



**AUDIT REPORT
ON
THE ACCOUNTS OF
PUBLIC SECTOR ENTERPRISES
AUDIT YEAR 2015-16**

AUDITOR GENERAL OF PAKISTAN

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Abbreviations & Acronyms

AARs	Annual Appraisal Reports
ABL	Allied Bank Limited
ACMA	Association of Cost & Management Accountant
ACR	Annual Confidential Report
ADB	Asian Development Bank
ADBP	Agribusiness Development & Diversification Project
AGM	Assistant General Manager
AGP	Auditor General of Pakistan
AGPR	Accountant General of Pakistan Revenues
AHAN	Aik Hunar Aik Nagar
AIR	Audit Inspection Report
AJK	Azad Jammu & Kashmir
ALR	Annual Land Rent
ATDC	Afghan Trade Development Cell
ATL	Associated Technologies Pvt. Limited
AVL	Available Vender List
BAC	Board Audit Committee
BCF	Billion Cubic Feet
BI&SE	Board of Intermediate and Secondary Education
BMB	Bait-ul-Mal Board
BoD	Board of Directors
BoG	Board of Governors
BoM	Board of Management
BoP	Bank of Punjab
BOPL	Byco Oil Pakistan Limited
BOQ	Bill of Quantity
BOT	Build Operate and Transfer
BoT	Board of Trusties
BPD	Biological Production Division
BPS	Basic Pay Scale
BQIP	Bin Qasim Industrial Park
BSC	Banking Service Corporation
CA	Chartered Accountants
CAA	Civil Aviation Authority

CBR	Central Board of Revenue
CCTV	Close Circuit Television
CDGK	City District Government Karachi
CDR	Cash Deposit Receipt
CDTC	Ceramics Development and Training Complex
CDWP	Central Development Working Party
CEC	Cotton Export Corporation
CED	Center for Economic Development
CEO	Chief Executive Officer
CFC	Common Facilitation Centre
CFO	Chief Financial Officer
CIA	Chief Inspector of Armament (POFs) / Chief Internal Auditor
CLA	Cantonment Land Administration
CLDP	Car Loan Deprecation Policy
CMA	Controller of Military Accounts
CMS	Consumer Meter Station
CNG	Condensed Natural Gas
CNIC	Computerized National Identity Card
COCO	Company Owned and Company Operated
COO	Chief Operating Officer
CPF	Contributory Provident Fund
CRL	Costal Refinery Limited
CSD	Canteen Stores Department
CSF	Chairman Special Fund
CSO	Chief Scientific Officer/ Central Sales Office
CSP	Child Support Programme
CSR	Corporate Social Responsibility
CV	Curriculum Vitae
DAC	Departmental Accounts Committee
DFIs	Development Financial Institutes
DFO	Deputy Financial Officer
DGCA&E	Directorate General of Commercial Audit & Evaluation
DGR	Director General Registration
DHA	Defence Housing Authority
DMD	Deputy Managing Director
DPC	Departmental Promotion Committee

DSC	Departmental Selection Committee
DWP	Development Working Party
E&P	Exploration and Production
ECC	Economic Co-ordination Committee
ECNEC	Economic Committee of National Economic Council
EDF	Export Development Fund
ELF	Express Loan Facility
ENP	Exploration and Production
EOBI	Employees' Old-Age Benefits Institution
EOT	Extension of Time
EPB	Export Promotion Bureau
EPSL	ENAR Petro-tech Services Limited
EPZA	Export Processing Zones Authority
EPZs	Export Processing Zones
ERD	External Relation Department
ERP	Enterprise Resource Planning
ERRA	Earth Rehabilitation & Reconstruction Authority
EVP	Executive Vice President
FATA	Federally Administrated Tribal Area
FBR	Federal Board of Revenue
FG	Federal Government
FIA	Federal Investigation Agency
FIR	First Information Report
FMU	Financial Monitoring Unit
FoB	Free on Board
FoB	Freight on Board
FRR	Final Revenue Requirement
FWBL	First Woman Bank Limited
GBP	Great Britain Pound
GCP	Ghee Corporation of Pakistan
GDN	Goods Dispatch Note
GDP	Gross Domestic Product
GDS	Gas Development Surcharge
GFR	General Financial Rules
GHPL	Government Holding Pvt. Limited
GHQ	General Headquarter
GIDS	Gas Infrastructure Development Surcharge

GM	General Manager
GoB	Government of Balochistan
GoP	Government of Pakistan
GPA	Gwadar Port Authority
GPF	General Provident Fund
GPO	General Post Office
GSA	Gas Supply Agreement
GSD	Gas Supply Deposits
GST	General Sales Tax
GTDMC	Gujranwala Tools, Dies and Moulds Centre
HBA	House Building Advance
HBFCCL	House Building Finance Company Limited
HBL	Habib Bank Limited
HEC	Higher Education Commission/ Heavy Electrical Complex
HMC	Heavy Mechanical Complex (Pvt) Limited
HOPD	Head Office Payment Department
HPU	Horticultural Project Unit
HR	Human Resource
HRB	Human Resource Budget
HRD	Human Resource Development
HRNC	Human Resource & Nomination Committee
HSD	High Speed Diesel
HSEQC	Healthcare, Safety and Quality Control
HVAC	Heat Ventilation and Air-cooling System
HWL	Halliburton Worldwide Limited
IAD	Internal Audit Department
IAS	International Accounting Standards
IBM	International Business Machines
IC	Investment Committee
ICA	Intra Court Appeal
IFA	Individual Financial Assistance
IFC	International Finance Corporation
ILS	Integrated Logistic Support
INTOSAI	International Organization of Supreme Audit Institution
IPC	Interim Payment Certificate
IPOs	Initial Public Offerings
IPP	Independent Power Project

ISGS	Inter State Gas Services
ISI	Inter-Services Intelligence
IT	Information Technology
JJVL	Jamshoro Joint Venture Limited
JV	Joint Venture
KBCA	Karachi Building Controlling Authority
KCIP	Korangi Creek Industrial Park
KFHA	Korangi Fisheries Harbour Authority
KIBOR	Karachi Inter-Bank Offered Rate
KS&EWL	Karachi Shipyard & Engineering Works Limited
KSSL	Kissan Support Services (Pvt.) Limited
KTDMC	Karachi Tools, Dies and Moulds Centre
LAC	Land Acquisition Collector
LAM	Limit of Authority Manual
LC	Letter of Credit
LD	Liquidated Damages
LNG	Liquefied Natural Gas
LPC	Last Pay Certificate
LPG	Liquefied Petroleum Gas
LPGCL	Lakhra Power Generation Company Limited
LPO	Local Purchase Order
LPS	Late Payment Surcharge
LRRRA	Lahore Ring Road Authority
LTF-EOP	Long Terms Finance for Export Oriented Projects.
MANCOM	Management Committee
MBA	Master of Business Administration
MCB	Muslim Commercial Bank
MCF	Million Cubic Feet
MCO	Mobile Credit Officer
MD	Managing Director
MFDAC	Memorandum for Departmental Accounts Committee
MI	Material Inspection
MIS	Management Information System
MMBTU	Million Metric British Thermal Unit
MMCF	Million Metric Cubic Feet
MNA	Member of National Assembly
MoD	Ministry of Defence

MoDP	Ministry of Defence Production
MoF	Ministry of Finance
MoIP	Ministry of Industries and Production
MoLJ&PA	Ministry of Law Justice & Parliamentary Affairs
MoP	Ministry of Production
MoP&NR	Ministry of Petroleum and Natural Resources
MoU	Memorandum of Understanding
MoW&P	Ministry of Water & Power
MQ	Model Quarry
MTRF	Medium Terms Running Finance Facility
NAB	National Accountability Bureau
NADRA	National Database and Registration Authority
NBP	National Bank of Pakistan
NDO	National Database Organization
NESPAK	National Engineering Services of Pakistan
NFC	National Fertilizers Corporation Limited
NFML	National Fertilizer Marketing Ltd
NFS&R	National Food Security and Research
NGEP	Natural Gas Efficiency Project
NGL	Natural Gas Liquids
NGO	Non Governmental Organization
NGRA	Natural Gas Regularity Authority
NICL	National Insurance Company Limited
NIH	National Institute of Health
NIPD&MC	National Industrial Parks Development and Management Company
NIT	National Investment Trust
NITL	National Investment Trust Limited
NLC	National Logistic Cell
NOC	No Objection Certificates
NRC	NADRA Registration Centre
NTL	NADRA Technologies Limited
NTS	National Testing Services
NUF	Non-Utilization Fee
OBS	Order Booking Slip
OGDCL	Oil and Gas Development Company Limited
OGRA	Oil and Gas Regulatory Authority

OM	Observation Memo
OMCs	Oil & Marketing Companies
P&D	Planning & Development
P&L	Profit and Loss
P&L	Procurement & Logistics
P&NR	Petroleum & Natural Resources
PAC	Public Accounts Committee
PACO	Pakistan Automobile Corporation
PAO	Principal Accounting Officer
PARCO	Pak Arab Refinery Company
PASDEC	Pakistan Stone Development Company
PASSCO	Pakistan Agriculture Services & Supplies Corporation
PBC	Pakistan Broadcasting Corporation
PBM	Pakistan Bait-ul-Mal
PBS	Pakistan Bureau of Statistics
PCA	Petroleum Concession Agreement
PCESSDC	Pakistan Chemical and Energy Sector Skill Development Company
PC-I	Planning Commission –I
PCSIR	Pakistan Council for Scientific and Industrial Research
PDCs	Peripheral Development Charges
PEC	Pakistan Engineering Council
PECHS	Pakistan Employees Cooperative Housing Society
PECO	Pakistan Engineering Company Limited
PEPAC	Pakistan Environmental Planning and Architectural Consultants (Pvt) Limited
PER	Performance Evaluation Report
PG&JDC	Pakistan Gems and Jewellery Development Company
PGPL	Pakistan Gas Port Limited
PHDEB	Pakistan Horticulture Development & Export Board
PHDEC	Pakistan Horticulture Development Company
PIAC	Pakistan International Airlines Corporation
PICTL	Pakistan International Container Terminal (Pvt) Limited
PIDC	Pakistan Industrial Development Corporation
PIM	Pakistan Institute of Management
PKR	Pak Rupee
PL	Petroleum levy
PLD	Procurement & Logistic Department

PM	Prime Minister
PMDC	Pakistan Mineral Development Corporation
PMG	Petroleum Motor Gasoline
PMNH	Pakistan Museum of National History
PMTF	Pakistan Machine Tool Factory
PN	Pakistan Navy
PNSC	Pakistan National Shipping Corporation
PO	Principle Office
POFs	Pakistan Ordnance Factories
POL	Petrol, Oil and Lubricant
PRC	Program Reviewing Committee
PPL	Pakistan Petroleum Limited
PPRA	Public Procurement Regulatory Authority
PPRs	Public Procurement Rules
PQA	Port Qasim Authority
PR	Price Reduction
PR	Pakistan Railway
PRCL	Pakistan Reinsurance Company Limited
PRI	Pakistan Remittance Initiatives
PSDP	Public Sector Development Programme
PSEB	Pakistan Software Export Board
PSEs	Public Sector Enterprises
PSF	Pakistan Science Foundation
PSFCL	Pakistan Steel Fabricating Company Limited
PSM	Pakistan Steel Mills
PSO	Personal Staff Officer
PSOCL	Pakistan State Oil Company Limited
PSPC	Pakistan Security Printing Corporation
PTCL	Pakistan Telecommunication Company Limited
PTDC	Pakistan Tourism Development Corporation
PTNO	Personal Ticket No.
PTVC	Pakistan Television Corporation Ltd
PWWB	Punjab Worker Welfare Board
Q.C	Quality Control
QICT	Qasim International Container Terminal
QRBS	Quality Related Benchmark System
QRC	Quality Review Committee

RDFC	Regional Development Finance Corporation
REAP	Rice Exporters Association of Pakistan
RECP	Rice Export Corporation of Pakistan
RFF	Running Finance Facility
RHO	Regional Headquarter Office
RIC	Rice Inspection Cell
RLNG	Regasified Liquefied Natural Gas
RoW	Right of Way
RTFB	Ready to Fill Bulk
SAM	Special Asset Management
SBFC	Small Business Finance Corporation
SBMP	Single Buoy Mooring of Pakistan
SBP	State Bank of Pakistan
SCP	Supreme Court of Pakistan
SDA	Special Deposit Account
SDF	Special Deposit Fund
SEC	State Engineering Corporation
SECP	Securities and Exchange Commission of Pakistan
SIP	Sargodha Industrial Park
SLIC	State Life Insurance Corporation of Pakistan
SME	Small and Medium Enterprises
SMEDA	Small and Medium Enterprises Development Authority
SMEL	SME Leasing Limited
SML	Saindak Metal Limited
SMS	Service Meter Station (SNGPL)
SNGPL	Sui Northern Gas Pipelines Limited
SO(FA)	Section Officer (Financial Advisor)
SOP	Standard Operating Procedure
SRL	Skyrooms Limited
SRO	Statutory Regulatory Order
SSGCL	Sui Southern Gas Company Limited
T Bills	Treasury Bills
TA/DA	Travelling Allowance / Daily Allowance
TAPI	Turkmenistan, Afghanistan, Pakistan & India
TAT	Turn Around Time
TCP	Trading Corporation of Pakistan
TDAP	Trade Development Authority of Pakistan

TDR	Term Deposit Receipt
TFCs	Terms Finance Certificates
TIP	Transparency International Pakistan
TLFA	Term Loan Fixed Assets
TLWC	Terms Loans for Working Capital
TMFBL	Tameer Micro Finance Bank Limited
ToR	Terms of Reference
TSHD	Trailing Suction Hopper Dredger
TTC	Technical Training Centers
TUSDEC	Technology Upgradation and Skill Development Company
UAE	United Arab Emirates
UBL	United Bank Limited
UFG	Unaccounted for Gas
UK	United Kingdom
UK £	United Kingdom Pound
UPS	Uninterrupted Power Supply
USA	United States of America
USC	Utility Stores Corporation of Pakistan (Pvt.) Limited
USD	US Dollar
VSS	Voluntarily Separation Scheme
WBM	Wah Brass Mills
WIL	Wah Industries Limited
WPI	Wholesale Price Index
ZTBL	ZaraiTaraqiati Bank Limited

Preface

Articles 169 and 170 of the constitution of the Islamic Republic of Pakistan 1973 read with Sections 8 and 15 and other relevant provisions 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 the expenditure from the Federal Consolidated Fund, Public Account and that of Government Commercial Undertakings and of any Authority or Body established by the Federation.

This report is based on audit of the accounts of Public Sector Enterprises of Government of Pakistan for the year 2014-15. The Audit Report also contains audit observations of the previous financial years. The Directorates General Commercial Audit and Evaluation, Lahore and Karachi, conducted audit during the period July 01, 2015 to November 15, 2015 on a test check basis, with a view to report significant findings to the relevant stakeholders. The main body of the Audit Report includes only the systemic issues and audit findings carrying value of Rs 1 million or more. Relatively less significant issues have been listed in the Annexure-I (MFDAC). The audit observations listed in the Annexure-I shall be pursued with the relevant Principal Accounting Officers (PAOs) of the Ministries/Divisions at Departmental Accounts Committee (DAC) level. In case where the PAOs do not initiate appropriate action, the audit observations will be brought to the notice of the Public Accounts Committee (PAC) through the next year's Audit Report.

Most of the observations have been finalized in the light of directives of the Departmental Accounts Committee (DAC) meetings.

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

Dated: **June 06, 2016**

(Rana Assad Amin)
Auditor-General of Pakistan

EXECUTIVE SUMMARY

The Directorates General of Commercial Audit & Evaluation (DsG, CA&E), (North and South) carry out audit and evaluation of Public Sector Enterprises (PSEs) established/controlled by Federal Government which maintain their accounts on commercial basis. Section 15 of the Auditor-General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 empowers the Auditor-General of Pakistan to conduct audit of companies and corporations established in the public sector. For this, DsG, CA&E (North and South) have a human resource of 224 officers and staff equivalent to 47,701 man-days for audit.

Out of total man days 18,766 were allocated for undertaking field audit activities and 28,935 were reserved for allied audit activities. The annual budget of the Directorates General allocated for audit of Federal organizations for the year 2014-15 amounted to Rs 203.632 million. This report contains results of audit inspection and evaluation of financial performance of public sector entities for the financial year 2014-15 conducted during the year 2015-16.

This report also contains comments on the annual audited accounts of 50 public sector enterprises (41 pertain to the financial year 2014-15 and 09 to previous years). However, comments on 54 organizations (**Annexure-2**) could not be included in this report as the concerned management failed to submit their audited accounts by the prescribed date. 09 Organizations (**Annexure-3**) ceased their operational activities during the years 1986 to 2008. These are still under the process of liquidation/privatization.

a. Scope of Audit

There are 111 commercial entities of the Federal Government under the jurisdiction of DsG, CA&E, (North and South). These entities operate under the administrative control of 27 Principal Accounting Officers (PAOs). As per Audit Plan 2015-16, the DsG, CA&E, (North and South) audited the accounts pertaining to year 2014-15 of 35 Federal commercial entities. This report also

contains audit observations of 12 organizations which were audited during the previous years.

Out of total budget of the entities for the financial year 2014-15, auditable transactions under the jurisdiction of the DsG, CA&E, (North and South) valued Rs 2,724,907 million covering 111 entities falling under 27 PAOs. The Directorates General audited the expenditure and receipts of Rs 1,838,572 million which in terms of percentage is 67.47% of auditable transactions including the audit of receipts of Rs 1,014,720 million pertaining to these entities.

b. Recoveries at the instance of audit

Recovery of Rs 231,763.602 million was pointed out, whereas recovery of Rs 20,404.863 million was effected.

c. Audit Methodology

Audit planning was carried out and permanent files of auditee organizations were maintained and consulted / updated for audit of the accounts for the year 2014-15. Desk audit helped the auditors in understanding the systems, procedures, environments and the audited entity before starting field activity. This greatly facilitated in the identification of high risk areas for audit tests to be applied in the field. Audit was carried out on the basis of adequacy of internal control system in the organization with specific emphasis on high value items and inherent risk areas. Audit checks were applied keeping in view the nature of transactions, current commercial accounting and best auditing practices in Pakistan and relevant financial and operational manuals.

d. Audit Impact

Audit has contributed towards adding value to the control mechanism of organizations where compliance was made on audit recommendations.

e. Comments on Internal Controls

Internal controls in any organization take the form of policies, procedures, rules, regulations, monitoring mechanisms etc. These controls guard against fraud, waste and inefficiency as well as ensure reliable and accurate operational and financial information for intelligent decision making and prompt compliance with institutional policies and applicable laws and regulations. Internal controls are essential part of management's efforts to achieve its objectives and goals. A number of internal control weaknesses were seen during the audit of Public Sector Enterprises, of which a few are illustrated below:

- **Inventory Management**

Inventory management was an area where certain organizations exhibited loose control with respect to purchases, physical verification and record keeping. Purchases were made without ascertaining the requirements thus blocking capital, whereas obsolete inventories were not disposed of for years.

- **Acquisition of Human Resources**

It was noticed that the Public Sector Enterprises were not observing regulations for acquisition of human resources while making fresh appointments, re-employment of retired personnel or appointment of consultants.

- **Receivables/Debt Management**

Receivables management in almost all the organizations required immediate attention. Trade debts were not being collected within the stipulated period and a rising trend in receivables was noticed in a large number of organizations audited. This adversely affected the liquidity position. Further, the policy of loan sanctioning in public sector financial institutions was quite liberal which resulted in bad debts.

f. The key audit findings of the report;

- i. Embezzlement / theft/fraud of Rs 480.358 million in 13 cases¹
- ii. Non-Production of records in 2 cases Rs 9,262.501 million².
- iii. Public Procurement Rules were violated Rs 5,423.800 million in 43 cases³.
- iv. Overpayments/recovery/dues pointed out in 45 cases of Rs 153,688.217 million⁴.
- v. Non-protection of assets Rs 11,827.502 million in 15 cases⁵.
- vi. There were 24 cases of irregular appointments/promotions having financial impact of Rs 174.994 million⁶.
- vii. Blockage of funds in 06 cases – Rs 163.425 million⁷.
- viii. Irregular payment of donation / Ex-gratia in 03 cases - Rs 188.504 million⁸.
- ix. Undue favour was extended in 05 cases – Rs 27.231 million⁹.
- x. Procedure/rules regulations were violated in 40 cases - Rs 198,847.918 million¹⁰.
- xi. Irregular payments were reported in 09 cases - Rs 75.559 million¹¹.

¹ 1.1.4.1, 4.3.4.1, 4.4.4.1, 6.6.4.1, 8.22.4.1, 8.22.4.2, 8.22.4.3, 8.27.4.1, 8.27.4.2, 11.1.4.1, 15.4.4.1, 15.4.4.2, 15.4.4.3,

² 4.2.4.1, 6.4.4.1

³ 1.1.4.2, 1.1.4.4, 1.1.4.5, 1.1.4.6, 1.1.4.9, 1.1.4.14, 1.2.4.1, 2.3.4.2, 5.2.4.2, 5.2.4.4, 6.4.4.6, 6.3.4.2, 6.3.4.4, 6.3.4.5, 6.4.4.4, 6.4.4.8, 8.2.4.1, 8.4.4.1, 8.4.4.2, 8.9.4.1, 8.9.4.9, 9.11.4.5, 11.1.4.2, 11.1.4.15, 15.1.4.1, 15.1.4.2, 15.2.4.10, 15.4.4.4, 15.4.4.5, 15.4.4.6, 15.4.4.8, 15.4.4.10, 15.4.4.13, 15.4.4.16, 15.4.4.18, 15.4.4.20, 15.6.4.3, 16.1.4.1, 17.3.4.5, 17.4.4.2, 17.4.4.4, 16.1.4.5, 20.1.4.3.

⁴ 1.1.4.10, 2.2.4.2, 4.1.4.2, 4.2.4.2, 4.3.4.3, 4.3.4.4, 6.2.4.2, 6.2.4.3, 6.4.4.3, 8.9.4.2, 8.9.4.4, 8.12.4.1, 8.12.4.2, 9.1.4.5, 12.1.4.3, 12.1.4.4, 12.1.4.7, 12.1.4.10, 14.1.4.3, 14.1.4.7, 15.2.4.5, 15.2.4.7, 15.2.4.8, 15.2.4.9, 15.2.4.14, 15.4.4.9, 15.4.4.12, 15.4.4.15, 15.4.4.19, 15.6.4.8, 15.6.4.13, 15.6.4.21, 17.2.4.2, 17.2.4.3, 17.2.4.5, 17.3.4.4, 17.4.4.9, 17.4.4.11, 17.4.4.13, 17.4.4.14, 15.6.4.7, 20.1.4.2, 20.1.4.5, 20.1.4.6, 20.1.4.7.

⁵ 1.1.4.7, 1.1.4.12, 1.1.4.19, 4.1.4.5, 4.4.4.5, 6.4.4.7, 8.9.4.6, 14.1.4.5, 15.2.4.1, 15.4.4.21, 15.4.4.23, 17.2.4.1, 17.3.4.1, 17.3.4.2, 17.4.4.12

⁶ 1.1.4.11, 2.3.4.3, 3.1.4.6, 4.3.4.7, 4.4.4.2, 4.4.4.4, 4.5.4.16, 6.3.4.1, 6.5.4.5, 8.6.4.4, 8.7.4.1, 8.12.4.7, 9.6.4.2, 15.2.4.15, 15.4.4.14, 17.4.4.10, 17.4.4.15, 15.6.4.10, 15.6.4.17, 15.6.4.18, 15.6.4.20, 15.7.4.10, 15.7.4.13, 20.1.4.4.

⁷ 4.5.4.10, 10.1.4.8, 10.1.4.10, 12.1.4.11, 15.4.4.7, 17.2.4.4,

⁸ 4.4.4.7, 8.12.4.3, 14.1.4.2

⁹ 1.1.4.13, 1.1.4.17, 8.2.4.2, 8.9.4.7, 15.4.4.11

¹⁰ 1.1.4.3, 1.1.4.8, 1.1.4.15, 1.1.4.16, 1.1.4.18, 3.1.4.3, 3.2.4.4, 4.1.4.3, 4.3.4.6, 4.3.4.5, 4.4.4.6, 6.3.4.3, 6.4.4.5, 6.4.4.9, 5.2.4.5, 5.2.4.16, 7.1.4.3, 8.6.4.3, 8.9.4.3, 8.10.4.1, 8.11.4.1, 8.12.4.6, 14.1.4.4, 14.1.4.6, 14.1.4.9, 14.1.4.10, 14.1.4.12, 14.1.4.13, 15.2.4.3, 15.2.4.11, 15.2.4.12, 17.1.4.1, 17.1.4.2, 17.1.4.3, 17.3.4.3, 17.4.4.3, 17.4.4.5, 17.4.4.6, 17.4.4.7, 17.4.4.8,

¹¹ 1.2.4.2, 4.1.4.4, 8.6.4.1, 8.6.4.5, 8.12.4.8, 15.2.4.2, 15.2.4.4, 15.2.4.6, 17.1.4.4

- xii. There were 15 cases of loss of revenue – Rs 12,440.141 million¹².
- xiii. There were 04 cases of irregular investment – Rs 460,145.258 million¹³.

f. Recommendations

The executives (Principal Accounting Officers) need to take necessary steps to evaluate and strengthen the management, budgeting and accounting controls. Following are to be implemented by the management in particular:

- i. Strengthen the preventive and detective internal controls to minimize the chances of misappropriation / embezzlement in future. Ensure recovery against misappropriation / embezzlement after proper inquiry and fixing responsibility;
- ii. Ensure compliance with PP Rules 2004 so that procurements in future are made in a fair and transparent manner, the object of procurement brings value for money to the entity and procurement process is efficient and economical. Responsibility should be fixed against those responsible for violation of PP Rules;
- iii. Make efforts for early recovery of all outstanding receivables. Recover overpayment after fixing responsibility and take remedial measures to avoid repetition of such cases in future;
- iv. Ensure implementation of recruitment policies / procedures to hire the capable personnel and make the recruitment process transparent especially through wide circulation;
- v. Ensure maximum utilization of public funds to avoid its blockage and get optimal value for money;
- vi. Understand that rules are meant to be followed. All instances of circumventing rules should be dealt with severely;
- vii. Arrange timely submission of annual audited accounts to all stakeholders and display these on their websites.

¹² 4.1.4.1, 4.2.4.3, 4.3.4.2, 4.4.4.3, 8.4.4.3, 8.9.4.5, 8.11.4.2, 8.11.4.3, 8.11.4.4, 14.1.4.8, 14.1.4.11, 15.5.4.1, 15.2.4.13, 15.4.4.17, 17.4.4.1

¹³ 6.4.4.2, 6.4.4.6, 8.12.4.4, 15.4.4.22

SUMMARY TABLES AND CHARTS

SUMMARY TABLES AND CHARTS

Table 1: Audit Work Statistics

(Rs in million)

S. No.	Description	No.	Budget
1	Total PAOs in Audit Jurisdiction	27	2,724,907.17
2	Total Commercial Entities in Audit Jurisdiction	111	2,724,907.17
3	Total PAOs Audited	17	1,838,572.19
4	Total Commercial Entities Audited	35	1,838,572.19
5	Audit Inspection Reports	35	1,838,572.19
6	Special Audit Reports	1	137,214.04
7	Performance Audit Reports	-	-
8	Other Reports	-	-

Table 2: Audit observations regarding Financial Management

(Rs in million)

S. No.	Description	Monetary value of audit observations
1.	Unsound asset management	825,169.33
2.	Weak financial management	364,979.05
3.	Weak internal controls relating to financial management	183,549.55
4.	Others	123,255.63
	Total	1,496,953.57

Table 3: Outcome Statistics

(Rs in million)

Sr. No.	Description	Expenditure on acquiring Physical Assets (Procurement)	Civil Works	Receipts	Others	Total current year	Total last year
1.	Outlays Audited	186,069.82	3,137.65	1,014,720.84	634,644.10	1,838,572.19	1,960,872.79
2.	Monetary value of audit observations	825,957.18	346,754.40	219,955.25	104,286.73	1,496,953.57	1,154,408.19
3.	Recoveries Pointed out at the instance of Audit	2,305.59	0.00	123,111.91	106,346.10	231,763.60*	108,500.40
4.	Recoveries Accepted / Established at the instance of Audit	2,305.59	0.00	123,111.91	106,346.10	231,763.60	108,500.40
5.	Recoveries Realized at the instance of Audit	2,256.70	0.00	2,753.51	15,394.65	20,404.86**	2,502.74

*Out of total recoveries valuing Rs 231,763.60million an amount of Rs 193.94 million was pointed out while remaining Rs 231,569.66 million falls under the category, expedited by Audit.

**Recovery of Rs 20,404.86 million realized was expedited by Audit.

Table 4: Table of Irregularities pointed out

(Rs in million)

S. No.	Description	Monetary value of audit observations
1.	Violation of rules and regulations and violation of principle of propriety and probity in public operations.	930,892.76
2.	Reported cases of fraud, embezzlement, thefts and misuse of public resources	5,635.64
3.	Accounting Errors (accounting policy departure from IAS, misclassification, over or understatement of account balances) that are significant but are not material enough to result in the qualification of audit opinions on the financial statements	1.81
4.	Weaknesses of internal control systems	20,677.84
5.	Recoveries and overpayments, representing cases of established overpayment or misappropriations of public money	231,763.60
6.	Non – production of record	4,612.96
7.	Others, including cases of accidents, negligence etc.	303,368.96
Total		1,496,953.57

*Out of total recoveries valuing Rs 231,763.60million an amount of Rs 193.94 million was pointed out while remaining Rs 231,569.66 million falls under the category, expedited by Audit.

Table 5: Cost-Benefit

(Rs in million)

S. No.	Description	2015-16	2014-15	2013-14
1.	Outlays Audited	1,838,572.19	1,960,872.79	2,666,179.89
2.	Expenditure on Audit	183.20	282.57	215.69
3.	Recoveries realized at the instance of Audit	20,404.86*	2,502.74	14,389.51
	Cost-Benefit Ratio	1: 111.380	1 : 8.857	1 : 66.714

*Recovery of Rs 20,404.86 million was expedited by Audit.