



**AUDIT REPORT
ON
THE ACCOUNTS OF
GOVERNMENT OF BALOCHISTAN
AUDIT YEAR 2003-04**

AUDITOR-GENERAL OF PAKISTAN

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Abbreviations and Acronyms

1. B&R Building & Roads
2. BOQs Bill of Quantities
3. C&W Communication & Works
4. CSR Composite Schedule of Rate
5. CPWA Central Public Works Accounts
6. CPWD Central Public Works Department
7. Cft Cubic Foot
8. Cum Cubic Meter
9. cm Centimeter
10. DAC Departmental Accounts Committee
11. DDO Drawing & Disbursing Officer
12. GFR General Financial Rules
13. MB Measurement Book
14. mm Millimeter
15. QESCO Quetta Electric Supply Company
16. Rft. Running foot
17. S. I. Scheduled Item
18. Sft Square Foot
19. TS Technical Sanction

PREFACE

Article 169 of the Constitution of the Islamic Republic of Pakistan read with Section 8 and Section 12 of the Auditor-General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 requires the Auditor-General to conduct audit of the accounts of the Federation and of the Provinces; and the accounts of any authority or body established by the Federation or a Province.

This report is based on audit of the accounts of some departments of Government of the Balochistan for the financial year 2002-03 and accounts of the University of Balochistan for the period 1996-2002. The audit was conducted, on a test check basis, by the Directorate General of Audit Balochistan during 2003-04, with a view to report significant findings to the stakeholders.

The findings indicate the need for adherence to regulatory framework and instituting and strengthening of internal controls to avoid recurrence of similar type of violations/irregularities year after year. These are repeatedly reported by my Department, but the executive seldom takes appropriate action to avoid recurrence.

Audit observations included in Part I of the report were discussed with the Principal Accounting Officers concerned in the Departmental Accounts Committee meetings and have been finalized in the light of written responses and discussions. However, observations contained in Part II could not be discussed with the Principal Accounting Officers despite efforts.

The Audit Report is submitted to the Governor of Balochistan in pursuance of Article 171 of the Constitution of Islamic Republic of Pakistan.

ISLAMABAD
DATED:

MUHAMMAD YUNIS KHAN
Auditor-General of Pakistan

EXECUTIVE SUMMARY

This report contains the results of audit of Communication & Works and Irrigation & Power Departments of Government of Balochistan for the year 2002-03 and the University of Balochistan for the years 1995-96 to 2001-02.

The main findings of the Report are:

Communication & Works Department

1. The Department carried out works mainly relating to construction of roads without technical sanction of the competent authority - Rs.159.186 million;
[Para 2.1]
2. Overpayment was made to contractors on account of non-recovery of cost of material (bitumen) issued to them - Rs.47.286 million;
[Para 2.2]
3. Overpayments were made to contractors due to application of higher rates and allowing excess quantities of various items - Rs.8.457 million;
[Para 2.4, 2.7, 2.11, 2.12 and 2.13]
4. Material purchased and items dismantled were not accounted for as per rules - Rs.7.274 million;
[Para 2.3, 2.9, 2.14 and 2.15]
5. Expenditure was incurred on items not provided in estimates - Rs.4.964 million;
[Para 2.5 and 2.8]
6. Stamp duty and Income tax were not recovered from contractors - Rs.4.206 million;
[Para 2.6 and 2.10]

Irrigation & Power Department

7. The Department executed irrigation schemes without technical sanction of the competent authority - Rs.296.634 million;
[Para 1.1]
8. Overpayments were made to contractors due to non-deduction of items as provided in estimates, allowing higher rates or excess excavation of trenches - Rs. 28.051 million;
[Para 1.2, 1.3, 2.16, 2.19 & 2.21]
9. Provisions relating to liquidated damages / recovery not enforced - Rs. 14.762 million;
[Para 2.17 and 2.22]
10. Expenditure was incurred without recording details in measurement book - Rs.2.056 million;
[Para 2.20]

University of Balochistan

11. The University sustained loss due to deduction of electricity charges at lesser rates from employees and writing off cost of books not returned by students - Rs.26.529 million;
[Para 1.4 and 1.9]
12. Irregular payments were made on account of consecutive move overs, Ph.D. allowance and house rent allowance - Rs.26.739 million;
[Para 1.5, 1.7, and 1.13]
13. Record pertaining to certain expenditure was not produced for audit - Rs.16.197 million;
[Para 1.6]
14. 5% house rent, affiliation fee, stamp duty and income tax not recovered - Rs.4.346 million.
[Para 1.8, 1.10, 1.14 and 1.15]

Audit also noted some cases concerning systemic issues worth reporting which include, but are not limited to, absence of management controls to prevent unauthorized practices, lack of adequate safeguards to protect public property from theft, misuse and wasteful spending of public money.

During the Departmental Accounts Committee meetings the audited entities agreed to recover Rs.12.271 million against which Rs.3.063 million were recovered till finalization of this Report.

Recommendations

1. Executive machinery of the Government (Principal Accounting Officers) should take necessary steps to evaluate, institute and strengthen the management, budgeting and accounting controls to achieve the following objectives:
 - (i) strengthening financial discipline to avoid irregular/ over payments and to ensure timely collection of Government dues and revenues;
 - (ii) ensuring authorization of expenditure by the competent authority in accordance with prescribed procedure;
 - (iii) holding of Departmental Accounts Committee meetings regularly and ensuring prompt implementation of their recommendations;
 - (iv) establishing an effective internal audit set up for timely information and advice to the management.

2. The concerned Principal Accounting Officers should take immediate steps to:
 - (i) withdraw irregular grant of personal grade, advance increments or Ph.D. allowance;
 - (ii) ensure that technical sanction is accorded before the execution of work / scheme, as required under rules;
 - (iii) effect recoveries of overpayments / Government dues, as pointed out in the report;
 - (iv) seek regularization of excess / irregular expenditure; and
 - (v) ensure timely production of relevant record for audit in all cases including those pointed out in the report.

Section – I
The Report

PART - I

Irrigation & Power Department

1.1 Irregular expenditure of Rs.296.634 million

Under Para 2.82 of Buildings & Roads (B&R) Code, no work shall commence unless administrative approval is accorded and properly detailed design and estimates have been sanctioned by the competent authority, except real emergent works, which must also be immediately reported to the authorities competent to accord administrative approval and technical sanction.

It has been observed that the Department generally executes schemes without completing requirement of rule ibid and technical sanction is obtained after completion of work. This issue had been taken up time and again with the Department, as evident from previous audit reports, but the irregular practice is still continuing in most of the Divisions. During 2002-03 twenty irrigations schemes, as detailed in Annexure–A, costing Rs.296.634 million were undertaken in various Divisions without obtaining prior technical sanction of Chief Engineer.

The matter was reported to the Department in November and December 2003, but no reply was received. During the DAC meeting held on 08th May, 2004, the divisional officers contended that technical sanctions of the said schemes were obtained, without indicating dates of such sanctions. The Department was asked to provide copies of sanctions, but the same were not produced till finalization of this report.

DP No. 1 to 5

1.2 Irregular expenditure of Rs.1.327 million on account of allowing excess quantities

Under Para 2.86 of the B&R Code and Para 56 of the CPWD Code, the authority granting a sanction to an estimate must remain strictly limited to the precise objects for which the estimate was intended. If after the accord of technical sanction alterations are contemplated, orders of the original sanctioning authority should be obtained even though no additional expenditure is involved.

According to detailed estimates of work “Construction of Kashi Delay Action Dam”, executed by Irrigation Division Mastung, approved quantity of earth work for embankment was 3,006,333 Cft. whereas payment for 3,642,404 Cft. was made, resulting in excess expenditure of Rs.1.327 million.

The matter was reported to the Department in November 2003, but no reply was received. In the DAC meeting held on 8th May, 2004, the Department intimated that PC-I was under revision but the revised PC – I has not yet been provided for verification.

DP No. 9

1.3 Overpayment of Rs.0.245 million due to non-utilization of surplus earth of key trenches

As per sanctioned estimates of works relating to delay action dams in Khuzdar, surplus earth of key trench was to be placed in main dam body and deducted from the quantity of earth work for embankment of the dam.

In contravention of above, the Executive Engineer Irrigation Division Khuzdar did not deduct surplus quantity of earth of key trenches from the

earth work carried out for embankment of dams. It resulted in an overpayment of Rs. 0.245 million as detailed below:

(Rupees in million)

Name of work.	Earth of Key Trench	Amount
Parechi Delay Action Dam Khuzdar	45,000 Cft.	0.092
Construction of Delay Action Dam Gatro Khuzdar	75,056 Cft.	0.153
Total		0.245

The matter was reported to the Department in March 2004, but no reply was received. In the DAC meeting held on 08th May 2004, the Committee directed for recovery of overpaid amount, however, no recovery was reported to audit till finalization of this report.

DP No. 17, 19

University of Balochistan Quetta

1.4 Loss of Rs.23.946 million due to less deduction of electricity charges

Three electric supply meters were exclusively installed for the University residential colony. The payments to QESCO against these connections were made from the University account. Recoveries from the residents of the colony were made according to the meter reading installed at the individual residences.

Scrutiny of relevant record revealed that the recoveries were made at lesser rates than the rates charged by QESCO from the University, resulting in a loss of Rs.23.946 million as detailed in Annexure-B.

The matter was brought to the notice of concerned authorities in December 2002, but no reply was received. The issue was also discussed in the DAC meeting held on 25th August, 2003. The Committee decided that QESCO be asked for direct billing to the residents of the colony. However, no action regarding recovery/regularization of Rs.23.946 million was taken till finalization of this report.

DP No. 32

1.5 Irregular payment of Rs.23.00 million on account of award of successive move overs

According to Finance Division OM No F.1(82)-R-3/85, dated 1st January, 1986, officers of BPS 16 to 19 were not entitled to successive move overs without getting regular promotion in the existing pay scale. The National Pay Scales were adopted by the University of Balochistan in its Syndicate meeting held on 28th July, 1977, without any modification, hence all

provisions of Pay Scales Scheme, including those relating to move over, were applicable in case of University employees.

Scrutiny of pay bills of the officers of BPS 16 and above revealed that consecutive move overs were allowed to officers of the University under the title “Personal Grade”, for which no provision exists in the National Pay Scales Scheme. This resulted in an irregular payment of Rs.23.00 million.

After raising the issue by audit, the University made a reference to University Grants Commission, which also clarified that there was no provision of personal grade in government rules and stressed for recovery. As per Director Finance order dated 10th April 2002, accepting the audit view point, the Syndicate decided that pay of concerned officers be revised after withdrawing the “personal grades” and recoveries to be affected from the pay of April 2002, but the said decision was not implemented.

The issue was also discussed in the DAC meeting held on 25th August, 2003 wherein the University authorities intimated that a committee was being formed to examine the issue. No further progress was reported in the matter.

DP No. 38

1.6 Non-production of record amounting to Rs.16.197 million

Under Para 17 of General Financial Rules Volume – I, read with Section 14(2) of Auditor-General’s (Functions, Powers & Terms and Conditions of Service) Ordinance, 2001, the departmental officers are required to provide record for audit inspection and comply with requests for information in as complete a form as possible and with all reasonable expedition.

During course of audit of the University of Balochistan, the following record was not provided to audit:

- a) POL and repair of vehicles / transport expenditure amounting to Rs.15.328 million.
- b) Study tours expenditure of Rs.0.869 million (As detailed in Annexure-C).

The matter was reported to concerned authorities in December 2002, but no reply was received. During the DAC meeting held on 25th August, 2003 it was decided that record would be provided to audit, but since then no record has been produced to audit.

DP No. 53, 55

1.7 Irregular payment of Rs.3.169 million on account of Ph.D./D.Sc. allowance in addition to advanced increments

According to the Finance Division OM No. F-1(97)-R-3/85, dated 26th December, 1985, those employees who possess Ph.D./D.Sc. degrees and have already benefited from the concession of advance increments, will have the option either to retain the above benefit or to receive qualification allowance and have their pay re-fixed by excluding the advance increments.

In violation of the above mentioned rule, some Professors of the University who had earlier benefited from advance increments were also allowed qualification allowance for Ph.D. resulting in irregular payment of Rs.3.169 million.

The matter was reported in December 2002, but no reply was received. In the DAC meeting held on 25th August, 2003 the University authorities intimated that issue of recoveries was to be referred to the Syndicate. Further development in the matter was not intimated

DP No. 40

1.8 Non-recovery Rs.2.279 million on account of 5% house rent

According to Finance Division letter No. F – 2(1) – R.5/91, dated 25th August, 1991, the employees living in government accommodation are liable to pay 5% rent through pay bills. Disregarding the said orders, an amount of Rs.2.279 million on account of 5% house rent was not deducted from the employees living in the University accommodation during September, 1997 to June, 2002.

The matter was raised in December 2002. The Finance and Planning Committee of the University agreed with the audit point of view and sent a case of recovery to the Syndicate for approval, but the Syndicate rejected the proposal.

During the DAC meeting held on 25th August, 2003, the University authorities intimated that a Committee had been constituted by the Syndicate to examine the issue. Further development in the matter has not been intimated since then.

DP No. 36

1.9 Loss of Rs.2.583 million due to non-recovery of cost of library books

According to the Rule 47 of General Financial Rules Volume-I, the competent authority may write off irrecoverable value of store provided that the loss does not disclose a defect of system and there has not been any serious negligence on the part of some individuals.

The University had written off an amount of Rs.2.583 million on account of loss of 9,739 books, not returned by the students. The write off was not justified because the concerned staff had failed to observe prescribed clearance procedure including forfeiture of Library security deposits.

The issue was pointed out in December 2002, but no reply was received. During the DAC meeting held on 25th August 2003, it was decided that the matter would be investigated and inquiry report provided to audit. No report was, however, provided till finalization of this report.

DP No. 37

1.10 Non-recovery of Rs.1.640 million on account of affiliation fee

According to decision of the Syndicate(notified vide letter dated 28th December, 1998) affiliation fee @ Rs.0.150 million and Rs.0.075 million was to be charged from private and government colleges respectively.

After issuance of the said notification, five government colleges and 24 private colleges were affiliated with Balochistan University. These colleges were required to pay prescribed affiliation fee, which amounted to Rs.3.975 million. It was noticed that only an amount of Rs.2.335 million was collected and remaining amount of Rs.1.640 million was still outstanding against these colleges since 1998.

The matter was reported in December 2002; initially the University authorities conceded that an amount of Rs.1.640 million was outstanding against these colleges. However, in the DAC meeting held on 25th August, 2003 it was stated that a detailed reply along with statement of deposits will be submitted to audit, but no reply/statement was produced till finalization of this report.

DP No. 44

1.11 Excess payment of Rs.1.350 million over & above the approved cost

The construction work of Pakistan Study Centre, Area Study Centre and Mineralogy Centre was awarded to a contractor at the approved cost of Rs.16.730 million. The approved covered area was 32,502 Sft against which payment for an area of 34,891.56 Sft was made due to which cost increased from Rs.16.730 million to Rs.18.080 million, resulting in an excess payment of Rs.1.350 million.

In response to audit observation raised in December,2002, the concerned authorities intimated that due to wrong calculation of covered area by the consultant, excess payment of Rs.1.350 million was made to the contractor. Therefore, the consultant was penalized and his last payment of Rs.0.280 million was withheld. The reply was not tenable because the excess payment made to the contractor due to wrong calculation also needs to be recovered.

In the DAC meeting held on 25th August, 2003, it was decided that unpaid bill of consultant would be forfeited to adjust for recoveries besides an inquiry was also ordered. No progress was reported to audit till finalization of this report.

DP No. 45

1.12 Avoidable expenditure of Rs.0.850 million

A payment of Rs.0.850 million was made to a consultant hired for preparing drawings of academic block and supervision of civil works etc. The expenditure was easily avoidable because the University had the services of its own qualified engineers and architect. Moreover the consultant was hired without adopting open tender system.

The matter was pointed out in December 2002, but no reply was received. In the DAC meeting held on 25th August, 2003, no reply to the audit observation was given.

DP No. 46

1.13 Recovery of house rent amounting to Rs.0.570 million

According to Finance Division Islamabad letter No F-2 (1)5 /91, dated 25th August, 1991, the spouses (Government employees) residing in the same government residential accommodation shall not be entitled for house rent allowance and recovery of 5% will be made from the one to whom the accommodation is allotted.

It was observed during audit that certain employees living in University residential accommodation with their spouses (who were also employees of Balochistan University) were drawing house rent allowance, which resulted in irregular payment of Rs.0.570 million.

The matter was pointed out in December 2002, but no reply was received. The DAC in its meeting held on 25th August, 2003 directed the concerned authorities to affect recoveries, but since then no progress was intimated to audit.

DP No. 48

1.14 Non-recovery of Rs.0.255 million on account of stamp duty

According to Section 22-A of Schedule I to Stamp Act 1899, as amended vide Balochistan Finance Act 1994, 0.25% of the contract value was required to be realized from the contractors as stamp duty, while entering into contract for execution of any works or to procure stores and materials.

It was observed during audit that contracts worth Rs.102.049 million were awarded to different contractors, however, stamp duty @ 0.25% of the

contracts value was not realized, which resulted in a loss of Rs.0.255 million, as detailed in Annexure-D.

The matter was reported in December 2002, but no reply was received. During the DAC meeting held on 25th August, 2003, it was decided that recovery should be made from the contractors and deposited into government account, but since then no progress has been reported to audit.

DP No. 49

1.15 Non-deduction of income tax amounting to Rs.0.172 million

Under Section 4(50) of Income Tax Ordinance, 1979, 3.5% Income Tax on supply of goods and 5% on contract payments should be deducted from all the payments.

Payments were made by the University to various firms / suppliers / contractors without deducting income tax amounting to Rs.0.172 million, as detailed in Annexure-E.

The matter was pointed out in November 2002, but no reply was received. In the DAC meeting held on 25th August, 2003 it was decided that relevant record would be examined by the Finance Committee of the University to workout the actual amount of income tax. No progress was reported to audit since then.

DP No. 51

Annexure-A

[Para 1.1]

Schemes undertaken without prior Technical Sanction

Name of Division	Name of Work	Cost Rs.(Million)
Irrigation Division Khuzdar	Construction of Dashtak Delay Action Dam	36.500
	Construction of Noor WAh PIS Karkh	29.363
	Construction of Gatero Delay Action Dam	15.533
	Construction of Jhal Jahoo PIS Awaran	39.625
	Rehabilitation of Bedi Dot PIS Awaran	21.240
	Construction of Rindak Storage Dam at Mashkay	16.590
Irrigation Division Mastung	Bado PIS Kharan	12.00
	Kashi Delay Action Dam	10.00
	PIS Lijay	7.257
	Extension and Improvement of Surab Channel Kalat	6.190
	Lining of Kaftari and Shapch Channel in Kirdigap	10.00
	Birzini PIS Mastung	15.00
	Koonghar Delay Action Dam Mastung	12.873
Irrigation Division Dhader	Restoration & Improvement of Suckleji PIS Kachhi.	10.450
	Mero Khan Distribution System Lehri.	12.746
	Lining of Nawabzada Zulfiqar Magsi Channel.	15.691
Irrigation Division Pishin	Spin Delay Action Dam	8.067
	Desalting of KK Bund	8.000
	Surkhab Dam	6.762
Irrigation Division Usta Muhammad	Six civil works schemes	2.747
Total		296.634

Annexure – B
[Para 1.5]

**Statement Showing Less Deduction of Electricity
Charges from the Residents of University Colony
(Rupees in million)**

Month	Payment made to QESCO	Deduction from Residents	Less Deduction
Jun-95	0.098	0.069	0.03
Jul-95	0.074	0.068	0.005
Aug-95	0.575	0.09	0.484
Sep-95	-	0.092	(0.092)
Oct-95	0.232	0.09	0.141
Nov-95	0.19	0.09	0.1
Dec-95	0.575	0.093	0.481
Jan-96	0.177	0.091	0.086
Feb-96	0.164	0.091	0.073
Mar-96	0.374	0.113	0.261
Apr-96	0.162	0.129	0.033
Jun-96	0.167	0.138	0.029
Jul-96	0.186	0.139	0.047
Aug-96	0.206	0.136	0.069
Sep-96	0.209	0.138	0.071
Oct-96	0.507	0.138	0.368
Nov-96	0.206	0.136	0.069
Jan-97	0.488	0.132	0.355
Feb-97	0.241	0.11	0.131
Mar-97	0.27	0.121	0.148
Apr-97	0.282	0.125	0.156
May-97	0.264	0.125	0.139
Jun-97	0.197	0.109	0.088
Jul-97	0.32	0.132	0.188
Sep-97	0.256	0.106	0.149
Oct-97	0.086	0.106	(0.019)
Nov-97	0.065	0.09	(0.024)
Dec-97	0.15	0.09	0.06
Jan-98	0.576	0.091	0.484
Feb-98	0.157	0.09	0.066

Annexure – B. Cont'd

Month	Payment made to QESCO	Deduction from Residents	Less Deduction
Mar-98	0.391	0.091	0.3
Apr-98	0.236	0.11	0.125
May-98	0.511	0.113	0.397
Jun-98	0.557	0.118	0.439
Jul-98	0.32	0.128	0.192
Aug-98	0.338	0.127	0.211
Sep-98	0.499	0.127	0.371
Oct-98	0.325	0.13	0.195
Nov-98	0.574	0.128	0.445
Dec-98	0.404	0.131	0.273
Jan-99	0.328	0.101	0.226
Feb-99	0.421	0.099	0.321
Mar-99	0.187	0.099	0.088
Apr-99	0.311	0.113	0.198
May-99	0.361	0.116	0.245
Jun-99	0.066	0.137	0.108
Jul-99	0.304	0.141	0.162
Aug-99	0.563	0.14	0.423
Sep-99	0.472	0.138	0.333
Oct-99	0.297	-	0.297
Nov-99	0.15	0.148	0.002
Dec-99	0.418	0.129	0.289
Jan-00	0.713	0.103	0.61
Mar-00	0.557	0.127	0.43
Apr-00	0.573	0.138	0.434
May-00	0.922	0.151	0.771
Jun-00	0.351	0.149	0.201
Jul-00	0.463	0.149	0.313
Aug-00	0.621	0.147	0.473
Sep-00	0.657	0.147	0.51
Oct-00	0.529	0.137	0.392
Nov-00	0.085	0.119	(0.034)

Annexure – B. Cont'd

(Rupees in million)

Month	Payment made to QESCO	Deduction from Residents	Less Deduction
Dec-00	0.311	0.122	0.188
Jan-01	0.66	0.1	0.559
Feb-01	0.585	0.097	0.487
Mar-01	0.417	0.106	0.311
Apr-01	0.508	0.136	0.372
May-01	0.414	0.146	0.267
Jun-01	0.569	0.151	0.417
Jul-01	0.568	0.151	0.416
Aug-01	0.639	0.152	0.487
Sep-01	0.551	0.148	0.402
Oct-01	0.511	0.144	0.367
Nov-01	0.455	0.145	0.309
Dec-01	0.685	0.138	0.547
Jan-02	0.726	0.103	0.622
Feb-02	0.382	0.099	0.283
Mar-02	0.365	0.11	0.255
Apr-02	0.228	0.137	0.09
May-02	0.512	0.147	0.364
Jun-02	0.644	0.143	0.500
Jul-02	0.666	0.106	0.560
Aug-02	0.688	0.143	0.544
Sep-02	0.726	0.127	0.599
Oct-02	0.301	0.094	0.506
Nov-02	0.635	0.096	0.538
Total	34.182	10.351	23.946

Annexure –C
[Para 1.6]

**Statement of Expenditure Incurred on Study Tours during
1995-96 to 2001-02**

(Rupees in million)

S. No	Cheque No. & Date	Paid to	Place	Amount
1)	782993/3-1-96	Mr. Shafiq ur Rehman (Late)	Out side Province	0.070
2)	782994-3-1-96	Mr. Mughal Raza	---do---	0.053
3)	782995/3-1-96	Semmi Naghmana Tahir	---do---	0.047
4)	782996/3-1-96	Muhammad Nawaz	---do---	0.025
5)	782997/3-1-96	Masoom	---do---	0.015
6)	7823385/ 21-3-96	Abdul Salam Prof	---do---	0.025
7)	Pv 123 / Sep 99-00	Abdul Manan	---do---	0.034
8)	Pv 73 / Dec 99-00	Naseebullah	---do---	0.070
9)	Pv 168 / Dec 99-00	Dr. Rehman Rashid	---do---	0.085
10)	Pv 06 / 98- 99	Ghulam Nabi & Mrs. Mah Gul	---do---	0.040
11)	Pv 14 / 97-98	Muhammad Hussain	---do---	0.021
12)	Pv 2 / 97-98	Saeed- ur- Rehman	---do---	0.020
13)	Pv 117 / 95-96	Maqbool H Rizvi	---do---	0.030
14)	Pv 130/ 95-96	Sajid Bashir	---do---	0.035
15)	Pv 135/ 95-96	Zahoor Ahmd	---do---	0.046
16)	Pv 205/ 95-96	Dr. Imdad Hussain	---do---	0.040

Annexure –C
[Para 1.6]

**Statement of Expenditure Incurred on Study Tours during
1995-96 to 2001-02**

(Rupees in million)

17)	Pv 206/ 95-96	Qazi Shakeel	---do---	0.022
18)	Pv 214/ 95-96	Ghulam Nabi	---do---	0.017
19)	Pv 121/ 96-97	Mrs. Shala Abbasi	---do---	0.030
20)	Pv 6/ SEP 96	Mah Gul Raza	---do---	0.059
21)	Pv 32/14-4-99	Ghayamuddin chairman	---do---	0.060
22)	Pv 210/ 13-10-99	Ghayamuddin chairman	---do---	0.025
Total				0.869

Annexure – D
[Para 1.14]

Statement Regarding Non Imposition of Stamp Duty
(Rupees in million)

S. No.	Firm	Particulars of Work/Supply	Value of Contract
1)	M/s A&A Enterprises	Construction of hard (14) block	1.628
2)	M/s Muhammad Siddique Baloch	Addl Attach Bath room constt.	1.118
3)	M/s Muhammad Siddique Baloch	Construction of bungalow	19.178
4)	M/s A&A Enterprises	Constt of PCC Floor	1.382
5)	M/s Muhammad Siddique Baloch	Constt of Bungalow	11.449
6)	M/s Mohkam Carpets Quetta.	Carpet Misc.	0.355
7)	M/s A&A Enterprises	Re-carpeting of road	2.531
8)	M/s Naustaq Centre	Plain paper copier	0.638
9)	M/s Baig Brothers	Paid distemper	0.366
10)	M/s Baig Brothers	Paid distemper	0.893
11)	M/s Baig Brothers	Electric material / distemper	1.149
12)	M/s Ishaque Construction Company	New construction of 3 buildings	35.100
13)	M/s Naustaq Centre	Misc. items of Computer	0.615
14)	M/s Compuaid	Misc. items of Computer	0.400
15)	M/s Quick Marketing	Misc. items of Computer	0.779
16)	M/s Quick Marketing	Misc. items of Computer	0.244

Annexure – D. Cont'd

**Statement Regarding Non Imposition of Stamp Duty
(Rupees in million)**

S. No.	Firm	Particulars of Work/Supply	Value of Contract
17)	M/s National Marketing	Misc. items of Computer	0.104
18)	M/s National Marketing	Misc. items of Computer	0.189
19)	M/s Shoukat Furniture	Furniture	0.376
20)	M/s Quick Marketing	Miscellaneous items	1.238
21)	M/s Baig Brothers	Miscellaneous items	0.699
22)	M/s Baig Brothers	Miscellaneous items	0.266
23)	M/s Baig Brothers	Miscellaneous items	0.531
24)	M/s Baig Brothers	Miscellaneous items	0.519
25)	M/s Baig Brothers	Miscellaneous items	0.449
26)	Miscellaneous firms	Strengthening of lab	15.00
		Total Value of Contracts	102.049
		Recoverable amount @0.25%	0.255

Annexure – E
[Para 1.15]

Non Deduction of Income Tax from 1995 – 96 to 2001 – 02
(Rupees in million)

S. No	Name of firm	Particulars	Amount
1	M/s Amjad Motors	P/o Misc. items of vehicle 3.5%	0.071
2	M/s Bukhari autos	P/o Misc. items of vehicle	0.044
3	M/s Misc. Firms	P/o Misc. items of vehicle	0.006
4	M/s Combing Bearing Centre	P/o Misc. items of vehicle	0.007
5	M/s Sarfraz Autos Quetta	P/o Misc. items of vehicle	0.019
6	M/s Autos Centre Quetta	P/o Misc. items of vehicle	0.038
7	M/s Universal Business Group Qta.	P/o Machinery & Equipment	0.372
8	M/s Abdul Salam Sub Engineer	P/o Gas room heater	0.081
9	M/s A&A Brothers	P/o construction works 5%	1.628
10	M/s A&A Brothers	P/o PCC Floor 5%	1.382
Payment to contractors/suppliers			3.629
Income Tax recoverable			0.172

PART-II

Communication & Works Department

2.1 Irregular expenditure of Rs.159.186 million

Under Para 2.82 of B&R Code, no work shall commence unless administrative approval is accorded and a properly detailed design and estimates have been sanctioned by the competent authority, except real emergent works, which must also be immediately reported to the authorities competent to accord administrative approval and technical sanction.

It has been observed that the Department generally executes works without completing requirement of rule ibid and technical sanction is obtained after completion of works. This issue had been taken up time and again with the Department as evident from the previous audit reports, but the irregular practice is still continuing in most of the Divisions. During 2002-03, eleven schemes of construction of roads costing Rs.159.186 million were under taken in various Divisions without obtaining prior technical sanction of Chief Engineer as detailed below:

(Rs. in Million)

S. No	Name of Division	Name of Work	Amount
1	B&R Division Nushki	Construction of Black Topping Nushki Anam bostan Road KM 160-180	59.470
		Construction of Black Topping Dalbandin Chagai Anam bostan Road KM 180-190	26.296
2	B&R Division Khuzdar	Construction of Black Topping of Kathan to Lizzo Dolat Ram	2.542
		Construction of Wadh to Badi	5.00
		Construction of Khuzdar Sasol Road	20.516

3	B&R Zhub	Division	Construction of Black Topping Zhub Gul Kach Road KM(Group-3)	6.500
			Construction of Black Topping Zhub Gul Kach Road (Group 2)	6.500
			Construction of Black Topping Zhub Gul Kach Road KM-4(Group 1)	8.300
			Construction of Black Topping Zhub Qamar din karaz Road KM 59 to 65	0.600
			Construction of Black Topping Zhub Qamar din karaz Road KM 93 to 100	14.00
			Construction of Black Topping with 5 KM TST and earth work cutting including structure work.	9.462
			Total	

The matter was reported to the Department in November and December 2003, but no reply was received. The Principal Accounting Officer was requested in February and March 2004 to hold the DAC meeting, but no response was received till finalization of this report.

DP No. 57, 58, 59

2.2 Non-recovery of Rs.47.286 million on account of cost of bitumen

Under Para 122 (b) of CPWA Code the Divisional Officer is responsible to adjust value of stock issued to the contractors.

In some Divisions of the Department bitumen was issued for road projects to different contractors on cost recovery basis to be made through their running account bills. The concerned road projects were completed, but recovery for 2,959 tons bitumen worth Rs.47.286 million was not made as detailed below: -

(Rupees in Million)

S. No	Name of Division	No of Schemes	Quantity issued	Amount Rs.
1)	B&R Division Bolan at Dhader	2	91 tons	1.418
2)	B&R Division Dera Murad Jamali	1	30 tons	0.489
3)	B&R Division Dera Allayar	1	8 tons	0.115
4)	B&R Division Dera Allayar	1	55 tons	0.879
5)	B&R Division Dera Allayar	18	348 tons	5.451
6)	B&R Division Gawadar	1	125 tons 105 tons	3.292
7)	B&R Division Dera Murad Jamali	30	600 tons	9.956
8)	B&R Division Turbat	1	1,557 tons	25.686
Total			2,959 tons	47.286

The irregularity was reported to the Department in January 2004, but no reply was received. The Principal Accounting Officer was requested in February and March 2004 to convene the DAC meeting, but there was no response till finalization of this report.

DP No. 60, 62, 64 to 68 and 70

2.3 Irregular expenditure of Rs.4.421 million

Under Para 105 of the CPWA Code all material received should be examined and counted when delivery is taken. The total number or quantity received should be simultaneously entered into register of stock (Form 8). Further para 129 of CPWD code requires that when store of any kind becomes un-serviceable, a report thereof should be made in CPWA Form 18.

In Maintenance Divisions I and III Quetta, an expenditure of Rs.4.420 million was incurred on procurement and replacement of electrical goods, and gas equipment etc., as detailed below:

(Rupees in million)

Name of Work	Description	Amount
Maintenance Division III Quetta		
S/F Gas & Electric, water supply material in BMC Quetta.	New supply & installation of ceiling fans, heater florescent lights Geyser etc.	1.411
Annual and special repair of Doctor's Bungalows	Replacement of tube lights, door Shutters etc.	0.188
Annual / Special repair of different Department	Replacement of choke, tube lights	0.201
A/S repair of Doctor's flats in BMC	Sweep Fans 56"	0.169
A/S of teaching block No 1,2 and 3	Replacement of tube light, Fan, Heaters and Geysers	0.641
Maintenance Division I Quetta		
Supply of TV, Fridge fan etc for CM House	Remote control electric fan, exhaust fan, fridge, TV split AC	1.600
Electric installation in Governor House	Microwave oven, fan cleaner, refrigerator, water cooler etc	0.207
Total		4.420

The stock account and survey reports were not maintained in violation of above mentioned rule. In the absence of said record receipt / usage of material or otherwise could not be verified.

The matter was reported to the Department in December 2003 and January 2004, but no reply was received. Request to the Principal Accounting Officer in March 2004 for holding the DAC meeting also failed to attract any response.

DP No. 71, 72, 74, 75, 77 to 79

2.4 Overpayment of Rs.3.451 million due to non-deduction of shrinkage

As per Section 3 of Balochistan Composite Schedule of Rates 1998, shrinkage allowance from bank measurement is required to be deducted @

10%, 6% and 4% where the earth work is carried out through manual labor, tractor or by deploying a fleet of machinery respectively.

In under mentioned Divisions of the Department, shrinkage allowance from the bank measurement was not deducted resulting in overpayment of Rs.3.451 million as detailed in table.

(Rupees in million)

S. No	Name of Division	Percentage of shrinkage required to be deducted	Amount
1	B&R Division Lasbela at Hub	6	0.133
2	B&R Division Lasbela at Hub	6	0.125
3	B&R Division Lasbela at Hub	6	0.165
4	B&R Division Zhob	6	0.068
5	B&R Division Zhob	10	0.284
6	B&R Division Zhob	10	0.110
7	B&R Division Dera Allahyar	4	0.080
8	B&R Division Dera Allahyar	6	0.127
9	B&R Division Gawader	6	0.279
10	B&R Division Turbat	6	0.274
11	B&R Division Turbat	4	1.800
Total			3.451

The matter was reported to the Department in August 2003 and January 2004, but no reply was received. The Principal Accounting Officer was also requested in March 2004 to convene meeting of the DAC, but no response was received till finalization of this report.

DP No. 82 to 91

2.5 Irregular expenditure of Rs.3.129 million

Under Para 2.86 of the B&R Code and Para 56 of the CPWD Code, the authority granting a sanction to an estimate must remain strictly limited to the

precise objects for which the estimate was intended. If after the accord of technical sanction alterations are contemplated, orders of the original sanctioning authority should be obtained even though no additional expenditure is involved.

In some Divisions of the Communication & Works Department different items of works valuing Rs.3.129 million were executed without any provision for these in sanctioned estimates or without getting the estimates revised. The detail of items is given below:

(Rupees in million)

S. No.	Name of Division	Item of Work	Amount
1	B&R Division Khuzdar	Cleaning, grubbing, preparation and compaction up to 90% AASHTO to the natural ground up to 8" depth and removal of roots	0.387
2	B&R Division Lasbela at Hub	Making Earthen Embankment taken from approved borrow pits	0.451
3	B&R Division Lasbela at Hub	Providing & laying 6" thickness Hoy layer than 1:2:4"	0.088
4	B&R Division Awaran	Providing & laying 1:3:6 CC using crushed stone 19 mm down gauge in foundation including leveling compacting and curing.	0.259
5	B&R Division Khuzdar	Preparation and compaction up to 90% modified AASHTO of natural ground up to 8" in depth.	0.155
6	B&R Division Kalat	Supplying and stacking stone boulders or required stone of approved quality sub grade or soiling cost along road sides of alignment including all leads & lift up to 9" size boulders.	0.193
7	B&R Division	Preparation of sub grade over bottom.	0.963

	Gawadar		
8	B&R Division Gawadar	Prime Coat.	0.633
Total			3.129

The matter was reported to the Department in December 2003, but no reply was received. The Principal Accounting Officer was also requested in February and March 2004 for holding of the DAC meeting, but no response was received till finalization of this report.

DP No. 93, 94, 95, 99, 101, 102, 103, 104

2.6 Non-recovery of stamp duty amounting to Rs.2.961 million from contractors

According to Section 22-A of Schedule I to Stamp Act 1899 as amended vide Balochistan Finance Act 1994, 0.25% of the contract value was required to be realized from the contractors as stamp duty, while entering into contract for execution of any works or to procure stores and materials.

In the under mentioned Divisions of the Department an amount of Rs.2.961 million was not realized from the contractors while entering into contracts with them.

(Rupees in million)

S. No	Name of Division	Amount of Stamp duty
1	B&R Division Khuzdar	0.213
2	B&R Division Lasbela at Hub	0.202
3	B&R Division Awaran	0.856
4	B&R Division Gawadar	0.247
5	Maintenance Division-I Quetta	0.053
6	Project Division-II Quetta	0.446

7	B&R Division Kalat	0.442
8	B&R Division Noshki	0.074
9	B&R Division Dhader	0.428
Total		2.961

The matter was reported to the Department in January 2004, followed by request for holding the DAC meeting, but no response was received till finalization of this report.

DP No. 105, 106, 108, 109, 110, 112, 113, 114 & 115

2.7 Overpayment of Rs.2.00 million due to non-utilization of surplus earth

According to Para 11 (i) of Section 17.1 (A) of the Book of Specifications 1986, if cutting and filling are being done simultaneously; all suitable materials obtained from excavation shall be used in filling of road embankment.

In the under mentioned B&R Divisions, cutting and filling work were simultaneously carried out, but surplus quantities of suitable earth from cutting available at sites were not used in construction of embankment resulting in an overpayment of Rs.2.00 million as shown below: -

(Rupees in million)

Name of Division	Quantity of Surplus Earth	Rate	Total amount	Less Premium	Overpaid Amount
B&R Division Hub	261,629 Cft	172.05 P% Cft	0.450	0.122	0.328
B&R Division	32,699 Cum	71.50 Per Cum	2.338	0.666	1.672

Turbat					
Total					2.00

The matter was reported to the Department in January 2004, followed by request for holding the DAC meeting, but no response was received.

DP No. 117, 119

2.8 Irregular expenditure of Rs.1.835 million

Under Para 2.86 of the B&R Code and Para-56 of the CPWD Code, the authority granting a sanction to an estimate must remain strictly limited to the precise objects for which the estimate was intended. If after accord of technical sanction alterations have been made, the sanction of original sanctioning authority should be obtained even though no additional expenditure is involved.

In Maintenance Division-I Quetta, an expenditure of Rs.1.835 million on account of purchase of electrical appliances, furniture etc. was incurred without estimates sanctioned by the competent authority. To conceal the irregular expenditure it was booked to unrelated civil and other works as detailed below:

(Rupees in million)

Items of expenditure	Works to which booked	Amount
TV Set, trolley, Fridge, Microwave Oven cooking range etc.	Supply of cutlery for 100 persons for CM House	0.907
Split Air Conditioners	Premix carpeting in Balochistan House Islamabad	0.294
Gas heater, sofa sets, carpet, computer TV fan etc.	Improvement of drive way external lighting and repair	0.633

	work in Balochistan Assembly building	
Total		1.835

The matter was reported to the Department in January 2004, but no reply was received. In February and March 2004, the Principal Accounting Officer was requested to convene the DAC meeting, but no response was received till finalization of this report.

DP No. 120, 121, 122

2.9 Irregular expenditure of Rs.1.659 million on account of repairs & replacement of electrical and other fixture

Under Para 209 of CPWA Code, each set of measurement should start/commence indicating full name of work, date of start, date of completion, date of measurement and situation of work etc. Besides, all dismantled items should be taken on appropriate register.

In Maintenance Division-III, repair works of Rs.1.659 million involving replacement of electrical fittings dismantling of iron grill, doors, shutters and pointing on bricks works were carried out in government office and residential buildings as detailed below: -

(Rupees in million)

Name of Work	Description	Amount
Special repair of "E" type Quarters at one unit colony Quetta.	Old item of G.I sheets shutter were not taken in appropriate register	0.410
Special repair of "G" type Quarters in one unit colony Quetta.	Dismantled Iron grills, doors, shutters were neither taken in register nor disposed off.	0.389
Supply and fixing of internal	Ceiling Fans, Tube lights were	0.239

and external electric items	neither taken on account nor were old items disposed off.	
Day to day requirement of BMC Complex	Light circuit florescent lights and tube lights were paid without showing the exact location where these were fixed not shown in the MB	0.069
General repair of Electric Board of Sandeman Hospital.	S/F of 1000 KV cable. Neither taken on account nor the old one was disposed off.	0.147
Rewinding and repairing of submersible pump in Sandeman Hospital.	Supply /Fixing of G.I Pipe without showing the exact location of work.	0.045
Supply of Electric Plumbing hardware items	Rewinding of ceiling Fans exhaust fans and replacement of AC compressor etc was not recorded in account	0.154
Weather coat out side A&B Complex Hostel, BMC Quetta.	Pointing on brick work. The estimates were not shown where the said item of work was carried out.	0.206
Total		1.659

Exact situations / location of repair works were neither shown in estimates nor in MBs. Newly purchased and dismantled items were also not entered in appropriate registers.

The matter was reported to the Department in January 2004, but no reply was received. In February and March 2004, the Principal Accounting Officer was requested to convene the DAC meeting, but no response was received.

DP No. 123, 125, 126, 127, 129,131,135 & 137

2.10 Less deduction of income tax amounting to Rs. 1.245 million

As per Section 50(4) of Income Tax Ordinance 1979 and Central Board of Revenue Circular (dated 30th June, 2001) Income Tax @ 6% if contract value is below Rs.30.00 million and @ 7% for above Rs.30.00 million is required to be deducted from the contractors not holding National Tax Number.

In B&R Division Gawadar, payment of Rs.1.935 million was made to a contractor without deduction of income tax of Rs.0.116 million. Whereas, in B&R Division Khuzdar deduction was made @ 5 and 6% instead of 7% from those contractors, who were not holding 'National Tax Number', resulting in less recovery of Rs.1.129 million.

The issue was brought to the notice of the Department in August, 2003, followed by request to the Principal Accounting Officer to convene the DAC meeting, but no was response received till finalization of this report.

DP No. 138, 140

2.11 Irregular expenditure of Rs.1.200 million due to obtaining excess supply of shingle/ gravel

Under Para 10 (ii) of General Financial Rules Volume I, the expenditure should not be prima facie more than the occasion demands.

In B&R Division Dera Murad Jamali, an item of work “Supply and stacking natural pitrun gravel” for a total quantity of 737,345 Cft @ Rs.594.95 Per %Cft was obtained for construction of a road. The road work was completed and final payment was made on 29th May, 2003, but 252,905 Cft shingle gravel valuing Rs.1.200 million was not used in construction of road work. Besides that unused quantity was not accounted for in material at site register.

The issue was reported to the Department in January 2004, followed by request for holding the DAC meeting, but no response was received till finalization of this report.

DP No. 141

2.12 Excess expenditure of Rs.1.031 million by allowing higher rates

Under Para 1.59 of B&R Code, the Divisional officers are strictly prohibited from making material deviation from sanctioned design in the course of execution without the sanction of competent authority.

In Provincial B&R Division Lasbela at Hub, 37.5 mm thick asphalt concrete carpet @ Rs.1,661.55 per % sft. was to be laid as per provision of sanctioned estimate. However, the divisional officer allowed 50 mm thick asphalt concrete carpet @ Rs.2,054.55 per% sft. without sanction of Chief Engineer. This resulted in excess expenditure of Rs.1.031.

(Rupees in million)

Quantity	Rate Paid for P% Sft	Rate Payable for P% Sft	Difference Per% sft	Excess Amount
270,385.08 Sft	Rs.2,054.55	Rs.1,661.55	Rs.393	1.062
Less 3% Premium				0.031
Net excess payment				1.031

The case was reported to the Department in January 2004, followed by request for holding the DAC meeting, but no response was received till finalization of this report.

DP No. 142

2.13 Overpayment of Rs.0.775 million due to allowing excess quantity of murum

According to provision contained in the hand book of Civil Engineering, murum is spread over the stone metal as screening. The screening is carried out to fill the interstices and voids to obtain smooth surface. The murum is used @ 15% of compacted thickness of stone metal.

In B&R Division Lasbela at Hub, murum was used in different road works upto 32% of the stone metal instead of permissible rate of 15%, resulting in overpayment of Rs.0.775 million.

The matter was reported to the Department in January 2004, but no reply was received. The Principal Accounting Officer was also requested in March 2004 to hold the DAC meeting, but no response was received.

DP No. 146, 148, 150

2.14 Irregular expenditure of Rs.0.704 million on account of purchase of stationery

Under Para 148 of General Financial Rules Volume - I, all materials received should be examined, counted measured or weighed as the case may

be, when delivery is taken by a responsible government officer, who should see that the quantities are correct and their quality is good, and record a certificate that he has actually received the materials and entered them in the appropriate stock register.

The office of the Secretary C&W Balochistan, incurred an expenditure of Rs.0.704 million on purchase of stationery, but neither stock account was maintained nor any responsible officer certified the receipt of stationery. The vouchers were also defective because serial numbers of the vouchers were tampered. Therefore, authenticity of procurement / utilization could not be determined / verified.

The matter was reported to the Department in January 2004, followed by request to the Principal Accounting Officer for holding the DAC meeting, but there was no response. **DP No. 151**

2.15 Loss of Rs.0.490 million due to non accountal of dismantled Items

Under Para 72 of CPWA Code, where a voucher exhibits any expenditure from which revenue may accrue due to dismantling or removing material from a building, a note should be recorded to indicate how the old material is disposed off and if sold when the sale proceeds will be credited to government.

In Project Division - II Quetta, contract was awarded to a contractor for “removal of items like GI Sheets, wooden planks, chowkat, window and cutting of trees from the various under repair buildings or for dismantling of old structure”. Neither the dismantled items, valuing Rs.0.490 million, were entered in relevant register nor was any revenue deposited in government account.

The matter was reported to the Department in January 2004, followed by request in February 2004 for holding the DAC meeting, but no response was received.

DP No. 152, 153

Irrigation & Power Department

2.16 Irregular expenditure of Rs.24.962 million

According to clause 38.2 of the conditions of contract of Balochistan Community Irrigation and Agriculture Project, the Project Manager shall not adjust / make changes in quantities if thereby the initial contract price is exceeded by more than fifteen percent, except with the prior approval of the employer.

In the under mentioned schemes of the project, quantities of different items of works were substantially increased from approved BOQs resulting in excess expenditure of Rs.24.962 million over and above initial contract price as detailed below: -

(Rupees in Million)

Name of Scheme	Original Contract Value	Expenditure incurred	Excess Expenditure	%age
Flood Irrigation Scheme Marufzai	21.253	33.725	12.472	59%
Kumbri Perennial Irrigation Scheme	18.435	24.285	5.850	32%
Mirjanzai Perennial Irrigation Scheme	41.457	48.097	6.640	16%
Total	81.145	106.107	24.962	

The matter was brought to the notice of the Department in March 2005. The Principal Accounting Officer was also requested in April 2005 to convene the DAC meeting, but no response was received till finalization of this report.

DP No. 22, 23, 24

2.17 Non-recovery of liquidated damages of Rs.14.636 million

According to Clause 49 of the conditions of contract of Balochistan Community Irrigation and Agriculture Project, read with section 12 of contract data, if a contractor fails to complete the work within stipulated time, then he will be liable to pay 10% liquidated damages on the final cost to the employer.

The under mentioned works were not completed within scheduled period but 10% liquidated damages amounting to Rs.14.636 million were not recovered from the contractors.

(Rupees in million)

Name of the Contractor	Name of PIS	Final Cost Rs.	Time Allowed / Extended	Actual Completion date	10% liquidated damages
M/s Sara Enterprises, Quetta	Khari	29.490	31.03.01	05.01.02	2.949
M/s Shah Abdul Haq and Noor Co.	Wahar	10.344	04.01.01	26.05.01	1.034
M/s Janan Khan Brothers	Kalan	13.035	31.05.01	18.10.01	1.304
M/s Haji Rahja Khan	Mirjanzai	48.097	01.05.00	31.05.00	4.810
M/s SH Haq Noor and Co.	Mara Tangi	23.381	28.02.01	31.05.01	2.338
M/s Abdul Haq	Zarin Hasoi	22.006	31.01.01	30.04.01	2.201
Total		146.353			14.636

The matter was brought to the notice of the Department in March 2005, followed by request to the Principal Accounting Officer in April 2005 to convene the DAC meeting, but no response was received till finalization of this report.

DP No. 26

2.18. Irregular expenditure of Rs.9.052 million for concrete work beyond the provision of BOQs.

According to Clause 38, 39 and 40 of the conditions of contract of Balochistan Community Irrigation and Agriculture Project, in case of addition / alterations in BOQs, variation order will be prepared under sanction of Project Director.

In Kumbri Perennial Irrigation Scheme, payment of Rs.9.052 million for different concrete items was made to the contractor which were not included in original BOQs, but incorporated in BOQs through third variation order without approval of Project Director. Further the payment was made without recording detailed measurement in violation of Para 208 of CPWA Code.

The issue was brought to the notice of the Department in March 2005, followed by request to the Principal Accounting Officer in April 2005 to convene the DAC meeting, but no response was received.

DP No. 28

2.19. Excess expenditure of Rs.1.283 million due to allowing excess excavation of trenches

According to clause 211(2) of bidding document(technical specifications) of Chutta Perennial Irrigation Scheme, trenches for pipe shall be wide equal to the nominal diameter of pipe plus 2 feet.

During audit it was observed that seven feet wide trenches for laying 24 inches dia RCC Pipes and six feet wide trenches for 15 inches dia steel pipes were shown excavated. Due to allowing extra width of trenches, an excess expenditure of Rs.1.283 million was incurred.

The matter was brought to the notice of the Department in March 2005, followed by request to the Principal Accounting Officer in April 2005 to

convene the DAC meeting, but no response was received till finalization of this report.

DP No. 29

2.20 Irregular expenditure of Rs.2.056 million without calculating payable quantities

According to Para 208 of CPWA Code, payments for all work done are made on the basis of measurement recorded in measurement book, Form 23.

In the under mentioned schemes of Balochistan Community Irrigation & Agriculture Project, an expenditure of Rs.2.056 million was incurred without recording detailed measurement of payable quantities in MB as detailed below: -

(Rupees in million)				
Name of scheme	Description of work	Quantity	Rate	Total amount
Chutta Perennial Irrigation Scheme Khuzdar	Excavation in river bed i/c disposal of excavated material within 1,000 ft	463,123 Cft	Rs. 2.51 per Cft	1.162
Construction of Wandri Perennial Irrigation Scheme in Khuzdar	Supplying, mixing and placing class – C concrete in cut off wall and base slab	12,251 Cft	Rs.73 per Cft	0.894
				2.056

The matter was brought to the notice of the Department in March 2005. The Principal Accounting Officer was requested in April 2005, to convene the DAC meeting, but no response was received till finalization of this report.

DP No. 30 & 31

2.21 Excess Expenditure of Rs.0.234 million due to allowing excess width of trenches

According to Section 1.3 of bidding documents Volume-I, the method of measurement for excavation of pipe lines shall be calculated by multiplying together the average depth of material to be removed, the length of pipe line and width of trenches. For the purpose of measurement, the width is taken as nominal diameter of pipe line plus 20 inches.

In Perennial Irrigation Scheme Lakhoro, 80 inches wide trenches for laying 18 inches dia RCC Pipes were shown excavated. Due to allowing extra width of trenches, an excess expenditure of Rs.0.234 million was incurred.

The issue was brought to the notice of the Department in March 2005, followed by request to the Principal Accounting Officer in April 2005 to convene the DAC meeting, but no response was received till finalization of this report.

DP No. 33

2.22 Non-recovery of Rs.0.126 million

According to the decision taken by the Engineering Committee, (notified vide Secretary Irrigation and Power Department Government of Balochistan letter dated 9th March, 2001) an amount of Rs.0.126 million on account of cutting of trees was to be recovered from the contractor of Mara Tangi Perennial Irrigation Scheme, but no recovery was made from the contractor.

The matter was brought to the notice of the Department in March 2005, followed by request to the Principal Accounting Officer in April 2005, to convene the DAC meeting, but no response was received till finalization of this report.

DP No. 34

2.23 Non-maintenance of record

Register of works in Form CPWA 40 and 41 is a permanent and consolidated record of the expenditure incurred in the division on all works carried out during a year. Likewise, the contractor ledger in Form 43 is a running account with each contractor. Both registers are required to be maintained in Divisional Office and closed regularly on monthly basis.

Above mentioned registers are regarded amongst most important record for monitoring contractor's claims and progress of expenditure against specific allocation. In the absence of said registers effective control over expenditure and execution of projects could not be exercised. It was observed that these registers were not maintained in all the divisions of Irrigation Department, audited during the year.

The issue was brought to the notice of the Department in November 2003, followed by request to the Principal Accounting Officer in April 2004 to convene the DAC meeting, but no response was received till finalization of this report.

DP No. 36

Section – II
Comments on Internal Controls

Comments on Internal Control

Internal control system is the most effective tool of management for good governance of available resources and means to detect errors and frauds. However, apparently it did not exist in most of the formations of the Provincial Government audited during the year. As a result, cases of grant/drawl of undue benefits, overpayments, non-recovery of Government dues etc., were noticed during test audit of these organizations. Internal control system helps the Principal Accounting Officer to focus on areas of greater importance but Audit noticed a number of instances which occurred due to absence of internal control. Some of the instances are included in this report but other cases have already been submitted to the Principal Accounting Officers and subordinate authorities concerned through the audit and inspection reports in respect of these organizations.

The absence of a proper mechanism of internal control in the departments and their subordinate organizations has led to serious financial irregularities including, but not limited to, the following:

1. Irregular payment of pay and allowances to the employees;
2. Non-recovery of Government dues;
3. Loss to public exchequer due to acts of omission or commission;
4. Procurement of stores in non-transparent manner;
5. Misuse of financial powers by the subordinate authorities;
6. Commencement of development projects / works without technical sanction;

7. Payments in disregard of sanctioned estimates;
8. Non/ improper maintenance of accounting record;

The concerned Principal Accounting Officers, in respect of organizations under their control, are advised to:

1. ensure installation of the mechanism of management controls to prevent un-authorized practices and improper utilization of public assets;
2. formulate and enforce proper regulatory framework in respective organizations;
3. make arrangements for prompt recovery of Government dues, wherever applicable, and their credit in the Government Treasury; and
4. arrange internal audit at regular intervals.