AUDIT REPORT
ON
THE ACCOUNTS OF
PUBLIC SECTOR ENTERPRISES
GOVERNMENT OF BALOCHISTAN

AUDIT YEAR 2014-15

AUDITOR – GENERAL OF PAKISTAN

TABLE OF CONTENTS

Abbreviations & Acronyms

DAC	Departmental Accounts Committee
DGCA&E	Director General Commercial Audit & Evaluation
FBR	Federal Board of Revenue
GFR	General Financial Rules
GPP	Government Printing Press
NOC	No Objection Certificate
PAC	Public Accounts Committee
PAO	Principal Accounting Officer
PSDP	Public Sector Development Programme
PSE	Public Sector Enterprises
QDA	Quetta Development Authority
QESCO	Quetta Electric Supply Company
QMC	Quetta Municipal Corporation
Q-WASA	Quetta Water and Sanitation Authority
QWSEIP	Quetta Water Supply and Environmental Improvement Project
SIW-Quetta	Small Industries Wing-Quetta
TBE	Trans Balochistan Enterprises
UP&DD	Urban Planning & Development Department

Preface

Articles 169 and 170 of the constitution of the Islamic Republic of Pakistan 1973, read with Sections 8 and 12 of the Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 require the Auditor General of Pakistan to conduct audit of the accounts of Government Commercial Undertakings and of any Authority or body established by the Federation or the Province.

This report is based on audit of the accounts of Public Sector Enterprises of Government of Balochistan for the year 2013-14. The Directorate General of Commercial Audit and Evaluation, Karachi conducted audit of these formations during July 01, 2014 to Nov15, 2014 on a test check basis, with a view to report significant findings to the stakeholders. The main body of the report includes only systemic issues and audit findings carrying value of Rs 1 million or more. Relatively less significant issues are listed in the Annexure-I shall be pursued with Principal Accounting Officers (PAOs) at the Departmental Accounts Committee (DAC) level and in all cases where the PAOs do not indicate appropriate action, the audit observations will be brought to the notice of Public Accounts Committee through the next year's Audit Report.

The observations included in the report could not be discussed to date with the Principal Accounting Officers as Departmental Accounts Committee meetings were not convened in these cases. The report has been finalized in the light of written responses of the departments.

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

The Audit Report is submitted to the Governor of Balochistan in pursuance of the Article 171 of the Constitution of the Islamic Republic of Pakistan, 1973 for causing it to be laid before the Provincial Assembly.

(Muhammad Akhtar Buland Rana)

Dated: **Auditor-General of Pakistan**

EXECUTIVE SUMMARY

The Directorate General of Commercial Audit & Evaluation (DGCA&E), Karachi carries out audit and evaluation of Public Sector Enterprises (PSEs) established by Government of Balochistan, which maintain their accounts on commercial pattern.

Section 15 of Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 empowers Auditor General of Pakistan to conduct audit of companies and corporations established in the public sector. For this, DGCA&E has a human resource of 8 officers and staff (worked out on pro-rata basis) resulting in 2000 person days. The annual budget of DGCA&E for the year 2014-15 was Rs10.292 million (worked out on pro-rata basis). The DGCA&E is mandated to conduct regularity audit (financial audit & compliance with authority audit) and performance audit of PSEs under administrative control of various departments of Government of Balochistan.

a. Scope of Audit

There are 4 commercial entities of Government of Balochistan under the jurisdiction of DGCA&E, Karachi. These entities operate under administrative control of 3 different Principal Accounting Officers (PAOs). As per Audit Plan 2014-15, the DGCA&E audited the accounts of 4 commercial entities pertaining to the year 2013-14.

Out of total expenditure of the entities for the financial year 2013-14, auditable expenditure under the jurisdiction of the DGCA&E was Rs 1758.283 million which was audited on test check basis. The audit of receipts of Rs 102.768 million pertaining to these entities was also conducted.

This report contains result of audit and evaluation of financial performance of PSEs for the financial year 2013-14 conducted during the audit year 2014-15. It was also assessed whether the organizations are managed in accordance with sound commercial practices, following canons of financial propriety and government policy directives. Internal Controls were reviewed with the objectives of identifying weak areas and recommending improvements.

The analysis/comments on the annual audited accounts of Public Sector Enterprises was required to be included in this report; however, these entities (Annexure-II) failed to submit their annual audited accounts by Nov 30, 2014, the prescribed date.

b. Recoveries at the instance/upon pursuance of Audit

There was no recovery reported during 2013-14 at the instance of audit.

c. Audit Methodology

Planning and Permanent Files of auditee organizations were maintained and updated during audit of accounts for the year 2013-14. Audit was carried out on the basis of risk and adequacy of Internal Control System in the auditee 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, from the 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 recommendation.

e. Comments on Internal Control and Internal Audit department

The organizations covered in the report require strengthening of financial and management controls to address weaknesses more specifically in the areas as under:

i. Receivables Management in almost all the organizations required immediate attention. The loans to borrowers under different schemes and trade debts were not being collected timely resulting in accumulation thereof with a risk of conversion into bad debts.

ii. Financial Management needs to be strengthened by establishing a system of maintenance of accounts comprising immediate posting of financial transactions, periodical reporting within a financial year, observance of yearend procedures, timely preparation of financial statements upon close of financial year and timely audit of accounts. The Principal Accounting Officers will be in a position to control the affairs of their organizations by strengthening the financial management. The non-submission of audited accounts illustrates weakness of internal control.

f. The key audit findings of the report;

1. Loss of revenue Rs 8.534 million due to irregular issuance of No Objection Certificate (NOC) for printing work in one case[1]
2. Non recovery of Rs 759.933 in 11 cases[2]
3. Non-deduction of income tax Rs 1.080 million in one case[3]
4. Non-preparation of stock taking/physical verification report of store items - Rs 8.002 million[4]
5. Fraudulent expenditure of Rs 11.634 million on non existing centres[5]
6. Irregular retention of general sales tax amounting to Rs.7.142 million[6]
7. Irregular Investment of Pensions and GP Fund-Rs 264.559 million[7]
8. Violation of rules & regulations Rs 1500.825 million in 3 cases[8]
9. Loss of Rs. 329.139 million due to Encroachment of Land in two cases[9]
10. Blockage of Rs. 850 million due to purchase of machinery for Water Treatment Plant[10]
11. Un-authorized payment of consultancy fee Rs 1.950 million to M/s Cameos consultant[11]
12. Illegal allotments of plots to the transporters amounting to Rs 11.250 million[12]

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[1] Para 1.1.3.2
[2] Para 1.1.3.3, 1.2.4.2, 1.2.4.3, 1.2.4.4, 1.2.4.6, 2.1.4.5, 2.1.4.6, 2.1.4.7, 3.1.3.2, 3.1.3.5, 3.1.3.7
[3] Para 1.1.3.4
[4] Para 1.1.3.5
[5] Para 1.2.4.1
[6] Para 1.2.4.5
[7] Para 2.1.4.1
[8] Para 2.1.4.2, 2.1.4.3, 2.1.4.4
[9] Para 2.1.4.8, 3.1.3.3
[10] Para 2.1.4.9
[11] Para 3.1.3.4
[12] Para 3.1.3.6

g. Recommendations

The Principal Accounting Officers need to take necessary steps to evaluate, institute and strengthen the management, budgeting and accounting controls to:

(i) irregular issuance of NOC may be avoided.
(ii) ensure deduction of government taxes at source
(iii) ensure timely recovery of dues from government/private sector
(iv) expedite disposal of plots to make the housing scheme successful
(v) make arrangement for timely submission of audited accounts to audit authorities (Annexure-II).
(vi) the Principal Accounting Officers need to initiate necessary steps to evaluate, institute and strengthen the Internal Controls so that detective and preventive measures are taken at the right time. In this regard Internal Audit Departments need to be established/strengthened which may directly report to the respective Principal Accounting Officers.

SUMMARY TABLES & CHARTS

SUMMARY TABLES & CHARTS

Table 1: Audit Work Statistics

(Rs. in million)

S. No.	Description	No.	Budget
1	Total Entities (Departments /PAO's) in Audit Jurisdiction	3	1861.051
2	Total formations in Audit jurisdiction	4	1861.051
3	Total Entities (Departments /PAO's) Audited	3	1861.051
4	Total formations Audited	4	1861.051
5	Audit & Inspection Reports	4	1861.051
6	Special Audit Reports	Nil	Nil
7	Performance Audit Reports	Nil	Nil
8	Other Reports	Nil	Nil

Table 2: Audit observations regarding Financial Management

(Rs. in million)

S. No.	Description	Amount Placed under Audit Observation
1	Unsound asset management	---
2	Weak financial management	2551.361
3	Weak internal controls relating to financial management	745.077
4	Others	62.482
	Total	**3358.92**

Table 3: Outcome Statistics

(Rs. in million)

S. No.	Description	Expenditure on acquiring Physical Assets (Procurement)	Civil Works	Receipts	Others	Total current year	Total last year
1	Outlays Audited	18.511	105.359	102.768	1634.413	1861.051	4136.66
2	Amount Placed under Audit Observation/ Irregularities	--	36.68	760.715	2561.525	3358.92	286.17
3	Recoveries Pointed Out at the instance of Audit	-	-	748.396	12.319	760.715	- Nil -
4	Recoveries Accepted /Established at the instance of Audit	-	-	748.396	12.319	760.715	- Nil -
5	Recoveries Realized at the instance of Audit	- Nil -	- Nil -	- Nil -	- Nil -	- Nil -	- Nil -

Table 4: Irregularities pointed out

(Rs. in million)

S. No.	Description	Amount Placed under Audit Observation
1	Violation of Rules and regulations and violation of principle of propriety and probity in public operations.	264.559
2	Reported cases of fraud, embezzlement, theft, and misuse of public resources.	-
3	Accounting Errors (accounting policy departure from IPSAS, misclassification, over or understatement of account balances) that are significant but are not material enough to result in the qualification of audit opinions on the financial statements.	-
4	Weaknesses of internal control systems.	334.065
5	Recoveries and overpayments, representing cases of established overpayment or misappropriations of public moneys	760.715
6	Non–production of record.	-
7	Others, including cases of accidents, negligence, etc.	1999.581

Chapter- 1
Industries and Commerce Department

1.1. Government Printing Press, Quetta

1.1.1 Introduction

The Printing & Stationery Department, Government of Balochistan was established in July 1970. The Stationery Wing was responsible for procurement of all types of stationery articles and supply to all departments / offices of Government of Balochistan. It was abolished in 1985 and the Printing Wing of the department was brought under the supervision of a Controller and is responsible for:

- printing of all kind of jobs for all departments/offices of the provincial government;
- printing of provincial government Gazette, Annual Budget & PSDP, Provincial Assembly debates & proceedings, reports of Judiciary; and
- printing, stocking & supply of standard & non-standard and other departmental forms and registers.

1.1.2 Compliance of PAC Directives

PAC meeting has not been convened to discuss the Audit Report for last twenty-seven years.

1.1.3 AUDIT PARAS

1.1.3.1 Non-finalization of accounts

Annual audited accounts of the organization for the year 2013-14 was to be provided to the Director General Commercial Audit by November 30, 2014.

Contrary to that the management of GPP did not provide audited accounts for the year 2013-14 and as well as for the previous years 1988-89 to 2012-13 by the prescribed date.

Audit suggestion:

- Investigate the matter and fix the responsibility on person(s) at fault for non-finalization of accounts.
- Efforts be made to finalize and provide the accounts at the earliest.
- Internal controls be strengthened to avoid recurrence.

1.1.3.2 Loss of revenue Rs 8.534 million due to irregular issuance of No Objection Certificate (NOC) for printing work

Para 12.4 of "Delegation of Powers-2008" Government of Balochistan states that Controller Printing Press has the Power to issue NOC for printing and binding works from Private Press upto Rs. 25,000.

Contrary to the above, during audit of Government Printing Press Quetta for the year 2013-14, it was observed that the management issued NOCs to various Government departments for printing work amounting to Rs.8.534 million, which was over and above the powers of Controller. NOCs issued were over and above the powers of Controller.

The matter was brought to the notice of the management through observation memo in September 2014 but no reply was received. No DAC meeting was held despite pursuance with the Principal Accounting Officer.

Audit suggestion:

Audit recommends fixing of responsibility on person (s) for issuance of NOC beyond the delegation of power.

1.1.3.3 Non-recovery of liquidated damages from defaulting supplier Rs 1.069 million

As per clause 22 of contract/supply order the delivery period is essence of the contract. If the contractor fails to adhere to the delivery schedule and intends to seek extension thereof, it will be the sole discretion of the purchaser either to grant or refuse extension in delivery period. If granted, extension shall be subject to liquidated damages @ 2% per month or part thereof.

Contrary to the above, during audit of the Government Printing Press Quetta, for the year 2013-14, it was observed that the management awarded a contract/supply order for different printing materials and imported printing machine to contractors / supplier but they failed to supply the same in due date.

After due date liquidated damages @ 2% amounting to Rs.1.069 Million was to be imposed, however management did not recover the due amount and full payment of the material/ printing machine was made to supplier /contractor which was unauthorized.

The matter was brought to the notice of the management through observation memo in September 2014 but no reply was received. No DAC meeting was held despite pursuance with the Principal Accounting Officer.

Audit Suggests:

- Audit suggests recovery of liquidated damages from the supplier / contractor.
- Responsibility may be fixed on the person(s) found at fault under intimation to audit.

1.1.3.4 Non-deduction of income tax Rs 1.080 million

As per section-153(1) of FBR payment for goods, services and execution of contracts and sub Section 38 state that sale of goods, sending or providing of services of execution of contracts, other than those which are subject to final taxation by a person who provides a certificate from the commissioner to the effect that its income during the tax period is not likely to be chargeable to tax due to assessed losses carried forward.

Sub-section 2 of clarifications of section 153(1) states that in case the recipient of payment claims exemptions on account of sale of imported goods, it is responsibility of the person making the payment to ensure that the conditions for exemption are fulfilled and for this purpose may obtain the relevant important documents.

Contrary to the above, during audit of Government Printing Press Quetta for the year 2013-14 it was observed that the management purchased one imported Glue Book

Binding Machine from supplier M/s Happy Traders Quetta but did not deduct income tax amounting to Rs.1.080 million from supplier bills and stated that the supplier was exempted for Income Tax. Non deduction of Income Tax from the supplier was unauthorized because he did not produce any exemption certificate.

The matter was brought to the notice of the management through observation memo in September 2014 but no reply was received. No DAC meeting was held despite pursuance with the Principal Accounting Officer.

Audit Suggests:

Audit recommends that recovery of the due amount may be made from supplier besides fixing of responsibility on the person(s) found at fault under intimation to audit.

1.1.3.5 Non-preparation of stock taking/physical verification report of store items - Rs 8.002 million

Rules 158 to 162 of GFR provides that a physical verification of store/stock should be carried out at least once in a year by an officer who is not custodian of ledger or accountant of the store and record a certificate of verification of store with its results in the list, inventory or account as the case may be where such verification is carried out.

Contrary to the above, during audit of Government Printing Press Quetta, for the year 2013-14, it was observed that the management purchased store items of Rs.8.002 million but did not prepare stock taking/physical verification report of store/stock items. Exact position of the stock /Store and inventory therefore could not be verified.

Non preparation of the stock taking report of store/stock items and not conducting physical verification amounting to Rs.8.002 million during the year under review is unauthorized.

The matter was brought to the notice of the management through observation memo in September 2014 but no reply was received. No DAC meeting was held despite pursuance with the Principal Accounting Officer.

Audit suggests:

Physical verification and stock taking report of store/stock must be prepared by Commercial Accountant in order to know the exact position of the store/stock/inventory besides fixing responsibility on person(s) found at fault under intimation to audit.

1.2 Small Industries Wing, Quetta

1.2.1 Introduction

As a result of dissolution of One Unit, the President of Pakistan dissolved the West Pakistan Small Industries Corporation on July 01, 1972. The projects/centres existing in Balochistan were given under the administrative control of the Industries Department by creating a Small Industries Wing in the Directorate of Industries through a notification of the Governor, Balochistan dated August 25, 1972. The organization is being supervised by a Director, assisted by three Deputy Directors and a Chief Accounts Officer. Following objectives are being performed by the organization:

i. Maintenance of Small Industries Estate, Quetta.
ii. Service Centre Quetta.
iii. Carpet Teachers Training Institute, Quetta.
iv. 3 Sales Shop at Quetta and Karachi.
v. 35Handicrafts Development Centres in different parts of Province.
vi. 39 Tailoring / Cutting Centres in different parts of Province.
vii. 12 Leather Embroidery Centres in different parts of Province.
viii. 34 Carpet Centres in different parts of the Province.
ix. 3 Embroidery Centre Totazai, Joda Kalat, Sarwan at Kharan
x. 1 Cotton and loom Centre, Quetta.
xi. 6 Cotton Silk Centre in different parts of Province.
xii. 6 Mizri Centre in different parts of Province.
xiii. 3 Pottery Centre.

1.2.2 Comments on the Audited Accounts

1.2.2.1 The working results of the Organization for the year 2013-14 as compared with those of the preceding years are as follows:

(Rs. in million)

	2013-14	% Inc/ (Dec)	2012-13	% Inc / (Dec)	2011-12	% Inc / (Dec)	2010-11
Sales	6.37	(9.17)	7.013	(60.0)	17.339	114.9	8.068
Cost of Goods Sold	(5.324)	(9.16)	(5.861)	(6.7)	(6.284)	7.8	(5.829)
Gross Profit	**1.046**	**(9.12)**	**1.151**	**89.5**	**11.055**	**393.92**	**2.239**

Operating Expenditure	(331.865)	(5.08)	(349.655)	63.0	(214.404)	13.7	(188.601)
Net Operating Loss	**(330.818)**	**(5.07)**	**(348.504)**	**71.8**	**(203.349)**	**9.1**	**(186.362)**
Appropriation Account							
Balance c/d from Preceding year	11.113	(25.89)	14.996	202.4	4.958	(22.0)	6.360
Prior year adjustments	0.035	(83.80)	0.216	10,700.0	0.002	-	-
Funds received from Government	318.736	(7.52)	344.656	61.6	213.174	15.3	184.920
Net Profit / (Loss)	(0.969)	(108.69)	11.148	(24.5)	14.780	200.51	4.918

(Source: Annual Accounts)

1.2.2.2 During the year under review the Small Industries Wing, Quetta sustained a net loss of Rs.0.969 million as compared to a net profit of Rs.11.148 million during 2012-13 recording a tremendous decrease of 108.69%. Reasons for a significant loss needs to be justified.

1.2.2.3 There was no movement under the heads 'Receivable from Estate Dues' standing firm at Rs 4.683 million, which resulted in blockage of funds. Effective recovery mechanism needs to be established to realize the dues.

1.2.2.4 Receivables against Trans Balochistan Enterprises, Quetta increased from Rs 4.138 million during 2012-13 to Rs.4.998 million during 2013-14 registering an increase of 17.20% over the previous year. Necessary steps needed be taken to realize the huge amount.

1.2.3 Compliance of PAC Directives

PAC meeting has not been convened to discuss the Audit Report for last twenty-seven years.

1.2.4 AUDIT PARAS

1.2.4.1 Fraudulent expenditure of Rs 11.634 million on non existing centres

Industries and Commerce department Government of Balochistan Quetta in the year 2012-13 vide its order No.850-55 dated 07-08-2012 decided to create new centers along with new posts of different cadres and released their estimated budget for recurring expenditure and Development of Carpet, Embroidery, Handicrafts, Tailoring-Cum-Knitting and Cutting centre in different parts of the province.

During audit of the Small Industries wing (SIW) Quetta for the year 2013-14, it was observed that management incurred the expenditure of Rs.11.634 million on 20 non existing centers in terms of “Pay and Allowances” and contingencies as on June 30, 2014.

Since expenditure was incurred on non functional/non existing centers on account of pay and allowances and contingencies, embezzlement could not be ruled out.

The matter was reported to the management through observation memo in September 2014 but no reply was received. No DAC meeting was held despite pursuance with the Principal Accounting Officer.

Audit Suggests:

- Matter should be investigated for release of budget and expenditure incurred against non existing centres.
- Responsibility be fixed on person (s) at fault under intimation to audit.

1.2.4.2 Non-recovery of lease money and ground rent of extra land from Trans Balochistan Enterprises - Rs 1.124 million

Small Industries Wing (SIW) Quetta of Industries Directorate Government of Balochistan entered into joint venture with private party M/s Trans Balochistan Enterprises to run the wood work centre at Sirki road, Quetta on commercial basis. An agreement in this regard was executed on September 27, 1980 for a period of 30 years. Land measuring 18365.34 Sq.ft was allotted to Trans Balochistan Enterprises and lease deed made for 99 years.

During audit of Small Industries Wing Quetta for the year 2013-14, it was observed that management constituted a committee for the assessment cost of assets (moveable and immovable property) of the Trans Balochistan Enterprises (Joint Venture) in May 2013 which reported that the land allotted to Trans Balochistan Enterprises was 18365.34 sq .ft

Upon physical verification, submitted by committee constituted by the management the land occupied by Trans Balochistan Enterprises found was about 30,000

Sq.ft. Hence 11634.37 Sq.ft extra land was in possession of Trans Balochistan Enterprise. Management did not lease extra land nor recovered the lease money and ground rent amounting to Rs.1.124 million.

The matter was reported to the management through observation memo in September 2014 but no reply was received. No DAC meeting was held despite pursuance with the Principal Accounting Officer.

Audit recommends;

- The matter should be investigated with a view to fix responsibility on the person (s) found at fault.
- Recovery of the lease money and ground rent must be effected under intimation to audit.

1.2.4.3 Non-recovery of lease money Rs14.00 million from Balochistan Trading Company (BTC)

According to Notification No.SOI (IND) 402 2009/267-273 dated 12-04-2010, issued by Industries & Commerce Department Government of Balochistan, dues for fresh lease in Small Industries rate are Rs.80 per sq.ft.

During audit of Small Industries Wing (SIW) Quetta, for the year 2013-14 it was observed that Chiltan Ghee Mills, a project of Ghee Corporation of Pakistan was sold to M/s Balochistan Trading Company (Pvt) Limited in year 1990-91 through Privatization Commission. After handing over the unit, disputes arose between M/s Balochistan Trading Company (Pvt) Limited and Privatization Commission, Governtment of Pakistan. These disputes were finally settled/decided by the High Court of Balochistan,in 2003 which directed that all concerned parties shall withdraw pending cases and title of the unit shall be handed over/ transferred to the buyers as per terms of sale agreement.

In 2004, Privatization Commission asked Small Industries Wing to intimate present status of the land regarding transfer of title. SIW informed that Privatization Commission may apply to this department for the transfer of fresh lease from the first party to the name of present purchaser at the rate of Rs.15/Sq.ft. But later on this rate was enhanced to Rs.80 per sq.ft in 2010. M/s Balochistan Trading Company failed to execute fresh lease despite lapse of nine years.

The matter was reported to the management through observation memo in September 2014 but no reply was received. No DAC meeting was held despite pursuance with the Principal Accounting Officer.

Audit suggests:

- Investigate the matter with a view to fix responsibility on the person (s) at fault.
- Fresh / renewal of lease should be made and the amount be recovered otherwise lease should be cancelled and legal action should be taken against the Balochistan Trading Company.

1.2.4.4 Non-recovery of Rs 1.500 million from Ex-Director

Rule 26 of GFR states, “It is the duty of the departmental controlling officer to see that all sums due to Government are regularly and promptly assessed, realized and duly credited to Government Accounts”.

Contrary to the above, during the audit of Small Industries Wing Quetta, for the year 2013-14, it was observed that Mr. Safdar Luni (Ex-Director), who retired from service in January 2014, was granted an advance from the working capital of the organization amounting to Rs. 1.5 million for miscellaneous expenses on 28-10-2013. He was required to submit expenses statement within one month which has not submitted by him to date.

The matter was reported to the management through observation memo in September 2014 but no reply was received. No DAC meeting was held despite pursuance with the Principal Accounting Officer.

Audit suggests immediately recovery/adjustment of outstanding dues from concerned officer. Inquiry be held in the matter with a view to fixing of responsibility under intimation to audit.

1.2.4.5 Irregular retention of general sales tax amounting to Rs.7.142 million

According to clause 3 of SRO 660 (i), 2007 dated June 30, 2007, issued by Ministry of Finance, Economics Affairs Statistics and Revenue Govt. of Pakistan Islamabad.

"All withholding agents shall make purchases of taxable goods from a person duly registered under the Sales Tax Act, 1990, provided that under unavoidable circumstances and for reasons to be recorded in writing, purchases are made from unregistered persons, the withholding agent shall deduct sales tax at 15% of the value of taxable supplies made to him from the payment due to the supplier".

Further more Clause-4 states "that the sales tax so deducted shall be deposited by the withholding agent in the designated branch of National Bank of Pakistan by 15th of the month following the month during which payment has been made to the supplier".

During audit of Small Industries Wing, Government of Balochistan, it was revealed that in Trans Balochistan Enterprises, a joint venture of Small Industries Wing, an amount of Rs. 7.142 million had been shown as payable on account of General Sales Tax in the balance sheet. This sales tax was deducted by Trans Balochistan Enterprise from its customers, but had not been deposited in Government Treasury, as warranted by the above mentioned S.R.O.

The matter was brought to the notice of management through observation memo in September 2014 but no reply was received. No DAC meeting was held despite pursuance with the Principal Accounting Officer.

Audit Suggests:

- Immediate deposit of General Sales Tax in Government treasury and fixing of responsibility on the person (s) at fault under intimation to audit.

1.2.4.6 Non-recovery of transfer charges from industrial units Rs 1.088 million

According to Notification No.SOI (IND) 4-2/2009/267-273 dated 12-04-2010, issued by Industries and Commerce Department Government of Balochistan, “Transfer Charges” from non functional units are to be recovered by Small Industries Estate at Rs. 10 per sq.ft per annum.

During audit of Small Industries Wing Quetta (SIW) for the year 2013-14, it was observed that management did not recover “Transfer charges” from non functional / closed industrial units since 2012, amounting to Rs.1.088 million.

The matter was reported to the management through observation memo in September 2014 but no reply was received. No DAC meeting was held despite pursuance with the Principal Accounting Officer.

Audit suggests:

- Efforts should be made to recover the transfer charges from non-functional / closed industrial units.
- Allot the plot to other interested parties, till the recovery of transfer charges from closed units.

Chapter-2
Public Health Engineering Department

2.1 Quetta Water and Sanitation Authority

2.1.1 Introduction

Quetta Water & Sanitation Authority (Q-WASA) was created through Balochistan Act IX of 1989 after approval by the Provincial Assembly and legislature published a notification dated 27th Sept 1989. The purpose and functions of the Authority are summarized as under:

a. Continuous development planning, construction, development of water supply, sewerage and sanitation, regulations, compliance etc., including continuous revisions thereof.
b. Approval of all proposed new, extension or rehabilitation works on the related system.
c. Monitor and control water resources in the Area and issue licenses for abstraction of water from such resources,
d. As appropriate, collect or recover rates, charges or fees for services, including so far as practicable arrears thereof.

The Authority handles more than 65,000 water consumers.

2.1.2 Comments on the Audited Accounts

2.1.2.1 The working results of the Organization for the year 2013-14 as compared with those of the preceding years are as follows:

(Rs in million)

	2013-14	% Inc/ (Dec)	2012-13	% Inc/ Dec)	2011-12
Grant in Aid from GOB.	849.27	16.29	730.27	(2.92)	752.27
Income (Tariff Collection)	29.56	(9.85)	32.79	12.14	29.240
Total Receipts	878.83	15.1	763.07	(2.36)	781.52
Administration expenses	(869.85)	8.25	(803.55)	(0.42)	(806.93)
Other income	2.58	(19.62)	3.21	40.79	2.28
Operating Income / Loss	11.57	68.89	(37.27)	61.13	(23.13)
Financial Expenses	0.52	108.00	0.25	212.5	0.08
Income / Loss before Taxation	11.04	70.57	(37.52)	61.58	(23.22)
Taxation-current year	0.03	(40)	0.05	(50)	0.10
Income over Expenditure	11.01	70.69	(37.57)	61.03	(23.33)

(Source: Audited Accounts)

2.1.2.2 The Annual Accounts provided by the company did not disclose any information about regulatory and/or accounting basis/policies for the preparation and disclosures of these accounts. Same be provided to audit and it is further suggested that accounts be prepared with improved disclosures as applicable to Public Sector Enterprises.

2.1.2.3 Administrative expenses amounted to Rs. 869.85 million during the year 2013-14 as compared to Rs. 803.55 million in 2012-13 recording an increase by 8.25%, which needs to be elucidated. Further, the financial statements do not reflect any detail for administrative expanses during the year under review.

2.1.2.4 The Annual Accounts show an amount of Rs. 29.56 million on account of Tariff Collection which is 9.85% less than that of the previous year Rs. 32.79 million, the reasons thereof be explained to audit. The total outstanding dues against which this collection / recovery has been made may also be brought to the notice of audit.

2.1.2.5 The given accounts for the year 2013-14 did not provide any disclosure that may lead to assess operating performance of the entity in view of its objectives. Same to be explained to Audit.

2.1.3 Compliance of PAC Directives

PAC meeting has not been convened to discuss the Audit Report for last twenty-seven years.

2.1.4 AUDIT PARAS

2.1.4.1 Irregular Investment of Pensions and GP Fund amount - Rs 264.559 million

"According to Para iii of Notification No.FD (W.O) investment/policy/2009/ 319-618 dated 08th May 2009, Para (ii), in case the total working balances exceed Rupees Ten Million, the selection of the Bank as well as the terms of deposits will be approved by the concerned board of directors on the basis of competitive bids from at least three independent banks. Para (iii) states that "in cases where total working balance of an enterprise exceeds rupees ten million, not more then 50 % of such balance shall be kept with one bank."

Further Para (v) provides that “working balance limit of each organization should be determined with the approval of the administrative department in consultation with Finance Department Government of Balochistan.”

During audit of Quetta Water & Sanitation Authority (QWASA), for the year 2013-14 it was observed that management invested an amounts of Rs. 264.559 million of Pension and GP fund in fixed deposit of its employees in Allied Bank @ 8.50 % per annum for one year.

Management did not obtain approval from either Board of Directors, or the administrative department i.e. Public Health Engineering in consultation with Finance Department Government of Balochistan

The matter was brought to the notice of the management through observation memo in September 2014 but no reply was received. No DAC meeting was held despite pursuance with the Principal Accounting Officer.

Audit suggests:

- An inquiry be conducted into the matter with a view to fixing of responsibility on the person (s) at fault.

2.1.4.2 Loss due to Illegal Water Connection in Quetta City - Rs. 5.825 million

Section 15 (B) of WASA Act2004, states“ collect or recover rates, charges or fees for water supply, sewerage and sanitation service including arrear thereof.”

During audit of Quetta Water & Sanitation Authority (Q-WASA) for the year 2013-14, it was observed that management identified (2330) illegal connections of domestic / commercial consumers in Quetta city which resulted in loss of Rs. 5.825 million to WASA.

It is worth mentioning here that the matter was discussed in meeting held on 25-11-2013 and 11-03-2014 under the chairmanship of Honorable Chief Minister Balochistan, and it was decided that concerned authorities will look into and investigate against illegal water supplies and illegal water connections in Quetta city. However management neither disconnected illegal connections nor recovered the connection fee and water charges from the consumers.

The matter was brought to the notice of the management through observation memo in September 2014 but no reply was received. No DAC meeting was held despite pursuance with the Principal Accounting Officer.

Audit suggests:

- To conduct an inquiry into the matter with a view to fixing of responsibility on the person at fault, under intimation to audit.
- Immediate disconnection of supply to above mentioned illegal connections, and recovery of outstanding dues.

2.1.4.3 Unauthorized running of Private Tube wells / Hydrants in Quetta City - Rs. 720.000 million

Section 12 (e) of WASA Act 2004 states to monitor and control water resources both surface and under ground and issue license for extraction of water from such resources in accordance with regulations made by the Authority.

Furthermore Section 15 (C) of the WASA Act, 2004 stated that the authority has the power to reduce, suspend or disconnect the water supply in the event of contravention of the provisions of the act or regulations.

During audit of Quetta Water & Sanitation Authority (Q-WASA) for the year 2013-14, it was observed that the management identified 3,000 illegal Tube wells / Hydrants in Quetta city. Despite identifying 3000 illegal hydrant which means monthly loss of Rs.60 million per month in respect of water charges, management made no efforts neither to disconnect the water supply to the illegal hydrants or to recover the outstanding dues.

The matter was brought to the notice of the management through observation memo in September 2014 but no reply was received. No DAC meeting was held despite pursuance with the Principal Accounting Officer.

Audit suggests:

- Conduction an inquiry into the matter with a view to fixing of responsibility on the person (s) at fault under intimation to audit.
- Recovery of outstanding dues from the defaulters.

2.1.4.4 Non-occupancy of 155 tube wells by WASA – Rs 775 million

Section 12 (F) of WASA Act, 2004 stated that to take over ownership and responsibility for all services pertaining to water supply, sewerage and sanitation of Quetta District.

During audit of Quetta Water & Sanitation Authority (Q-WASA) for the year 2013-14, it was observed that 155 Tube Wells were drilled / energized in Quetta city by MPAs, MNAs and Senators under various schemes during the last regime, involving different departments of Government of Balochistan. These tube wells were required to be taken over by QWASA for providing of portable water to the inhabitants of the Quetta City. Each tube well is approximately worth Rs.5 million.

Chief Minister Balochistan, during a meeting held on 25-11-2013 directed management of WASA to take over the 155 tube wells. Management however was reluctant to do so on the plea that Finance Department Government of Balochistan did not provide funds for operation and maintenance of Tube Wells amounting to Rs.314.352 million. Management's refusal to take over 155 tube wells have jeopardized states asset worth Rs.775 million, because unattended tube wells would become non productive over time, besides the risk of encroachment causing loss to provincial government. Furthermore these tube wells would be a source of future revenue for the organization.

The matter was brought to the notice of the management through observation memo in September 2014 but no reply was received. No DAC meeting was held despite pursuance with the Principal Accounting Officer.

Audit Suggests:

- Management should immediately take possession of the vacant tube wells under intimation to audit.
- Management should pursue provincial Government for release of requisite fund, required for maintenance / repair.

2.1.4.5 Non-recovery of Rs. 35.000 million from National Construction Limited (NCL) on account of water connection fee

Section 12 (F) of Water & Sanitation Authority(WASA) Act, 2004 stated that to take over ownership and responsibility for all services pertaining to water supply, sewerage and sanitation of Quetta District.

Section 15(b) of the WASA Act, 2004 further states that"collect or recover rates, charges or fees for water supply, sewerage and sanitation services including arrears thereof."

During audit of Quetta Water & Sanitation Authority (Q-WASA) it was observed that M/s NESPAK and NCL provided 35,000 new water connections to public consumers under the Quetta Water Supply & Environmental Improvement Project (QWSEIP) without informing Q-WASA during the year 2007-08. WASA was therefore deprived of an income of Rs. 35.000 million on account of new connection fee which was not deposited in to Government treasury by the National Construction Limited (NCL) despite lapse of 06 years.

It is worth mentioning here that matter was discussed in the "Project Steering Committee" Meetings held on 13-05-2013, 13-11-2013 furthermore another meeting held under Chairmanship of the Chief Minister Balochistan held on 25-11-2013, it was decided that connection fee should be deducted from the bills of M/s NCL and reimbursed to WASA but the Project authorities neither deducted connection fee from the bills of NCL nor recovered the amount.

The matter was brought to the notice of the management through observation memo in September 2014 but no reply was received. No DAC meeting was held despite pursuance with the Principal Accounting Officer.

Audit suggests:

- Immediate recovery of outstanding dues from the defaulting organization, under intimation to audit.

2.1.4.6 Non-recovery of outstanding dues from Domestic and Commercial Consumers Rs. 561.448 million

Section 15(b) of the WASA Act, 2004 state that collect or recover rates, charges or fees for water supply, sewerage and sanitation services including arrears thereof.

During audit of Quetta Water & Sanitation Authority (QWASA) for the year 2013-14 it was observed that dues amounting to Rs. 561.448 million were outstanding against domestic and commercial consumer as on June 30, 2014, on account of water charges. Water charges is the main source of revenue for WASA and out of total of Rs.589.55 million, recovery of only Rs. 28.1 million could be effected.

The matter was brought to the notice of the management through observation memo in September 2014 but no reply was received. No DAC meeting was held despite pursuance with the Principal Accounting Officer.

Audit suggests:

- Serious efforts need to be made to recover the huge outstanding dues against commercial and domestic consumers.
- Reasons for low recovery with a view to fix responsibility on person (s) at fault under intimation to audit.

2.1.4.7 Non-recovery of outstanding dues from Government Departments – Rs 43.725 million

Section 15(b) of the Water & Sanitation Authority (WASA) Act, 2004 state that "collects or recover rates, charges or fees for water supply, sewerage and sanitation services including arrears thereof".

During audit of Water & Sanitation Authority (WASA) Quetta for the year 2013-14 it was observed that an amount of Rs. 43.725 million was outstanding against various government departments as on June 30, 2014, on account of water charges. Total recovery by the management was Rs.0.170 million which shows that recovery efforts were insignificant.

The matter was brought to the notice of the management through observation memo in September 2014 but no reply was received. No DAC meeting was held despite pursuance with the Principal Accounting Officer.

Audit suggests:

- Immediate recovery of outstanding dues under intimation to audit.
- Further outstanding dues against Government departments should be deducted at source by Finance Department on behalf of WASA.

2.1.4.8 Loss of Rs. 27.982 million due to encroachment of land

Section 12(F) of WASA Act, 2004 stated that to take over ownership and responsibility for all services pertaining to water supply, sewerage and sanitation of Quetta District.

During audit of Quetta Water & Sanitation Authority (QWASA) for the year 2013-14 it was revealed that Managing Director WASA requested Deputy Commissioner Quetta in 2007 "that WASA required land measuring 74,869 sq.ft for water supply scheme under expansion of water supply network project of Quetta Water Supply & Environmental Improvement Project(QWSEIP)." Accordingly the land was purchased at Rs. 27.982 million by Deputy Commissioner Quetta.

Project Director of (QWSEIP) intimated the Deputy Commissioner Quetta that on January 26,2012 that the land which was acquired for the water supply scheme has been encroached / occupied Kacha huts. Land in question was mutated in favour of WASA department on 04-07-2013.

The matter was brought to the notice of the management through observation memo in September 2014 but no reply was received. No DAC meeting was held despite pursuance with the Principal Accounting Officer.

Audit suggests:

- Immediate action should be taken against the encroachers for vacation of WASA land.
- Initiate an inquiry against the officers of QWSEIP with a view to fix responsibility on the person(s) that as to why the construction work was not started in time.

2.1.4.9 Blockage of fund due to purchase of machinery for Water Treatment Plant - Rs. 850 million

Chief Minister of Balochistan in a meeting held on 11-04-2014 directed WASA management to make the machinery for water treatment plant, which is presently lying unutilized in containers, and in this regard to initiate a practicable and feasible plan.

During audit of Quetta Water and Sanitation Authority(Q-WASA) for the year 2013-14, it was observed that management purchased machinery worth Rs. 850 Million for water treatment plant in the year 2012 which is lying un-utilized and in containers to date. Sewerage Treatment plant was proposed under the Quetta Water Supply & Environmental Improvement Project (QWSEIP) to be constructed at Samungli road on the land (Abundant Treatment Plant) owned by cantonment authorities with their concurrence. However cantonment authorities did not provide the land in question to WASA management. The QWSEIP identified another piece of land at Forest Nursery Samungli road Quetta owned by the Forest Department, however the matter is still under deliberation with Forest Department.

Procurement of “Water Treatment Plant” did not result in utility for the organization and resulted in blockage of funds amounting to Rs 850 million with possible loss if remained unutilized.

The matter was brought to the notice of the management through observation memo in September 2014 but no reply was received. No DAC meeting was held despite pursuance with the Principal Accounting Officer.

Audit suggests:

- Immediate compliance with the directives of Chief Minister Balochistan.
- Initiate an inquiry with a view to fixing responsibility on person (s) at fault.

Chapter-3
Urban Planning & Development Department

3.1 Quetta Development Authority

3.1.1 Introduction

The Quetta Development Authority was established with the promulgation of Quetta Development Authority Ordinance, 1978 by the Government of Balochistan. Following functions have been assigned to the Authority:

i. Establishing Housing and Commercial Schemes.
ii. Construction of new roads, by-passes, parks, etc.
iii. Opening of congested areas.
iv. Provision of public amenities.

3.1.2 Compliance of PAC Directives

PAC meeting has not been convened to discuss the Audit Report for last twenty-seven years.

3.1.3 AUDIT PARAS

3.1.3.1 Non-finalization of accounts

Annual audited accounts of the organization for the year 2013-14 was to be provided to the Director General Commercial Audit by November 30, 2014.

Contrary to that the management of QDA did not provide audited accounts for the year 2013-14 and as well as for the previous years 1992-93 to 2012-13 by the prescribed date.

The matter was bought to the notice of the management through observation memo in August 2014 but no reply was received. No DAC meeting was held despite pursuance with the Principal Accounting Officer.

Audit suggests:

- Investigate the matter and fix the responsibility on person(s) at fault for non-finalization of accounts.
- Efforts be made to finalize and provide the accounts at the earliest.
- Internal controls be strengthened to avoid recurrence.

3.1.3.2 Non-recovery of cost of land due to non issuance of allotment letters - Rs 23.808 million

As per section 113, 2 (b) of QDA Ordinance 1978 the Authority. Offer to the person or persons, from whom the land has been acquired, or their heirs, executors or administrators, a prior right to lease or purchase such land, at rate to be fixed by the Authority, if in its discretion it determines that such lease or sale is in the public interest.

During audit of Quetta Development Authority (QDA) for the year 2013-14 it was observed that land of Truck Adda was planned and auctioned to Business Community/ General public in the year 2012, but a piece of land on its front, parallel to the main road could not be auctioned due to encroachment. The land was got vacated during the year 2013 and twelve (12) adjacent allottees requested to the Chairman QDA for allotment of the same on prevailing market rates to them. Finally the Governing body in its meeting held on April 30, 2014 approved the proposal for sale of these 12 extra plots in different sizes measuring 1984 sq.ft to adjacent allottees @ Rs.12,000 sq.ft plus taxes/ charges amounting to Rs. 23,808,000 in four quarterly installments, but the management neither issued allotment letters nor recovered the cost of land from allotees till the finalization of report. Moreover it was also observed that the adjacent allotees have encroached extra area earmarked for road/ streets, illegally. The cost of restoration of the encroached land should also be recovered from the allottees.

The matter was bought to the notice of the management through observation memo in August, 2014 but no reply was received. No DAC meeting was held despite pursuance with the Principal Accounting Officer.

Audit suggests:

- Allotment letters may be issued immediately and the cost of land alongwith extra cost of restoration (damage of service structure), may be recovered from the encroachers.
- Responsibility may be fixed upon person (s) found at fault under intimation to audit.

3.1.3.3 Illegal encroachment of QDA plots Rs 301.157 million

As per section 71 of QDA Ordinance 1978 " The Authority has been vested with powers to direct removal of persons from Land/ or building who have occupied the lands or carried out the works unlawfully".

During audit of Quetta Development Authority (QDA) for the year 2013-14 it was observed that illegal encroachment was made on QDA plots valuing Rs.301.157 million. These plots were situated at Quetta Housing Scheme i.e. Rakshan, Shalkot, Kirani and Karachi Road / Garrage workshop complex and encroached by Agriculture department at Hazargangi Quetta.

The matter was discussed in a meeting held on 12-12-2013 under the Chairman ship QDA / Minister of P&D Department and it was decided that necessary steps for immediate removal of encroachment would be taken, but no action has been taken to date. Moreover, QDA had appointed Special Magistrate alongwith police force to get vacated the encroached QDA property, but no efforts have been made so far.

The matter was brought to the notice of the management through observation memo in August, 2014 but no reply was received. No DAC meeting was held despite pursuance with the Principal Accounting Officer.

Audit suggests:

- Initiate inquiry with a view to fix responsibility on person (s) found at fault.
- Immediate recovery of plots from the encroachment under intimation to audit.

3.1.3.4 Un-authorized payment of consultancy fee Rs1.950 million to M/s Cameos consultant

Para-2 of work order for consultancy services for Zarghoon Housing Scheme given by QDA to M/s Cameos consultants states that assessing the remaining quantum of development works and other service to be carried out in the scheme by QDA with cost estimates including internal and external electrification, gasification, water supply and telephone facilities (through PC-I documents).

During audit of Quetta Development Authority (QDA) for the year 2013-14 it was observed that management awarded work order in September, 2011 to M/s Cameos consultant amounting to Rs.1.950 million for the consultancy services of Zarghoon Housing Scheme Quetta. The agreement included detailed estimates of the design of external electrification. The Consultant however submitted PC-I mentioning the lump sum cost of components instead of detailed estimates. The management approved the PC-I of the scheme without the demanding details for the various components of the project.

In June, 2012 QDA approached QESCO for electrification in Zarghoon Housing Scheme QESCO declined the request stating that electrification required lay out plan, load calculation as per plot size, estimates, site sketches and loading position of relevant 11kv fieder and grid station.

The matter was brought to the notice of the management through observation memo in August, 2014 but no reply was received. No DAC meeting was held despite pursuance with the Principal Accounting Officer.

Audit suggests:

It should be investigated as to why the consultant's fee was released without completion of the assignment.

3.1.3.5 Non-recovery of dues Rs 68.205 million from allottees of Zarghoon Housing Scheme

Vide Para-5 of agreement for sale/ purchase executed between QDA and allottee stated that if the allottee fails to pay the installments in time and unpaid balance and the surcharge thereon remain in arrears for more than 6 months (whether formally demanded or not) the authority will have the right to cancel the allotment, resume the possession of the plot and recover 5% of the plot and security amount.

During Audit of Quetta Development Authority (QDA) for the year 2013-14 it was observed that QDA launched the Zarghoon Housing Scheme in 2012 and alloted 1551 residential plots to general Public through balloting @ Rs.600/- per sq ft. These plots were allotted on (20) quarterly installment to be completed in five years from the date of issue of allotment order i.e 20 June, 2012, as specified in schedule of payment shown in the allotment order book. The record showed that different categories of allottees paid only single installment upto June 30, 2014 and failed to pay balance amount of Rs.68.205 million. Despite lapse of two years, management neither cancelled these plots nor issued notices to the allottees for recovery of the balance amount, alongwith surcharge thereon.

The matter was brought to the notice of the management through observation memo in August, 2014 but no reply was received. No DAC meeting was held despite pursuance with the Principal Accounting Officer.

Audit suggests:

- Final notices for recovery of balance amount alongwith surcharge may immediately be issued otherwise allotment of plots be cancelled and re-allotment may be made after adopting due procedure.
- Fix responsibility on person(s) found at fault under intimation to audit.

3.1.3.6 Illegal allotments of plots to the transporters amounting to Rs 11.250 million

As per section 70 (3) of QDA Ordinance 1978, no person shall occupy or permit to be occupied any such land building or use or permit to be used any part effected by the re-eraction or such building until the permission has been granted in the prescribed manner.

During audit of Quetta Development Authority (QDA) for the year 2013-14 it was observed that management illegally allotted 125 plots valuing Rs.11.250 million to the transporters at Makran/Taftan and Chaman Bus Adda, these plots were allotted in violation of original plan and building code.

It is worth mentioning here that matter was discussed in a meeting held on 12-12-2013, headed by the Chairman, QDA /Minister of P & D Department and also discussed in Governing Body meeting of QDA held on 30 April, 2014. It was decided that illegal allotments of plots be cancelled under the by-laws of QDA and allotments be made to genuine allottees/ persons, but management failed to implement these decisions.

The matter was brought to the notice of the management through observation memo in August, 2014 but no reply was received. No DAC meeting was held despite pursuance with the Principal Accounting Officer.

Audit suggests:

- Initiate inquiry against officer(s)/officials responsible for illegal allotments of plots with a view to fix responsibility on person (s) found at fault.
- Cancellation of these plots may be effected on immediate basis.

3.1.3.7 Non-recovery of dues from the allottees of Garrage Complex at Hazarghanji - Rs 8.966 million

Rule 26 of GFR states, “It is the duty of the departmental controlling officer to see that all sums due to Government are regularly and promptly assessed, realized and duly credited to Government Accounts”.

During audit on the accounts of Quetta Development Authority for the year 2013-14 it was observed that an amount of Rs.8.966 million was outstanding as on June 30, 2014 against the allottees of Garage Complex at Hazarganji, Quetta.

It is worth mentioning here that matter was discussed in meeting held on 12-12-2013 chaired by the Chairman QDA / Minister of P & D Department “and decided that a final notice to such defaulters be served. In case of failure their allotment may be cancelled and allotment be made to other interested persons”. But management neither issued final notices nor cancelled the allotments.

The matter was brought to the notice of the management through observation memo in August, 2014 but no reply was received. No DAC meeting was held despite pursuance with the Principal Accounting Officer.

Audit suggests:

- Final notice may immediately be issued for recovery of outstanding amount failing which allotments be cancelled and other interested persons be made allotments as per QDA by Laws / procedure under intimation to audit.
- Fix responsibility on person (s) found at fault under intimation to audit.

ANNEXURES

Annexure-I

MFDAC Paras

The Directorate General of Commercial Audit and Evaluation, Karachi on behalf of the Auditor-General of Pakistan, conducted the audit of organizations of Government of Balochistan which maintain their accounts on commercial pattern.

As a result of audit conducted during 2014-15, various types of financial irregularities and losses of public money, etc., were detected and reported to the Departments and organizations concerned. The important irregularities/ losses and malpractices pertaining to various organizations have been printed in this report, while irregularities/losses not considered worth reporting to the PAC as listed below were left for Departmental Accounts Committees. The same will be discussed with the respective Secretaries to the Departments by the Director General, Commercial Audit and Evaluation, Karachi.

S. No.	Title of Para	Rs in million	Remarks
PUBLIC HEALTH ENGINEERING DEPARTMENT			
Quetta Water and Sanitation Authority			
1	Non-disposal of condemned vehicles	-	Violation of rule

Annexure-II

Non-submission of Audited Accounts

Annual audited accounts of Public Sector Enterprises for the year 2013-14 were required to be submitted to the Directorate General of Commercial Audit and Evaluation, Karachi by Nov 30, 2014. Despite requests, the organizations (listed below) failed to submit their annual audited accounts for the year(s) indicated against each by the prescribed date. While non-submission of audited accounts needs to be explained, Audit requires efforts by concerned PAOs for immediate finalization and submission thereof:

Industries and Commerce Department	
Government Printing Press, Quetta	1988-89 to 2013-14
Public Health Engineering Department	
Quetta Water and Sanitation Authority	1984-85 to 1999-2000, 2002-03 to 2008-09
Urban Planning and Development Department	
Quetta Development Authority	1992-93 to 2013-14