114,064.05
Total					**104,849,528.87**

Annexure 6-A

(C-I, Okara)				
Sr #	**Firm Name**	**Bill# &date**	**Vehicle**	**Amount(Rs)**
1	Mirza Traders	1465/09-04-2019	IDP-3035	74,344
2	Mirza Traders	1466/12-04-2019	IDP-3035	73,892
3	Sakhi Ahsan Enterprises	2447/14-04-2019	IDP-3035	74,804
4	Delta Enterprises	48/02-11-2018	IDP-3144	74,379
5	Abu Baker Enterprises	192/04-11-2018	IDP-3144	73,710
6	Delta Enterprises	313/27-11-2108	IDP-3144	74,605
(C-II, Multan)				
7	Bhatti Traders	3778/08-03-2018	IDP-2115	74,800
8	Bhatti Traders	3779/08-03-2018	IDP-2115	74,877
9	Subhan Enterprises	173/09-11-2018	IDP-3370	73,139
10	Subhan Enterprises	195/09-11-2018	IDP-3370	59,056

Annexure 7-A

(Rupees)

S. No.	Name of officer	Particular of the Visit	Period	Amount
1	Lt. Gen (Ret) Zamir ul Hasan Shah Secretary Defence BPS-22	Black Sea Defence & Aerospace Exhibition 2018 in Romania	13-22 May 2018	460,938
		Visit of Secretary Defence to Bahrain	26 June to 01 July 2018	280,085
2	Mir Hassan Naqvi, JS BPS-20	Invitation to the Black sea Defence & Aerospace Exhibition 2018 (BSDA-2018) in Romania	15-18 May 2018	212,857
3	Mr. Khalid Pervaiz Bhatti, DS (BPS-19)	Preparatory meeting for the 2017 UN Peacekeeping Defence Ministerial in Tokyo, Japan	21-26 Aug 2017	301,736
4	Lt. Col Rtd. Ejaz Elahi Deputy Chief of Protocol BS-19 (Contract Basis)	8th Round of Pak Japan Military to Military Talk	17-28 April 2018	351,085
5	Lt Gen (Retd) Ikram ul Haq Secy Defence (BS-22)	8th Moscow Conference on International Security, Meeting of Defence Minister of SCO Member States and 14th International Defence Industry Fair (IDEF-2019)	23 Apr to 3rd of May 2019	915,402
			Total	**2,522,103**

Annexure 8-A

(Rupees)

S.#	Description	Vendor Name	Date of Bill	Bill No	Amount
1	A03970- others	M/S. Standard Enterprises, Rawalpindi	21.12.2018	495	125658
			21.05.2019	633	151155
		M/S. Hussain Enterprises, Rawalpindi	20.12.2018	4302	106997
			16.05.2019	5552	141336
			21.05.2019	5555	169884
			25.04.2019	5593	107132
2	A03955-other store		16.05.2018	2796	119730
			24.12.2018	4820	126266
			8.2.2019	5134	100275
			6.2.2019	5198	110141
			19.04.2019	5486	144924
			21.05.2019	5553	120881
3	A03955- other store	Ghazi Stationers, Rawalpindi	14.02.2018	833	103826
	A03970- others	M/S. Hussain Enterprises, Rawalpindi	06.03.2018	4019	172762
	A09601- Purchase of Plant & Machinery	M/S. Office Automation Group, Rawalpindi	09.02.2018	35360	441000
				Total	**2,241,967**

Annexure 9-A

Head of account	Payment made during financial year		
	2016-17	**2017-18**	**2018-19**
A012A-Fixed Daily Allowance	0	0	58,000
A0120K-Special Judicial Allowance	306,278	0	0
A01225-Instructional Allowance	0	0	6,000
A01212-Telecommunication Allowance	0	68,291	7,970
A0120L-Ward Area Allowance	27,500	0	0
A01209-Fixed Daily Allowance	25,300	0	0
A0120T-Education Allowance	7,200	7,200	1,200
A01210-Risk Allowance	34,450	0	39,360
A01216-Qualification Allowance	0	300,331	0
A01211-Hill Allowance	1,000	0	0
A0121N-Personal Allowance	20,000	0	0
A01227-Project Allowance	40,000	0	0
A01229-Special Compensatory Allowance	6,000	0	0
A01239-Special Allowance	666,502	345,626	591,094
A01242-Consolidated Travelling Allowance	16,500	0	45,800
A01243-Special Travelling Allowance	0	945,394	0
A01213-Special Travelling Allowance	639,020	0	0
A01250-Incentive Allowance	29,000	0	10,400
A0122B-Fixed for incentive	0	55,417	0
A01252-Non-practicing allowance	60,000	45,000	50,000
A01260-Ration Allowance	1,000	0	0
A0123A-Police Law and order Allowance	0	0	52,270
Total	**1,879,750**	**1,767,259**	**862,094**
Grand Total			**4,509,103**

Annexure 9-B

(Rupees)

Sr. No.	Name of Officer/Officials	Designation	BPS	Period	Rate of Deputation Allowance	No. of Months	Amount
1	Dr. Masood Akhter Chaudhry	Sr. Joint Secretary	21	01.07.2016 to 30.06.2019	12,000	36	432,000
2	Gul Nawaz Khan	PS	19	01.07.2016 to 30.06.2019	12,000	36	432,000
3	Muhammad Younas	Section Officer	18	01.07.2016 to 30.06.2019	12,000	36	432,000
4	Mahmood Khan Lakho	Section Officer	18	01.08.2017 to 30.06.2019	12,000	23	276,000
5	Muhammad Abdus Salam	Section Officer	17	01.07.2016 to 30.06.2019	12,000	36	432,000
6	Shafqat Ali	Section Officer	18	01.07.2016 to 30.11.2016	8,778	5	43,890
				01.12.2016 to 30.06.2017	9,258	7	64,806
				01.07.2017 to 30.11.2017	11,114	5	55,570
				01.12.2017 to 30.11.2018	11,688	12	140,256
				01.12.2018 to 30.06.2019	12,000	7	84,000
7	Muhammad Zaheer ud Din Khan	Section Officer	17	01.07.2016 to 30.11.2016	11,658	5	58,290
				01.12.2016 to 30.06.2019	12,000	31	372,000
8	Rashid Ahmad	Section Officer	17	01.07.2016 to 30.11.2016	6,632	5	33,160
				01.12.2016 to 30.06.2017	7,018	7	49,126
				01.07.2017 to 30.11.2017	8,374	5	41,870
				01.12.2017 to 30.11.2018	8,834	12	106,008
				01.12.2018 to 30.06.2019	9,294	7	65,058
9	Shams ud Din	Section Officer	17	01.07.2016 to 30.11.2016	9,334	5	46,670
				01.12.2016 to 30.06.2017	9,720	7	68,040
				01.07.2017 to 30.11.2017	11,594	5	57,970
				01.12.2017 to 30.11.2018	12,000	12	144,000
				01.12.2018 to 30.06.2019	12,000	7	84,000
10	Miss Naheed Akhtar	Section Officer	17	01.07.2016 to 30.11.2016	8,948	5	44,740

Sr. No.	Name of Officer/Officials	Designation	BPS	Period	Rate of Deputation Allowance	No. of Months	Amount
				01.12.2016 to 30.06.2017	9,334	7	65,338
				01.07.2017 to 30.11.2017	11,134	5	55,670
				01.12.2017 to 30.11.2018	11,594	12	139,128
				01.12.2018 to 30.06.2019	12,000	7	84,000
11	Syed Ahsa Ali	Section Officer	17	01.07.2016 to 30.11.2016	7,790	5	38,950
				01.12.2016 to 30.06.2017	8,176	7	57,232
				01.07.2017 to 30.11.2017	9,754	5	48,770
				01.12.2017 to 30.11.2018	10,214	12	122,568
				01.12.2018 to 30.06.2019	10,674	7	74,718
12	Sajjad Hussain	Section Officer	17	01.07.2016 to 30.11.2016	8,562	5	42,810
				01.12.2016 to 30.06.2017	8,948	7	62,636
				01.07.2017 to 30.11.2017	9,334	5	46,670
				01.12.2017 to 30.11.2018	11,134	12	133,608
				01.12.2018 to 30.06.2019	11,594	7	81,158
						Total	**4,616,710**

Annexure 10-A

S. No	Formation	Account No	Bank Branch
1.	Additional Agency Surgeon Lower and Central Kurrum at Sadda Kurrum Agency	321404078	NBP Saddda Branch
2.	Agency Surgeon FR DI Khan	1003459-4	MCB DI Khan
3.	Agency Surgeon FR Kohat	7190200008206	Askari Islamic Bank, Kohat
4.		6902-2	NBP Main Branch, Kohat
5.	Agency Surgeon FR Tank	No.8570-5	NBP, City Branch
6.	Agency Surgeon North Waziristan Agency Miranshah	1793-6	NBP Miranshah
7.	Agency Surgeon Mohmand, Ghallani	16733	MCB Bank, Shabqadar
8.	Agency Surgeon Mohmand, Orakzai	1655-2	NPB Bank, Hangu
9.	Agency Surgeon Parachinar	158-9	NBP Parachinar
10.	Agency Surgeon South Waziristan	1655-8	NBP WANA
11.	Deputy District Health Officer FR Bannu	7995-4	NBP Main Branch Bannu
12.	Deputy District Health Officer FR Lakki	6803	NBP Lakki City Branch
13.	Medical Superintendent Agency Headquarter Hospital Parachinar Kurrum Agency	129-5	NBP Parachinar
14.	Medical Superintendent Agency Headquarter Hospital Miranshah NWA	2496-3	NBP Miranshah
15.	Medical Superintendent Agency Headquarter Hospital South Waziristan WANA	59-0	NBP WANA Branch

Annexure 10-B

(Rupees)

S. No.	Vendor No	Cheque No	Date	Amount
1	80177393	5061508	25.02.2015	148,500
2	80177393	5061508	25.02.2015	148,500
3	80177393	5061508	25.02.2015	49,500
4	80177393	5062373	09.03.2015	49,500
5	80177393	5067552	05.05.2015	99,000
6	80177393	5342930	22.05.2015	49,500
7	80177393	5352137	17.06.2015	49,500
8	80177393	5459908	14.10.2015	99,000
9	80177393	5459908	14.10.2015	99,000
10	80177393	5465070	18.11.2015	54,450
11	80177393	5465070	18.11.2015	19,800
12	80177393	5617210	22.02.2016	54,450
13	80177393	5620416	14.04.2016	217,800
			Total	**1,138,500**

Annexure 13-A

(**Rupees in million**)

Month (FY 2018-19)	Divisible Pool Taxes	Actual Collection charges deducted	Collection Charges (1 % of Divisible Pool)	Over deducted	Less payment to provinces 57.50%
July	216,061.00	2,889.360	2,160.61	728.75	414.84
August	215,092.00	2,725.630	2,150.92	574.71	327.17
September	272,691.80	3,697.018	2,726.92	971.10	552.80
October	270,159.50	3,537.105	2,701.60	835.50	475.60
November	222,804.00	2,854.687	2,228.04	626.65	356.72
December	385,007.70	5,399.839	3,850.07	1,549.77	882.20
January	281,519.30	3,790.693	2,815.19	975.50	555.30
February	404,062.00	5,828.380	4,040.62	1,787.76	1,017.68
March	283,058.00	3,858.250	2,830.58	1,027.67	585.00
April	215,292.00	2,685.320	2,152.92	532.40	303.07
May	446,705.00	6,110.850	4,467.05	1,643.80	935.73
June	367,608.00	5,174.520	3,676.08	1,498.44	852.98
Total	**3,580,060.3**	**48,551.652**	**35,800.6**	**12,752.05**	**7,259.09**

Annexure 13-B

Sr. No.	Vehicle Registration No.	POL	Expenditures of Repair & Maintenance
1	GL-042	9,736	3,558
2	IDM-7416	25,512	3,324
3	GL-051	18,509	15,234
4	GAA-834	0	2,115
5	GD-594	4,599	1,965
6	GAE-533	142,949	6,690
7	GV-090	0	5,800
8	GE-900	31,173	100
9	GL-671	32,187	400
10	GL-095	28,060	1,000
11	GT-990	204,479	44,300
12	GD-596	174,439	4,775
13	GL-986	28,953	13,037
14	GAF-026	5,000	35,502
15	GAF-135	81,157	12,051
16	GU-275	144,145	7,246
17	IDN-2610	82,348	0
18	GAE-736	1,835	0
19	-467	10,804	0
20	GF-423	2,825	0
21	GV-555	26,826	0
22	GAE-045	2,354	0
23	GL-088	31,668	0
24	GL-094	32,315	0
25	GL-919	36,062	
	Total Amount	**1,157,935**	**157,097**

Annexure 13-C

CDNS Karachi

Amount involved in Embezzled, Fraud, Dacoity	Amount Recovered till June 2018	Amount Outstanding	Recovery%
23,307,702	1,708,965	21,598,737	7.33%

CDNS Rawalpindi

S No.	Location	Description of the case	Outstanding Rs.
1.	NSC, Taxila	Dacoity amounting to Rs.155,271	155,271
2.	NSC-Civil Centre, Islamabad	Fraud pointed out by audit amounting to Rs.307,405	159,405
3	NSC-RGH, Rwp	Fraud pointed out by audit amounting to Rs.1870635	1,870,635
4	NSC-I-9, Markaz, Islamabad	Dacoity amounting to Rs.139,601	139,601
5.	NSC-BharaKahu, Islamabad	Dacoity amounting to Rs.1,766,768	1,766,768
		Total Rs.	**4,091,680**

Annexure 13-D

(Rupees)

S. No.	Year	Penalty imposed	Recovery made	Balance
1	2008-09	262,400,000	400,000	262,000,000
2	2009-10	6,755,087,448	0	6,755,087,448
3	2010-11	359,250,000	24,250,000	335,000,000
4	2011-12	1,220,000,000	0	1,220,000,000
5	2012-13	12,240,500,000	0	12,240,500,000
6	2013-14	0	0	0
7	2014-15	142,100,000	100,000	142,000,000
8	2015-16	151,250,000	0	151,250,000
9	2016-17	219,292,624	2,000,000	217,292,624
10	2017-18	53,700,000	3,000,000	50,700,000
11	2018-19	68,250,000	1,000,000	67,250,000
Total		**21,471,830,072**	**30,750,000**	**21,441,080,072**

Annexure 14-A

(Rupees)

S. No.	Name of Employee	Period of leave for PhD	Paid from FDP fund for fee/ stipend	Salary paid during leave period	Amount
1.	Mr. Khurram Nadeem	04.08.2008 to 03.08.2013	3,430,000	1,961,353	5,391,353
2.	Ms. Amna Shehzad	20.01.2008 to 14.01.2015	6,100,000	-	6,100,000
3.	Ms. Noshaba Batool	01.02.2008 to 03.08.2014	6,136,000	2,504,799	8,640,799
4.	Ms. Saima Ashfaq Khan	29.06.2009 to 28.06.2010	6,921,000	-	6,921,000
5.	Mr. SaleemJehangir	24.09.2007 to 30.06.2012	8,223,000	1,555,868	9,778,868
6.	Mr. Qamar Sultan Gohar	8.09.2008 to 07.09.2011	7,232,000	1,689,129	8,921,129
		Total	**38,042,000**	**3,244,997**	**45,753,149**

Annexure 14-B

S. No.	Name of Employee	Regular Pay	TTS Pay	Total Pay	No. of months	Amount
1	Dr. Iftikhar Ahmed Tahiri	139,643	43,575	183,218	24	4,397,232
2	Dr. Sara Akhter	139,643	43,575	183,218	24	4,397,232
3	Dr. Aziz Uddin	127,130	54,842	181,972	24	4,367,328
4	Dr. Zeba Parveen Imran	127,130	38,876	166,006	24	3,984,144
5	Dr. Syed Tahir Ali	139,643	35,608	175,251	24	4,206,024
6	Dr. Syed Murshid Raza	139,643	14,105	153,748	24	3,689,952
7	Dr. Kausar Yasmin	139,643	43,575	183,218	24	4,397,232
8	Dr. Sajid Jahangir	139,643	43,575	183,218	24	4,397,232
9	Dr. Muhammad Sarim	122,959	-	122,959	24	2,951,016
10	Dr. Humera Anwar	-	173,242	173,242	24	4,157,808
11	Dr. Mariyam Shafique	-	173,242	173,242	24	4,157,808
12	Dr. Muhammad Naeem Khan	-	181,240	181,240	24	4,349,760
					Total	**49,452,768**

Annexure 14-C

S. No.	Name	Designation	Campus
1.	Dr. Ghazala Shaheen	Associate Professor	Islamabad Campus
2.	Dr. Abdul Majid	Assistant Professor	Karachi Campus
3.	Dr. Muhammad Irfan	Assistant Professor	Islamabad Campus
4.	Engineer Shafiqur Rehman	Assistant Professor	Islamabad Campus
5.	Mr. Saeed Ahmed Lakhan	Lecturer	Islamabad Campus
6.	Mr. Kashif Amin Butt	Lecturer	Islamabad Campus
7.	Mr. Malik Ishtiaque Amir	Lecturer	Islamabad Campus
8.	Mr. Muhammad Waseem	Lecturer	Islamabad Campus
9.	Mrs. Asma Nazeer	Lecturer	Islamabad Campus
10.	Mr. Shafiqul Malik	Lecturer	Islamabad Campus
11.	Mr. Mehtab Hussain	Lecturer	Islamabad Campus

Annexure 14-D

S. No	Name & Designation	BPS	Appointment letter No & Date	Pay per month	Months	Amount
1	Ramzan Junior Clerk	11	No.2011/540/NCEPC dt:26.12.2016	26169	12	314028
2	Mr. Riaz Muhammad Lab Asstt	07	No.1921/540/NCEPC dt:23.02.2016	19154	12	229848
3	Mr. Sameen Khan Plumber	05	No.2013/540/NCEPC dt:30.12.2016	20949	12	251388
4	Mr. Rizwan Ullah Lab Attendant	02	No.1950/540/NCEPC dt:08.06.2015	16835	12	202020
5	Mr. Haroon Khan Mali	02	No.1923/540/NCEPC dt:23.02.2016	19494	12	233928
6	Mr. Shehzad Khan Class-IV	02	No.1926/540/NCEPC dt:07.03.2016	19044	12	228528
7	Mr. Khaliq-uz-Zaman Chowkidar	02	No.67/540/NCEPC dt:08.06.2017	18409	12	220908
8	Mr. Azmat Ali Class-IV	02		19494	12	233928
Total						**1,914,576**

Annexure 16-A

(Rupees)

S. No.	Cheque No.	Date	Name of firm	Items	Amount
1	6070943	19.10.2016	Saad Brothers & others	Sport Festival Lunch	4,473,062
2	6482053.	20.06.2017	M/S Zubair Autos Rawalpindi	Hods and Caps	276,254
3	6481806.	18.06.2017	M/S Hotel Grand Ambassador Ibd.	Celebration of International Human Rights Day	192,606
4	6480885.	15.06.2017	M/S N.A. Traders Ibd.	Dinner	401,923
5	6193658.	14.12.2016	DDO	Celebration of Christmas	2,000,000
6	6403401.	03.05.2017	M/S N.A. Traders Ibd	Celebration of International Human Rights Day	426,772
7	6406414.	21.05.2017	-do-	Preparation of Jackets for prisoners kot Lakhpat Jail Lahore	181,461
				Total.	**7,952,078**

Annexure 17-A

(Rupees in million)

S. No.	Name of office/ Department	Covered Area (sq. ft)	Period of Rent	Per Sq. (feet)	Rent Due
1	Pakistan Standard & Quality Central Authority (PSQCA)	23439	1.7.1995 to 3.11.2002	5.00	10.325
i.	-do-	23439	4.11.2002 to 20.9.2006	10.00	10.915
ii.		23439	21.9.2008 to13.4.2008	14.00	6.158
iii.		23439	14.4.2008 to 30.6.2019	25.00	78.853
				Subtotal	**106.251**
2.	National Productivity Organizations	2000	10.18 to 06.19	25	0.450
i.	Guest Room Rent				0.0104
ii.	Utility Charges				0.474
iii.	Wrong Deduction of tax				0.156
				Subtotal	**1.090**
				Total	**107.341**

Annexure 18-A

(Rupees)

S. No	Financial Year	Head of Accounts					
		PVC Tuition Fee Share	PVC Exam Share	PVC Prospectus Share	Invigilation Fee	Total Payment	Tax @ 7.5%
1	2015-16	247,334,745	19,794,839	2,820,000	13,673,868	283,623,452	**21,271,759**
2	2016-17	307,766,173	20,334,175	(record not produced)	13,294,100	341,394,448	**25,604,584**
3	2017-18	357,064,071	23,506,159	-do-	14,239,800	394,810,030	**29,610,752**
4	2018-19	499,542,232	32,701,993	-do-	20,897,400	553,141,625	**41,485,621**
5	2013-14 (tax along with surcharge)						**29,454,399**
						Total	**147,427,115**

Annexure 19-A

(Rupees)

S. No	Press Club	Cheque No. & date	Amount
1	Chitral Press club	6797095 & 6942966 dt 28.05.2018 & 11.06.2018	560,000
2	Hawalian Press Club	6961032 & 6663126 dt 28.06.2018 & 16.02.2018	14,00,000
3	Murree Press Club	6961053 dt 28.06.2018	900,000
4	Gawadar Press Club	6664262 dt 06.03.2018	475,000
5	Sukkur Press Club	6663129 dt 16.02.2018	500,000
6	Bahawalnagar Press Club	6664065 dt 02.03.2018	475,000
7	Bannu Press Club	6664067 dt 02.03.2018	475,000
8	Quetta Press Club	6664944 dt 14.03.2018	950,000
9	Sialkot Press Club	6664941 dt 14.03.2018	950,000
10	Multan Press Club	6664942 dt 14.03.2018	950,000
11	Abbottabad Press Club	6664430 dt 08.03.2018	950,000
12	Peshawar Press Club	6665258 dt 21.03.2018	500,000
13	Okara Press Club	6664066 dt 02.03.2018	475,000
14	Sikandar Ali Mahesar	6562718 dt 17.10.2017	20,000
15	Zia ur Rehman	6565108 dt 22.11.2017	20,000
16	Hafiz Muhammad Ahmed Nawaz	6564598 dt 14.11.2017	20,000
17	Shagufta Saeed	6659089 dt 15.12.2017	20,000
18	Fouzia Shehnaz	6662616 dt 09.02.2018	50,000
19	M.Raiz Mubarik	6961017 dt 28.06.2018	50,000
20	Ambreen Iftekhar	6665383 dt 22.03.2018	100,000
21	Mukhtar Ahmed	6654796 dt 14.12.2017	200,000
22	Fareedullah	6561070 dt 02.10.2017	500,000
		Total	**9,140,014**

Annexure 19-B

(Rupees)

S. No	Name of news Agency	Amount paid
1	Interfaith News Network	400,000
2	Network News International	2800,000
3	Burning News Provider	400,000
4	South Asian Broadcasting Association	28,00,000
5	Pakistan Institute of National Affairs	25,00,000
6	Dispatch News Desk	16,00,000
7	United Press International	200,000
8	Kashmir Press International	1,000,000
9	Independent News Provider	28,00,000
10	Inter News Agency	14,00,000
11	Asian News Network	15,00,000
12	Diplomatic News Agency	600,000
13	Pakistan Press International	15,00,000
14	Millat Online	15,00,000
	Total	**5,400,156**

Annexure 19-C

Financial Year	Name of person/firm	Purpose / positions
2018-19	Danish Fayaz Sheikh	IT specialist
	M. Asif Javaid	Social Media Expert
	Muhammad Irfan	IT expert
	Mansoor Ahmed	Auto Technician
	Waseem Akram	Mechanic
	Geoffrey Zafar Arthur	Media Consultant
	Tariq Turk	Photographer
	Hamza Shabbir	Mechanic
	M.Asif	Mechanic
	Majid Ali	Mechanic
	Yashwa Masih	Mechanic
	M. Ayaz Khan	Web Developer
	M. Waqas Iqbal	Mechanic
	M. Nauman Munir	Mechanic
	Mansoor Ahmed	Auto technician
	M.Naeem	Technician
	Raja M.Taimoor	IT expert
	M.Rizwan Maskeen	IT specialist
2017-18	Momina Sheikh	SM editor
	Muneeba Zia	SM activist
	Bushra Rubab	Researcher
	Mehwish Fatima	IT programmer
	Ruksana Riaz	SM activist
	Arslan Irshad	Graphic designer

Annexure 19-D

(Rupees)

Financial Year	Sanction No	Date	No. of employees	Honorarium	Total Amount	Excess payment
2017-18	F-14(01)/2017-B&A	11.08.17	80	One basic each	3,875,470	
	F-14(01)/2017-B&A	11.08.17	325	One basic each	6,706,678	
	F-14(01)/2017-B&A	14.11.17	26	three basic each	1,450,575	967,050
	F-14(01)/2017-B&A	14.11.17	20	three basic each	3,796,410	2,530,940
				Total	**15,829,133**	**3,497,990**
2018-19	F-14(01)/2018-B&A	07.08.18	357	One basic each	7,490,500	
	F-14(01)/2018-B&A	07.08.18	74	One basic each	3,718,056	
	F-14(01)/2018-B&A	25.06.19	16	Two basic each	3,095,880	1,546,440
	F-14(01)/2018-B&A	25.06.19	89	One basic each	4,549,483	
	F-14(01)/2018-B&A	25.06.19	137	Two basic each	1,998,090	999,045
	F-14(01)/2018-B&A	25.06.19	97	One basic each	1,813,300	
	F-14(01)/2018-B&A	25.06.19	62	One basic each	1,668,450	
	F-14(01)/2018-B&A	25.06.19	60	One basic each	1,727,590	
	F-14(01)/2018-B&A	25.06.19	51	One basic each	888,015	
				Total	**26,949,364**	**2,545,485**
				Grant total	**42,778,497**	**6,043,475**

(Rupees)

LO 0172 - Pak Jamhuriat					
Head of A/c	**2014-15**	**2015-16**	**2016-17**	**2017-18**	**2018-19**
A0 3919 Payment to others	824,200	499,000	718,000	70,000	74,000
A0 3970 Others Misc.	210,000	330,999	226,480	81,709	54,998
A0 6301 Entertainment & Gifts	202,991	350,000	84,979	64,969	14,183
LO 0174 - Mah-e-Nau					
A0 3919 Payment to others	698,400	839,020	-	50,000	159,000
A0 3970 Others Misc.	115,000	178,431	280,000	109,758	74,629
A0 6301 Entertainment & Gifts	15,000	19,994	225,000	29,976	8,679
LO 0173 - Film Wing					
A0 3970 Others Misc.	250,000	274,972	359,997	251,142	147,000
A0 6301 Entertainment & Gifts	85,688	1,145,533	207,991	48,141	19,339
Total	2,401,279	3,637,949	2,102,447	705,695	551,828
Grand Total					**9,399,198**

Annexure 20-A

(Rupees)

Designation	Existing Strength	Strength as per HR Manual	Excess	Monthly Pay	Monthly Impact
Asst. Secretary	1	0	1	150,000	150,000
Cashier	1	0	1	16,500	16,500
Driver	4	3	1	16,500	16,500
Electrician	4	3	1	16,500	16,500
Gardener	16	14	2	16,500	33,000
Head Gardner	2	1	1	20,570	20,570
Head Waiter	1	0	1	18,150	18,150
IT Assistant	1	0	1	18,150	18,150
Manager Security	1	0	1	30,250	30,250
P&C Executive	1	0	1	58,000	58,000
Painter	1	0	1	19,965	19,965
Plumber	1	0	1	16,500	16,500
Receptionist	6	5	1	16,500	16,500
Tennis Coach	1	0	1	18,150	18,150
Tractor Driver	1	0	1	16,500	16,500
Dish Washer	10	5	5	16,500	82,500
Manager Purchase & Store	1	0	1	63,800	63,800
Attendant	19	12	7	16,500	115,500
Manager on Duty	1	0	1	33,275	33,275
Tennis Ball Picker	1	0	1	16,500	16,500
Tennis Marker	1	0	1	16,500	16,500
Asst. Armoury Incharge	1	0	1	22,831	22,831
Asst. Supervisor	1	0	1	27,286	27,286
Total	**77**	**43**	**34**		**843,427**
				Twelve Months Total	**10,121,124**

Annexure 21-A

(Rupees)

Name of Company	Bank Account No.	Date of profit credited	Profit
OGDCL	3038664613	14.07.2018	3,829,011
		12.01.2019	4,538,732
MOL	3038674693	14.07.2018	1,683,682
		12.01.2019	2,169,182
PPL	3038666675	14.07.2018	418,520
		12.01.2019	848,309
SNGPL-I	3038684762	14.07.2018	891,243
		12.01.2019	1,101,180
SNGPL-II	3148910451	14.07.2018	187,608
		12.01.2019	847,550
Mari Gas	3038666657	14.07.2018	363,025
		12.01.2019	436,984
NHA (Kohat)	3038674657	14.07.2018	2,061
		12.01.2019	2,306
NHA (Besham)	3038689169	14.07.2018	53,506
		12.01.2019	71,175
		Total	**17,444,074**

Annexure 21-B

(Rupees in million)

S. No	Name of Project	Approved Cost	Expenditure 2018-19
1.	Construction of accommodation for Abdullah Shah Ghazi Rangers at Karachi	2870.49	657.928
2.	Construction of accommodation for Bhittai Rangers at Karachi Phase-I	1263.403	450.00
3.	Construction of 120 Men Barrack at Gadap	41.634	0
4.	Rehabilitation/Upgradation of accommodation and allied facilities of Thar Rangers	54.503	0
5.	Rehabilitation of damaged Infrastructure of Pakistan Rangers due to blast at Karachi	21.50	0
6.	Construction of accommodation for 2x Rifle wings at Karachi	1053.42	0
7.	Construction of accommodation for SSD Wing (Chinese Security) at Karachi	526.71	0
8.	Construction of 12x Soldier Family Quarters at Sector Indus Rangers at Nawabshah	42.197	42.197
9.	Construction of 12x Soldier Family Quarters at 90 Wing Nawabshah	42.197	42.197
10.	Construction of 200x Single men Barrack at Sector Qasim Rangers Hyderabad	56.26	56.26
	Total	**5,972.314**	**1,248.582**

Annexure 22-A

(Rupees in million)

S. No.	Financial Year	Cheque No.	Date	Amount
1.	2011-2012	7573771-91	17-05-2013	0.700
2.	2012-2013	7573718-26	14-04-2013	0.481
3.	2012-2013	7573771-91	17-05-2013	0.103
4.	2013-2014	9058768-824	01-05-2014	0.981
5.	2014-2015	16013701-68	01-04-2015	1.364
6.	2015-2016	88739662	30-05-2016	1.707
7.	2016-2017	26124036 26124124	01-05-2017	3.438
8.	2017-2018	38950081 44404388-95 84028851-950	01-08-2018 26-09-2018 29-6-2018	10.381
9.	2018-2019	96850340-48 1027781127-31 102781133-48	01-08-2018 01-12-2018	3.590
			Total	**22.745**

Annexure 22-B

(Rupees)

S. No.	Area	Arrear Amount	Outstanding since
1	Katri, Lahore	95,592	July,2017
2	Ahata Kirpa Ram, Lahore	29,680	June,2012
3	Ahata Gulab Bibi, Lahore	20,000	February ,2019
4	Tharian, Lahore	54,650	July ,2018
5	Trunk Bazar, Lahore	617,040	June,2009
6	Landa Bazar, Lahore	2,456,436	June ,2009
7	Sard Chah Bagh, Lahore	1,234,658	December 2017
8	Ahata Mian Sultan, Lahore	4,302,929	July 2006
9	Serai Sultan, Lahore	2,622,711	June,2008
10	Rehmanpura (Agri.)	272,433	June,2019
11	Sultanpura (Agri.)	57,104	August,2010
12	Sultanpura (Com.)	980,394	Jan,2015
13	Poonch House Complex (PHC) i. 1st & 2nd Floor(DG(P) Army) ii. 1st & 2nd Floor (Zahir khan Brothers)	6889000 15451000	Jan 2003 to Aug 2006 July 2014 to Aug 2015
	Total	**35,083,627**	

Annexure 23-A

(Rupees)

Sr. No.	From	To	No. of Days	Rate	Amount	Interest Amount
1	01.02.2014	16.11.2014	288	7.5%	105,232,527	6,227,459
2	17.11.2014	25.01.2015	69	7%	111,459,986	1,474,936
3	26.01.2015	23.03.2015	56	6%	112,934,922	1,039,620
4	24.03.2015	15.05.2015	52	5.5%	113,974,542	893,061
5	16.05.2015	13.09.2015	120	5%	114,867,603	1,888,235
6	14.09.2015	22.05.2016	251	4.5%	116,755,838	3,613,033
7	23.05.2016	12.07.2018	780	4.25%	120,368,871	10,932,132
8	13.07.2018	12.11.2018	122	4.75%	131,301,003	2,084,628
9	13.11.2018	02.12.2018	19	7.5%	133,385,631	520,752
10	03.12.2018	31.01.2019	59	8.5	133,906,383	1,839,837
11	01.02.2019	30.06.2019	149	8.75	135,746,220	4,848,743
	Total	**Years**	**5.38**			**35,362,437**

Annexure 25-A

(Rs in million)

S. No	Plot No	Area (Sq. M.)	Allotees	Allotment Date	Payable Rent
1.	13-B Maripur Road	608	Mst Zainab Bai	01.07.2000	35.907
2.	126-A Township Area	578	Mr. Shamsur Rehman	18.07.2000	29.897
3.	32-A Group A MT Khan Road	6,620	M/s Pakistan Reinsurance Company	01.02.2008	29.950
4.	F-12 Group A MT Khan Road	2,450	Mr. Riaz Ullah Khan Ahmedani	09.12.1999	28.963
5.	C-18 Boat Building Yard	500	M/s International Cargo Exporter	17.10.2000	23.381
6.	2-A Lalazar Area	1,672	M/s Dewan a Farooqi	08.11.1995	19.721
7.	T-9 Boat Building Yard	417	M/s Khalil Pvt Ltd	1969	13.195
8.	1-A Maripur Road	390	Mr. Abdul Rauf	14.11.1998	11.766
9.	A-50 Boat Building Yard	167	Mr. Barkat Ali	01.07.2000	7.023
10.	C-3 Boat Building Yard	250	Mr. Aftab Hussain	19.03.2001	6.961
11.	11-B/2 C Group MT Khan Road	1,122	M/s Zamzam Traders	25.09.2013	4.674
12.	30/1 Oil Inst Area Kimari	3,000	M/s Khan & Co	12.03.2012	4.887
13.	12/D Group C MT Khan Road	586.45	M/s Alam Zaib	25.09.2013	1.948
14.	8 Industrial Area, West Wharf	6,828	M/s Warehousing System	01.10.2000	17.877
15.	27 Industrial Area, West Wharf	3,475	M/s Suleman Associates	02.12.2011	24.165
16.	17 Near Mazar, Maripur Road	3,700	Mr. Muhammad Tariq	13.11.2001	23.944
17.	1 Warehouse Area, West Wharf	5,144	M/s Unilever Pakistan	25.05.2012	12.350
18.	C-20/1 Boat Building Yard	223	Mr. Fida Hussain	08.07.2005	8.898
19.	16 Jungle Shah Area	2,350	Mr. Ghulam Habib	28.04.1994	6.755
20.	1-A Boat Building Yard	640	Mr. Haji Taj Muhammad	28.10.2000	6.381
21.	D-8 Boat Building Yard	2,200	Mr. Abdul Qadir	01.07.1998	5.614
22.	16-A Maripur Road	1,610	Mr. Aslam Baloch	14.11.1998	30.409
23.	69 Timber Pond Karachi	115	Mr. Feroz Khan	19.06.1986	1.079
24.	14, Industrial Area West Wharf	9,665	M/s J Tylor & Company	30.07.1960	33.071
25.	40, Oil Installation Area Kimari	5,452	M/s Rahat Nabi Petroleum	31.07.1991	23.313
26.	21 & 22 Boat Basin Kemari		Mr. Muhammad Tariq Iqbal	09.07.2012	6.907
27.	13, Maripur Road	3,304	M/s Shafi Cold Storage	17.05.2008	6.414
28.	57, Oil Installation Area Kimari	10,728	M/s Rabia Industries	05.06.1990	5.792
29.	46, Oil Installation Area Kimari	6,188	M/s Universal Terminal	05.09.2003	9.660
30.	D-6 Boat Building Yard	3,878	Mr. Ismail	26.05.2001	8.553
31.	3-A Lalazar Area	1,555	Mrs. Yasmeen Qureshi	08.06.1967	11.347
32.	D-16, Boat Building Yard	585	Mr. Muhammad Sadiq	20.12.2002	9.353

S. No	Plot No	Area (Sq. M.)	Allotees	Allotment Date	Payable Rent
33.	13, Bunder Road	954	Mr. Muhammad Rafiq	01.01.2006	6.771
34.	Hut Suit No.127-N		Mr. Dewan M. Yusuf Farooqi	24.09.2012	9.649
35.	2, Bunder Road	4,181	M/s Economic Engineering	01.04.2007	12.763
36.	6, Boat Building Yard	1,003	M/s IEKZA Fisheries	01.03.2008	7.395
37.	13/2 Misc. Area, West Wharf	6,884	M/s Bengal Vegetable Industry	10.03.2010	11.121
38.	31-TPX, Misc. Area	4,180	M/s Continental Furnishing	01.04.1946	8.275
				Total	**526.129**

Annexure 25-B

Boat	Month	Act	POL Issued	POL Consumed	Average	Over consumption
M.T Sohrab	Jul-18	47		6,515	139	3507
	Aug-18	47		6,925	147	3917
	Sep-18	142		18,045	127	8957
	Oct-18	139	30,000	13,210	95	4314
	Nov-18	139	30,000	8,850	64	0
	Dec,18	117		13,380	114	5892
	Jan,19	99		10,920	110	4584
	Feb,19	142	20,000	10,920	77	1832
	March, 19	117		15,750	135	8262
	April, 19	131	30,000	18,850	144	10466
	May, 19	110		14,440	131	7400
	June,19	79	25,000	12,240	155	7184
Sub-Total (A)						**66315**
M.T Sheeraz / Sindabad –II	Jul-18	186	54,000	61,150	329	14464
	Aug-18	215	60,000	62,420	290	8455
	Sep-18	166	60,000	53,790	324	12124
	Oct-18	157	60,000	50,970	325	11563
	Nov-18	157	60,000	55,705	355	16298
	Dec,18	173		49,435	286	6012
	Jan,19	170	60,000	42,625	251	0
	Feb,19	13		42,625	3279	39362
	March, 19	1		10,500	10500	10249
	April, 19	0		0	-	0
	May, 19	0	60,000	5,200	-	0
	June,19	40		16,000	400	5960
Sub-Total (B)						**124487**
M.T Ghori / Shanawar -II	Jul-18	194		59,955	309	21155
	Aug-18	212	118,000	59,955	283	17555
	Sep-18	204	60,000	57,056	280	16256
	Oct-18	182	48,000	47,622	262	11222
	Nov-18	182		42,565	234	6165

Boat	Month	Act	POL Issued	POL Consumed	Average	Over consumption
	Dec,18	176	60,000	39,592	225	4392
	Jan,19	176	60,000	47,718	271	12518
	Feb,19	238	60,000	47,718	200	0
	March, 19	246	50,000	59,098	240	9898
	April, 19	237	58,000	65,430	276	18030
	May, 19	219	50,000	63,733	291	19933
	June,19	197	48,000	58,412	297	19012
Sub-Total (C)						**156136**
M.T Shehzore	Jul-18	134		14,860	111	5346
	Aug-18	128	20,000	9,070	71	0
	Sep-18	0		760		0
	Oct-18	0		0		0
	Nov-18	0		800		0
	Dec,18	0		0		0
	Jan,19	0		0		0
	Feb,19	0		0		0
	March, 19	0		600		0
	April, 19	120		11,485	96	2965
	May, 19	0	20,000	10,650		0
	June,19	117		8,944	76	637
Sub-Total (D)						**8948**
M.T Taqatwar	Jul-18	147		11,460	78	876
	Aug-18	152	20,000	12,175	80	1231
	Sep-18	138	20,000	10,535	76	599
	Oct-18	158		12,930	82	1554
	Nov-18	158	20,000	11,600	73	224
	Dec,18	151		12,110	80	1238
	Jan,19	146	20,000	11,245	77	733
	Feb,19	153	20,000	11,245	73	229
	March, 19	201		14,795	74	323
	April, 19	172	20,000	13,575	79	1191
	May, 19	131	20,000	13,575	104	4143
	June,19	127		9,125	72	0
Sub-Total E)						**12,341**
Grand Total A+B+C+D+E						**368,227**

Annexure 25-C

Boat	Month	Act	POL Consumption	Average	Over consumption
Zuhra	Nov,18	77	4300	56	1,771
	Dec,18	133	14100	106	14,098
	Jan,19	122	8200	67	8,174
	Feb,19	73	2400	33	
	March, 19	72	4200	58	4,176
	April, 19	73	4200	58	4,234
	May, 19	47	2900	62	2,914
	June,19	51	2400	47	2,397
Marvi	Nov,18	27	2400	89	1,188
	Dec,18	94	6200	66	6,204
	Jan,19	80	5100	64	5,120
	Feb,19	54	5000	93	5,022
	March, 19	55	4000	73	4,015
	April, 19	54	4000	74	3,996
	May, 19	71	3200	45	
	June,19	51	2400	47	2,397
Hired from M/s Cimex	July,18	324	15150	47	324
	Aug,18	347	16000	46	
	Sep,18	217	12800	59	12,803
	Oct,18	204	13350	65	13,260
	Nov,18	194	12500	64	12,416
	Dec,18	58	4700	81	4,698
	Jan,19	118	9000	76	8,968
	Feb,19	182	11700	64	11,648
	March, 19	204	13000	64	13,056
	April, 19	208	13935	67	13,936
	May, 19	190	11050	58	11,020
	June,19	177	10400	59	10,443
		3557			
				Total	**112,248**

Annexure 25-D

(Rupees)

Account Number	Purpose	Opening Balance	Credit Amount	Debit Amount	Closing Balance
"160000013903" HBL Current Account (Main Account)	Receipt & expenditure and also for feeding other accounts	(1)	89,551,901,342	89,551,901,348	6.03-
"4000284317" NBP Current Account	Payment and receipts.	1,440,267	2,342,812,421	2,233,733,635	110,456,863
"00160000039103" HBL Current Account	Project Account	10,050			10,050
00160012971303" HBL Current Account	Pension Account	5,720,736	51,888,277	26,947,349	30,661,664
"00160000110103" HBL Current Account	Unpaid Salary account	59,309	5,102,819	2,327,410	2,834,718
00160014224003" HBL Current Account	Security Deposit Account	19,850,049	19,011,309,846	18,907,608,193	123,551,701
00167900063301" HBL Daily Progressive Account	Investment of funds daily transferred from main account	307,437,863	62,518,315,214	60,645,684,897	2,180,068,180
"3000284265" NBP NIDA	Investment	551,111,664	30,476,917,030	29,946,891,703	1,081,136,992
Total		**885,629,937**	**203,958,246,950**	**201,315,094,535**	**3,528,720,168**

Annexure 30-A

Sr. No.	Name	Designation of Post before upgradation	Designation of Post after upgradation
1	Mr. Muhammad Suheyl Umar, Retired	Deputy Director, BS-18	Deputy Director, BS-19
2	Mr. Muhammad Rashid Deputy Director Admn, BS-19 Retired 3/9/2018	Deputy Director Admn, BS-18	Deputy Director BS-19 w.e.f. 01/9/2000
3	Mr. Ahmad Javaid	Deputy Director Academics, BS-18	Deputy Director Academic, BS-19 with effect from 1/1/2010
4	Mr. Muhammad Noman Chishti	System Analyst, BS-18	System Analyst, BS-19 With effect from 1/1/2010
5	Mr. Khadim Ali Javed	Librarian, Bs-17	Principal Librarian, Bs-18 and later on BS-19 with effect from 1/12/2009
6	Mr. Farrukh Danial Printing Supervisor, BS-17	Printing Supervisor, BS-16	Printing Supervisor, BS-17 w.e.f.01/12/2001
7	Mr. Irshadul Mujeeb	Care-taker/Admin. Assistant, BS-16	Assistant Director Admn, BS-17, w.e.f. August, 1999
8	Syed Qaiser Mehmood Shah	Private Secretary to Director, BS-16	Private Secretary to Director, BS-17 with effect from 26/4/2016
9	Mr. Muhammad Akhtar	Librarian, BS-16	Librarian, BS-17 with effect from 5/11/2010
10	Mr. Murtaza Hussain	Sub-Librarian, BS-15	Assistant Library, BS-16 with effect from 1/1/2011
11	Syed Shaukat Ali	Sales Assistant, BS-15	Sales Officer, BS-16 w.e.f. 01/04/2000
12	Mr. Babar Ahmad	DEO Admn, BS-12	Assistant R&D Admn, BS-15 with effect from 1/2/2008
13	Mr. Muhammad Hanif	Accounts Assistant BS-15	Accountant BS-16 with effect from 1/4/2012
14	Mr. Tariq Iqbal	DEO Iqbal Award, BS-12	Assistant Iqbal Award, BS-15 with effect from 1/2/2008

Annexure 31-A

(Rupees)

S. No	Name	Designation	Rates	Period	Total Months	Amount
1	M. Younas Javed	D.G	38,445	07/11 to 06/13	24	922,680
2	Sajjad Ali Shah	Director	29,360	07/11 to 06/13	24	704,640
3	Sajjad Ali Shah	Director	50,200	07/13 to 06/14	12	602,400
4	Aqeel Ahmad	Dy. Director	26,866	07/11 to 06/13	24	644,784
5	Aqeel Ahmad	Dy. Director	45,500	07/13 to 06/14	12	546,000
6	Farooq Jan	Asstt: Director	12,152	07/11 to 06/12	12	145,824
7	Farooq Jan	Asstt: Director	11,330	07/12 to 06/13	12	135,960
8	Ihsan ullah	Assistant	12,140	07/11 to 06/13	24	291,360
9	Muhammad Ishaq	Assistant	11,000	07/11 to 06/13	24	264,000
10	Wajid ali shah	P. A	14,460	07/11 to 06/12	12	173,520
11	Mazeed ullah	Steno	5,285	07/11 to 06/13	24	126,840
12	Mr. Javed Iqbal	Director General	68,900	07/13 to 06/14	12	826,800
13	Usman Ali Khan	Dy. Director	33,000	07/13 to 06/14	12	396,000
14	Aftab Ali shah	Asstt: Director	22,000	07/13 to 06/14	12	264,000
15	Safdar Hussain	D.M	25,300	07/13 to 06/14	12	303,600
16	Alamzeb	DEO	6,960	07/13 to 06/14	12	83,520
17	Muhammad Fayaz	Dy: Director	10590	7/11 to 9/11	3	31,770
18	-do-	-do-	11330	10/11 to 6/13	21	237,930
19	-do-	-do-	20800	7/13 to 6/14	12	249,600
20	Shaukat Zaman	Assistant	6820	6/11 to 9/11	3	20,460
					Total	**6,971,688**

Annexure 35-A

(Rupees)

S. No.	Months	Amount
1	June-15 to 3rd Aug-15	126,489
2	Aug-15 to 09th Sep-15	134,693
3	Sep-15 to 20th Oct-15	93,578
4	Oct-15 to 26th Nov-15	140,656
5	Nov-15 to 24th Dec-15	90,402
6	Dec-15 to 25th Jan-16	272,857
7	Jan-16 to 11th Feb-16	99,559
8	Feb-16 to 31st Mar-16	70,694
9	Mar-16 to 30th May-16	100,483
10	May-16 to 18th Aug,16	56,851
11	Aug-16 to 15th Nov,16	84,798
12	Nov-16 to 16th Dec,16	66,409
13	Dec-16 to 24th Feb-17	81,583
14	Feb-17 to 19th May-17	90,432
15	May-17 to 14th Aug-17	88,412
16	Aug-17 to 19th Oct-17	88,158
17	Oct-17 to 2nd Jan-18	92,860
18	Jan-18 to 5th Feb-18	62,545
19	Feb-18 to 21st April-18	55,461
20	Apr-18 to 31st May-18	45,572
21	May-18 to 05th June-18	16,489
Total		**2,070,081**

Annexure 39-A

(Rupees in million)

Scheme	Vr No.& date	Contractor	Date of commencement	Req date of completion	Contractual Cost
Black Topping of existing single road from pashat to tarano Salarzai (1-Km)	22-k2 date 23 12 2016	M/S Taimor Khan	27 04 2015	12/2015	11.503
Existing Shingle Road Dhand Azghan (1.7 Km) in Bajaur Agency	6-K2 dated 13.01.2017	M/S Lal Badshah	24 04 2015	12/2015	19.915
Black Topping of existing shingle road Asil Tharghow Barang (1.3Km) in Bajaur Agency		M/S Shah Wahid and Co	09 04 2015	12/2015	15.270
Black Topping of existing single road from pashat to tarano (7-km)" sub-head "From km No.02 to 04 (3km)	76-K2 dated 29.06.2018	M/S Ghulam Muhammad	09.09.2016	30.06.2017	35.035
Total-					***81.723***
10% penalty on estimated cost					***8.172***