



ANNUAL REPORT

2017-18

AUDITOR GENERAL OF PAKISTAN
Integrity, Quality, Partnership

Auditor - General of Pakistan



Annual Report 2017-18

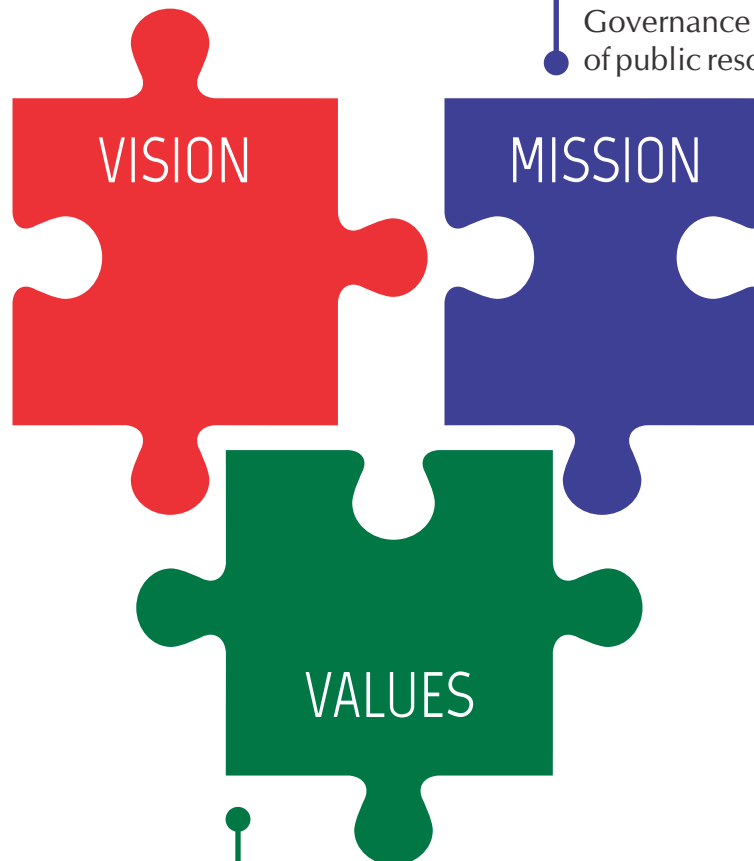
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OUR VISION

A Model Supreme Audit Institution adding Value to National Resources.

OUR MISSION

Serving Nation by Promoting Accountability, Transparency, Good Governance in the Management & use of public resources.



OUR VALUES

Integrity, Quality & Partnership

Compliance of professional standards in our work providing timely and reliable audit reports, helping clients achieve their objectives economically, efficiently & effectively.

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List of Acronyms

AATI	Audit & Account Training Institute
ACCA	Associate Chartered Certified Accountant
AGP	Auditor General of Pakistan
AMIS	Audit Management Information System
APPM	Accounting Policies and Procedures Manual
ASOSAI	Asian Organization of Supreme Audit Institutions
CA&E	Corporate Audit & Energy
CAP	Corporate Audit Plan
CFAO	Chief Finance and Accounts Officer
CGA	Controller General of Accounts
CIA	Certified Internal Auditor
CISA	Certified Information System Auditor
CoA	Chart of Accounts
DA	District Audit
DAC	Departmental Accounts Committee
ECOSAI	Economic Coordination Organisation Supreme Audit Institution
ERP	Enterprise Resource Planning
FAM	Financial Audit Manual
FAO	Field Audit Office/ Federal Audit Operations
FY	Financial year
GOP	Government of Pakistan
HRD	Human Resource Development
HRM	Human Resource Management
ICGFM	International Consortium on Governmental Financial Management
IDI	INTOSAI Development Initiative
IMF	International Monetary Fund
INTOSAI	International Organization of Supreme Audit Institutions
IPSAS	International Public-Sector Accounting Standards
ISAR	International Standards of Accounting and Reporting
ISSAIs	International Standards of Supreme Audit Institutions
ITP	Intensive Training Programme
NAM	New Accounting Model
PA	Provincial Audit
PA&AS	Pakistan Audit & Accounts Service
PAC	Public Accounts Committee
PAO	Principal Accounting Officer
PIFRA	Project to Improve Financial Reporting and Auditing
PIPFA	Pakistan Institute of Public Financial Accountants
PSDP	Public Sector Development Programme
QMF	Quality Management Framework
SAI	Supreme Audit Institution
UNIDO	United Nations Industrial Development Organization



Mr Javaid Jehangir
Auditor General of Pakistan

Message From Auditor General of Pakistan

Office of Auditor General of Pakistan (OAGP) has always endeavoured to augment the culture of professionalism and quality in the organization. The aim is to integrate the current auditing standards, approaches and methodologies in our auditing practices for bringing about a qualitative change in our output, and to equip us better in helping the legislature in its function of parliamentary oversight over receipt and disbursement of public funds.

With the setting up of the new democratic order and a proactive Public Accounts Committee, the responsibility of OAGP has increased significantly. We have accepted this challenge by following the core values of Integrity, Quality and Partnership. Our endeavours resulted in submission of quality audit reports to the legislature in a record period of 6 to 8 months for Certification and Compliance with Authority Audits respectively. We are creating value for the nation, being fully cognizant of the need for efficient utilization of resources from the public exchequer. Conformity with international best audit practices will raise the level of reliability of our output with all the stakeholders that include the legislators, tax payers, public servants, media and the nation as a whole.

We would like to reiterate our resolve to work in tandem with all stakeholders by aligning the goals of the SAI Pakistan with the Government's reform agenda in order to promote transparency and good governance. We are improving communication as well as working relationship with the executive departments by providing them timely and quality feedback in public financial management. This will help them achieve their objectives economically, efficiently and effectively. This improvement has been achieved through an incremental process, for which we owe a lot to our predecessors.

This Annual Report is a manifestation of our resolve to present the performance of the Department for public scrutiny which is in line with the government's policy of ensuring transparency, accountability and good governance. I am pleased to present this annual report for the audit year 2017-18. The report covers OAGP's financial and operational performance during the year under review.

Javaid Jehangir
Auditor General of Pakistan



Auditor General of Pakistan calls on President of Pakistan on 26-09-2018



Auditor General of Pakistan calls on Prime Minister of Pakistan on 13-09-2018

About Us

We Audit all Government Organizations and Public Sector Entities

- 5407 Employees (SS)
- 30 Field Audit Offices
- Budget of Rs. 4, 463.651 Million
- 9193 Formations audited
- Member of INTOSAI Governing Board
- Member ASOSAI Board
- Secretary General ECOSAI
- IDI Certified Auditors

Outcomes

For the FY 2016-17 Auditor General of Pakistan produced

- μ 419 Audit Reports
- μ Certification Audit Reports of 276 Accounting Entities
- μ 135 Compliance Audit Reports
- μ 48 Performance Audit Reports
- μ 53 Special audit Reports
- μ 183 other Audit Reports (FAP & Environment) Audit

Results

- μ Successful in completing and laying before Parliament the Annual Audit Report 2017-18 on target date of 28th February 2018
- μ Rs.127,279.361 million Recoveries pointed up to 30.06.2017
- μ Timely discussion initiated in PAC on Audit Reports and current year audit Report under discussion
- μ Effective follow up and coordination to reduce backlog of reports under discussion at PACs

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1

**PUBLIC ACCOUNTABILITY
IN PAKISTAN**

PUBLIC ACCOUNTABILITY IN PAKISTAN

Genesis of the SAI Pakistan

The SAI Pakistan has a long history of being at the centre of public accountability that goes back to the 19th century when the financial codes and manuals for public financial management in the region were first drafted in pre-independence era. Since the independence of the country, the SAI Pakistan enjoys a constitutional status that ensures continuity of its operations for promoting transparency in governmental operations.

The system of financial control and accountability in Pakistan follows the Westminster model under which four institutions exercise financial control over public resources. These are the Parliament, the Treasury, the Principal Accounting Officer (PAO), who is the head of a Government department, and the Auditor General. The Auditor General plays a pivotal role in the process of accountability.

The Auditor General as the Pivot of Accountability

According to the Constitution of the Islamic Republic of Pakistan, the Parliament and the Provincial Assemblies have the final word over the issuance of public funds from the Consolidated Funds and the Public Accounts of the Federal and Provincial Governments. Control over these funds is exercised by the Parliament through the office of the Auditor General who ensures conformity to the determination of the legislature.

His mandate, given in the Constitution of the country and supported by subsidiary legislation, enables him to develop independent and objective assessments of the process of governance, which augment the legislative oversight of the peoples' representative on governmental operations.

Glimpses of 157 Years of Institution of Auditor General of Pakistan

- μ Sir Edmond Drummond 1st Comptroller & Auditor General of United India 1860
- μ Syed Yaqub Hussain Shah 1st Comptroller & Auditor General of Pakistan 14th August 1947
- μ Accounts Group created in 1973
- μ Present Auditor General is 20th Auditor General of Pakistan
- μ Audit and Accounts Separated w.e.f 1st July 2001



Chief Justice of Gilgit Baltistan taking Oath from Mr Javaid Jehangir for the Office of Auditor General of Gilgit Baltistan on 25-11-2017



Chief Justice of Azad Jammu & Kashmir taking Oath from Mr Javaid Jehangir for the Office of Auditor General of Azad Jammu & Kashmir on 07-12-2017

Constitutional Mandate and Status of AGP

The mandate and status of the Auditor-General of Pakistan (AGP) have been given in Articles 168 – 171 of the Constitution and the Auditor General's (Functions, Powers and Terms & Conditions of Service) Ordinance, 2001. The powers and functions of the Auditor General were governed by Pakistan (Audit & Accounts) Order 1973, till 30th June 2001. A new Ordinance was promulgated in 2001 to replace the Order of 1973.

Since the Auditor General of Pakistan heads the SAI Pakistan and acts as the lynchpin of public accountability, he is appointed by the President under Article 168 of the Constitution. In order to develop an independent and objective assessment of the process of governance and to augment the legislative oversight of the people's representative on governmental operations, the Auditor General has been provided a secure tenure in office (a fixed term of 4 years or 65 years of age whichever occurs earlier). He can only be removed from office in a manner similar to the Judge of the Supreme Court.

The enactment of 18th amendment as part of constitution has enhanced the powers of AGP and now the scope of audit extends to every single entity and body where spending from national exchequer is involved.

Article 168:

“There shall be an Auditor General of Pakistan who shall be appointed by the President. The Auditor-General shall, unless he sooner resigns or is removed from office in accordance with clause (5), hold office for a term of four years from the date on which he assumes such office or attains the age of sixty-five years, whichever is earlier”. The other terms and conditions of service of the Auditor-General shall be determined, by Act of Majlis-e-Shoora (Parliament); and, until so determined, by Order of the President.

Article 169:

“The Auditor General shall, in relation to (a) the accounts of the Federation and of the Provinces; and (b) the accounts of any authority or body established by the Federation or a Province, perform such functions and exercise such powers as may be determined by or under the Act of Parliament and, until so determined, by order of the President”.

Article 170:

The audit of the accounts of the Federal and of the Provincial Governments and the accounts of any authority or body established by, or under the control of, the Federal or a Provincial Government shall be conducted by the Auditor-General, who shall determine the extent and nature of such audit.

Article 171:

“The reports of the Auditor General relating to the accounts of Federation shall be submitted to the President, who shall cause them to be laid before the National Assembly and the reports of the Auditor-General relating to the accounts of a Province shall be submitted to the Governor of the Province, who shall cause them to be laid before the Provincial Assembly”.

Supreme Court Judgment 2013

Supreme Court of Pakistan in its judgment in constitutional petition CP No 102 Of 2012 notes that “The Constitution does not recognize any exception to the provisions of Article 170(2). In this view of the matter, the Consolidated Fund and Public Accounts cannot remain unaudited” (Para 11). Even before the introduction of Article 170(2) in 2010, the Auditor General's (Functions, Powers and Terms & Conditions of Service) Ordinance, 2001, made it “abundantly clear that where the amount is charged on the Consolidated Fund or relates to the Public Accounts of the Federation or the Provinces, the same must be audited by the Auditor General without exception” (Order dated 07.05.2013, Para 11). Also in its Para 13, Supreme Court of Pakistan noted that: “sub-Article (2) of Article 170 of the Constitution was added by the 18th Amendment which amply empowers and directs the Auditor General to fulfill his constitutional obligations as watchdog of the people of Pakistan. It is only through audit that it can be ensured that the hard-earned income of citizens of this country is being spent for lawful purposes. Without the audit specified by the Constitution and the two statutes, referred to here in above, there can be little or no room for any transparency. Absence of audit by the Auditor General, apart from being in violation of the Constitution and law, is a sure and certain invitation to corruption and lack of accountability.”

Role of the PAC in Public Accountability

Under the Westminster model, the Parliament divides itself into various committees to efficiently undertake its wide range of oversight responsibilities. From its earlier days, the model saw the need for a committee to oversee government's financial operations and from this the PAC evolved. It is the 150-odd years of Westminster parliamentary history which has been the foundation of the Public Accounts Committee in Pakistan.



Public Accounts Committee Visit to Auditor General's Office on 31-01-2018

The Public Accounts Committee (PAC) is one of the most important institutions to ensure legislative accountability. Its role and responsibilities have been laid out in the “Rules of Procedures and Conduct of Business in the National Assembly”. These rules specify that the PAC should look into the legality and regularity of income and expenditure of government departments along with the reports of the Auditor-General. As per his constitutional mandate, the Auditor-General of Pakistan submits audit reports on the accounts of the Federation and Provinces to the President and Governors respectively. The President/ Governor cause them to be laid before the National/Provincial Assemblies, which in turn refer these reports to the respective Public Accounts Committees. The Principal Accounting Officers are called upon to appear before these Committees to satisfy the public representatives with reference to the observations of the Auditor General made in his reports with regard to the public spending incurred through them. The Public Accounts Committees are required to submit annual reports for the deliberation, and consideration of the respective assemblies.

The Parliament, through its PAC, is reliant on the Auditor General for most of the information it requires to carry out its particular mandate. There are many examples across many countries where an Auditor General has extended the scope of his work in order to accommodate the PAC's needs, which go beyond the conventional financial audit. This has given rise to various types of compliance and performance audits. While a PAC might not have the powers to instruct government, by becoming 'formidable' in the eyes of the public it gains an authority that causes government to nonetheless treat its directives as instructions. However, there is a need to further expand the oversight role of the PAC, its legislative mandate to enforce the implementation of its recommendations.

Functions of the AGP

Under the Law, the AGP performs the following functions:

- i. determining, with the approval of the President, such forms, principles and methods in which the accounts of the Federation and of the Provinces shall be kept,
- ii. certifying the accounts, compiled and prepared by the Controller General of Accounts or any person authorized on that behalf for each financial year, showing under the respective heads the annual receipts and disbursements for the purpose of the Federation, each Province and each District,
- iii. submitting the certified accounts with such notes/comments or recommendations as he may consider necessary to the President or the Governor of a province or the designated district authority,
- iv. preparing reports relating to the accounts of the Federation/Provinces and submit them to the President/Governor, who shall cause them to be laid before the National/ Provincial Assemblies,
- v. AGP performs the function of auditing

- a. all expenditures from the Consolidated Fund and Public Accounts of the Federation and each Province;
- b. all receipts which are payable into the Consolidated Fund or Public Accounts of the Federal Government and of each Province and in the accounts of each district; and to provide assurance that these were payable, have been properly and correctly deposited; and internal controls are in place for their proper assessment and collection;
- c. accounts of stores and stock kept in any office or department of the Federation or of a Province or of districts;
- d. all trading, manufacturing, profit and loss accounts, balance sheets and other subsidiary accounts in any Federal or Provincial department and public-sector enterprises;
- e. the accounts of anybody or authority substantially financed by loans or grants from the Consolidated Fund of the Federal or Provincial or District Government and to provide assurance as to the fulfillment of the conditions subject to which such grants or loans were given.

Government departments are accountable to the Parliament for disbursing public money for the service and purpose for which they had been made available and in accordance with the prevailing rules and regulations.

The Constitution of Pakistan also provides the AGP adequate powers to carry out these functions.

Audit Function and Jurisdiction

In terms of Article 170 (2) of Constitution of Pakistan, the mandate of the AGP requires the organization of the AGP to conduct audit of the accounts of the Federal Government's ministries, divisions, attached departments, subordinate offices, and autonomous / semi-autonomous organizations and of the accounts of the Provincial departments, organizations and their subsidiaries, Accounts of the District/Local Governments and its organizations, bodies, authorities subordinate offices subsidiaries etc. Article 170(2) of Constitution of Pakistan states that "The Audit of the accounts of the Federal and of the Provincial Government and the accounts of any authority or body established by or, under the control of, the Federal or Provincial Government shall be conducted by the Auditor General, who shall determine the extent and nature of such audit". Additionally, FAOs conduct audit of foreign aided projects funded by the World Bank, Asian Development Bank, and other bilateral and multilateral donors.

Auditing Standards and Types of Audit

The AGP has adopted the INTOSAI code of Ethics and Auditing Standards. The Financial Audit Manual (FAM) and twenty Audit Guidelines prepared and adopted for public sector auditing in Pakistan are consistent with the International Standards of Supreme Audit Institutions (ISSAIs) and cover all stages of audit cycle. The Guidelines for Performance Audit used by the AGP are comprehensive and these are being revised to be consistent with international best practices. The

ASOSAI Guidelines on AQMS are practiced by the AGP in its Audit Reports.

The Auditor General of Pakistan conducts various types of audit including:

- i. Financial attest focuses on audit opinion on the financial statements and the state of internal controls in the audited entities
- ii. Compliance with authority audit encompasses observance of laws, rules, regulations, and prescribed procedures by the audited entities and leads to reports on their non-compliance
- iii. Value for money or Performance audit reports on the economy, efficiency and effectiveness in the management of public funds
- iv. Environment Audit, Information Security Audit, Forensic Audit, Special Studies and Evaluation of projects, programs of public importance

In addition to the above, special audits are conducted on the directives of the Auditor General, the PAC and on the requests of the heads of executive departments. Instances of grave financial indiscipline highlighted by media or public complaints also become a basis for initiating a special audit.

Quality Control

Quality Management Framework (QMF) which comprises Quality Assurance Mechanism, Quality Control Mechanism and Quality Improvement Mechanism is meant to ensure quality of each and every report before its approval. This framework, consistent with the INTOSAI and ASOSAI standards and guidelines, captures all dimensions of audit quality and applies to all stages of audit cycle. The AGP started to judge performance of our field audit offices with reference to the QMF from 2009-10. It established two levels of committees. The Internal Quality Control Committee (Internal QCC) is headed by the Deputy Auditor General of the concerned Audit Wing. Each head of the Audit Wing rated audit reports of its FAOs against quality attributes laid down in the QMF. After the internal QCC the report is submitted to the external DAG for External QCC. Directorate of Quality Assurance has been established at AGP office to coordinate all the works related to quality.

The AGP has been able to create an environment in which every employee is expected to contribute to quality improvement.

The AGP has also introduced a standardized “Template for Audit Report” for the FAOs. Standardization of the audit products is expected to facilitate the stakeholders in identifying governance issues on a consistent basis across the governments. The AGP has been able to create an environment in which every employee is expected to contribute to quality improvement.

As a result of these measures, the quality of audit reports has improved notably this year. Further, the AGP identified a few gaps in the QMF that are now being plugged in. For instance, the QMF focuses on pre-issuance stages of Audit Reports and the follow-up stage. However, efforts are in place for capturing the impact of audit in its design.

Internal Audit and Vigilance within the AGP's Organization

The Inspection, Regulation, Vigilance and Monitoring (IRV&M) Wing acts as an internal auditor of the department providing a reasonable assurance on the propriety and probity of the working within the AGP's organization. This Wing directly reports to the AGP and provides assurance that audit operations meets the standards of financial and administrative discipline prescribed by law and best practices. The Inspection cell of the Wing conducts administrative inspections of Field Audit Offices of the AGP as per the approved plan. During the year 2017-18, the wing carried out inspections of the Field Audit Offices. The Regulation cell of the wing provides guidance on particular questions of legal and financial importance. The Vigilance Section deals with cases of complaints received from the public regarding loss to public exchequer. It conducts enquiries in cases of frauds, embezzlements and losses, and reports its findings to higher authorities. It also works for speeding up the Pension and Provident Fund cases of the retiring public servants of the department.

Special Sectors Audit

Auditor General of Pakistan has created/re-designated a wing for special sectors audit headed by a Deputy Auditor General. The wing is meant to carry out the vision of making the Department of Auditor General of Pakistan as a model Supreme Audit Institution by Strengthening and Institutionalization of Special Audits, viz:

- a) Creation of a new Unit as (Banking/ Financial Institutions Audit).
- b) Creation of a Special Audit Unit (SAU)) for strengthening and institutionalization of Special Audits like Forensic Audit and Performance audit. Creation of a System Audit Unit (SAU) is meant to promote the use of Information Technology and Information System and to provide technical support to FAOs in conduct of IT Audits.

Strategic Plan

AGP's Strategic Plan is a great initiative. It's a medium-term planning for composite progression. The plan is being executed to achieve five goals in 4 years which are:

- i. Improving Financial and Organizational Independence
- ii. Development of Professional and Institutional Capacity
- iii. Development of Communication & Cooperation with stakeholders
- iv. Use of Modern Audit Techniques and Technologies
- v. Improving Internal Governance

To achieve the goals of Strategic Plan the OAGP has achieved the pre-requisites by Equipping with necessary IT software and hardware, capabilities of Computer Assisted Audit Techniques developing sectoral Audit guidelines and adopting Risk based Audit methodologies.

Corporate Audit Plan

As its regular annual feature, the AGP involves all the FAOs in the preparation of a Corporate Audit Plan (CAP) for carrying out its audit mandate. The CAP seeks to achieve the following:

- μ Timely, reliable and relevant reporting for the stakeholder's vis-à-vis Legislature and the Government and the Public.
- μ Addressing High Risk Areas and System Weaknesses in the Financial System.
- μ Value Addition by assessing key performance indicators,
- μ Identifying emerging challenges

The annual audit planning takes into account the concept of audit cycle under which audited entities are categorized according to their importance and risk. The AGP's audit cycle provides for the audit coverage of all the entities of the federal and provincial governments and their subsidiaries in a three years period; but keeping in view the risk parameters, there are entities which are audited annually or biennially.

The CAP basically aggregates annual audit plans of all FAOs. Once audit plans are approved, FAOs begin to carry out planned audits under the supervision of the heads of the Audit Wings. The Audit Wings provide update on the implementation status of their respective audit plans to the Policy Wing of the AGP. It is worth adding that the plan is a dynamic document and is amended keeping in view the requirements of various stakeholders.

Highlights 2017-18

- μ All the targets set for 2017-18 in OAGP Strategic Plan 2015-19 were met
- μ 100% completion of audit certifications of 276 Accounts and report laid before parliament on due date
- μ Zero tolerance towards complaints regarding corruption and grievance redress mechanism in place



OAGP-Operational Targets 2018-19								
Sr. #	FAO	Certification Audit	FAP Audit	Performance Audit	Regularity Compliance Audit	Special / Environment / IS Audit	Special Study	Total Planned
DAG Federal Government Audits								
1	Federal Government Audit	4	55	3	316	11	-	389
2	Foreign Missions Audit	1	-	2	138	-	2	143
3	Disaster Management Audit	2	8	3	50	-	1	64
4	Zakat Audit	-	-	1	135	2	-	138
DAG Provincial Audit North								
5	Gilgit Baltistan Audit	2	1	2	140	-	-	145
6	Azad Jammu & Kashmir Audit	2	5	2	398	2	-	409
7	Provincial Audit Khyber Pakhtunkhwa	2	32	3	239	5	-	281
8	District Audit Khyber Pakhtunkhwa	25	-	7	704	8	-	744
DAG Provincial Audit Central								
9	Provincial Audit Punjab	2	10	6	720	3	3	744
10	District Audit South Punjab	34	2	4	766	1	3	810
11	District Audit North Punjab	38	-	4	587	5	1	635
12	Provincial Works Punjab Audit	1	22	2	261	5	1	292
DAG Provincial South								
13	Provincial Audit Baluchistan	1	8	2	574	4	-	589
14	Provincial Audit Sindh	2	23	3	1,434	8	3	1,473
15	Local Council Audit Baluchistan	-	-	6	502	-	4	512
16	Local Council Audit Sindh	-	-	5	600	-	7	612
DAG Revenue Receipts								
17	Inland Revenue & Customs North Audit	36	-	1	180	-	3	220
18	Inland Revenue & Customs South Audit	32	-	-	149	-	8	189
DAG Corporate Audits								
19	Corporate Audit North	2	3	4	51	5	-	65
20	Corporate Audit South	47	-	5	47	-	2	101
21	Railways Audit	28	-	3	73	-	-	104
22	Pakistan Post & Telecom Audit	1	-	3	78	-	-	82
23	Power Sector Audit	-	37	-	137	2	-	176
24	Water Resources Audit	-	11	2	90	3	-	106
25	Petroleum & Natural Resources Audit	9	-	2	61	2	1	75
DAG Defense Services Audits								
26	Defense Services Audit North	2	-	3	418	-	4	427
27	Defense Services Audit South		-	-	117	-	4	121
28	Federal Government Works Audit	1	9	3	125	2	-	140
		274	226	81	9,090	68	47	9,786

Creating a Partnership Culture with Clients

The AGP endeavors to create a partnership culture with auditees to have maximum impact of its products and services on the Governance system of the country. Thus, FAOs are required to be in touch with auditees during audit engagement at all stages in audit cycle. Audit engagement begins after intimation has been given to the auditees. Further, preliminary reports are discussed and management views taken before these reports are issued. Subsequently, before the finalization of the audit reports, the Principal Accounting Officers (PAOs) are apprised of the major findings so that they can either initiate remedial actions or satisfy the auditors with valid explanations for managerial actions that lead to the audit findings. After the finalization of the audit reports, the PAOs are requested to organize meetings of the Departmental Accounts Committees (DACs). The DACs in Pakistan deals with the audit related functions usually performed by the Audit Committees and provide a platform for addressing the concerns of the auditors before they are reported to the legislature. This arrangement increases the cost-effectiveness of audit process because the adjudication of the legislature is required only in cases that are significant in terms of their financial and systemic implications.

Policy Board



A Group Photograph of Auditor General of Pakistan, Javaid Jehangir, with the Participants of Policy Board Meeting in Islamabad on April 16, 2018.

The revival and constitution of the Policy Board as a think tank and an advisory body to OAGP is an effort to make this office and its working all the more effective with collective wisdom and creative ideas crystallized into pragmatic actions.

In order to promote culture of partnership and seeking stakeholders input during preparation of audit plan 2018-19, Auditor General of Pakistan convened policy Board meeting on 16th April 2018. Policy Board was briefed on various reform initiatives taken up by AGP for ISSAIs

implementation, international activities and DAG FAO briefed the forum regarding audit execution status for the audit year 2017-18. The Board appreciated the recoveries pointed out by audit and emphasized for effective follow at Parliamentary level for better accountability and transparency.

Recommended Themes by Policy Board

- Law and Order Situation in the country.
- Health Services in Federal Capital (CADD)
- Line losses in Distribution Companies
- Gaps in the installed and Actual Generation of Energy.
- Compliance audit of the companies established by Punjab Government.
- Audit of SBP focusing remittances, Foreign exchange reserves management, Foreign exchange operations, Regulation & supervision.
- Sectoral Audit of taxation on power supply Companies.
- Sectoral Audit of taxation on Builders/ Developers and Housing Projects
- Achievements of Sustainable Development Goals (SDGs).
- Audit of acquisitions of assets by high profile taxpayers.
- China Pakistan Economic Corridor (CPEC) Projects.
- Audit of Public Debt and Violations of Fiscal Responsibility and Debt Limitation Act 2005

Board members deliberated in detail multiple aspects with regards to audit and accountability and recommended that

- μ Steps be taken to expedite legislation to seek Financial Independence of OAGP
- μ Aspect of duplication of Audit of PSEs both by OAGP and Chartered Accountants may be studied to avoid duplication of cost and to avoid complications and reduce cost of doing business
- μ Transition strategy for moving from IPSAS cash basis accounting towards IPSAS Accrual Accounting is needed for Public sector
- μ Improved audit competency in IT and early implementation of AMIS.
- μ Improving functioning of DAC by issuing instructions regarding appropriation Accounts as per 5 f of System of Financial Control and Budgeting 2006 by PAC

Strategic Partnership and Professional Memberships

The SAI Pakistan maintains strategic and professional liaison with recognized domestic and international accounting and auditing bodies. The AGP is member/Director on

- μ Council of the Institute of Chartered Accountants of Pakistan
- μ Council of the Institute of Cost and Management Accountants Pakistan
- μ Constituent Body of the Pakistan Institute of Public Finance Accountants, which is an associate member of the IFAC
- μ International Consortium on Governmental Financial Management (ICGFM)
- μ Asian Organization of Supreme Audit Institutions (ASOSAI)
- μ Permanent Secretary General of the Economic Co-operation Organization's Supreme Audit Institutions (ECOSAI)

The AGP's Organization

At the apex of the Department is the Auditor General who has a fixed term of four years, which is non-extendable. The AGP is assisted by two Additional Auditors Generals who oversee the work of Audit and other Wings. There are 30 Field Audit Offices (FAOs) with clearly delineated audit jurisdiction of 47264 formations distributed across Pakistan. These FAOs are organized under six Audit Wings. Each of the Audit and other Wings is headed by Deputy Auditor-General who report to the Additional Auditor-General. The Deputy Auditor General directs controls and coordinates the work of the field offices under his/her wing. The exception to this principle is the Deputy Auditor General (Inspection and Regulations), whose Wing carries out the inspection of all FAOs and Wings on behalf of the Auditor-General of Pakistan. The fundamental role of this Wing is to report to the Auditor General on the integrity and compliance aspects of our operations.

Personnel

The number of core professional officers of the AGP, also known as the Pakistan Audit and Account Service (PA&AS) is about 614, working against the sanction strength of 838. The PA&AS provides frontline, middle and top leadership to the AGP in its audit operations, government accounting, and other financial management activities at federal, provincial and district levels. The Officers of PA&AS are selected on the basis of a national competitive examination conducted by the constitutionally appointed Federal Public Service Commission (FPSC). The selected officers undergo a rigorous pre-service training program of 18 months. The number of support staff in the audit offices is 3769 working against sanction strength of 4937.

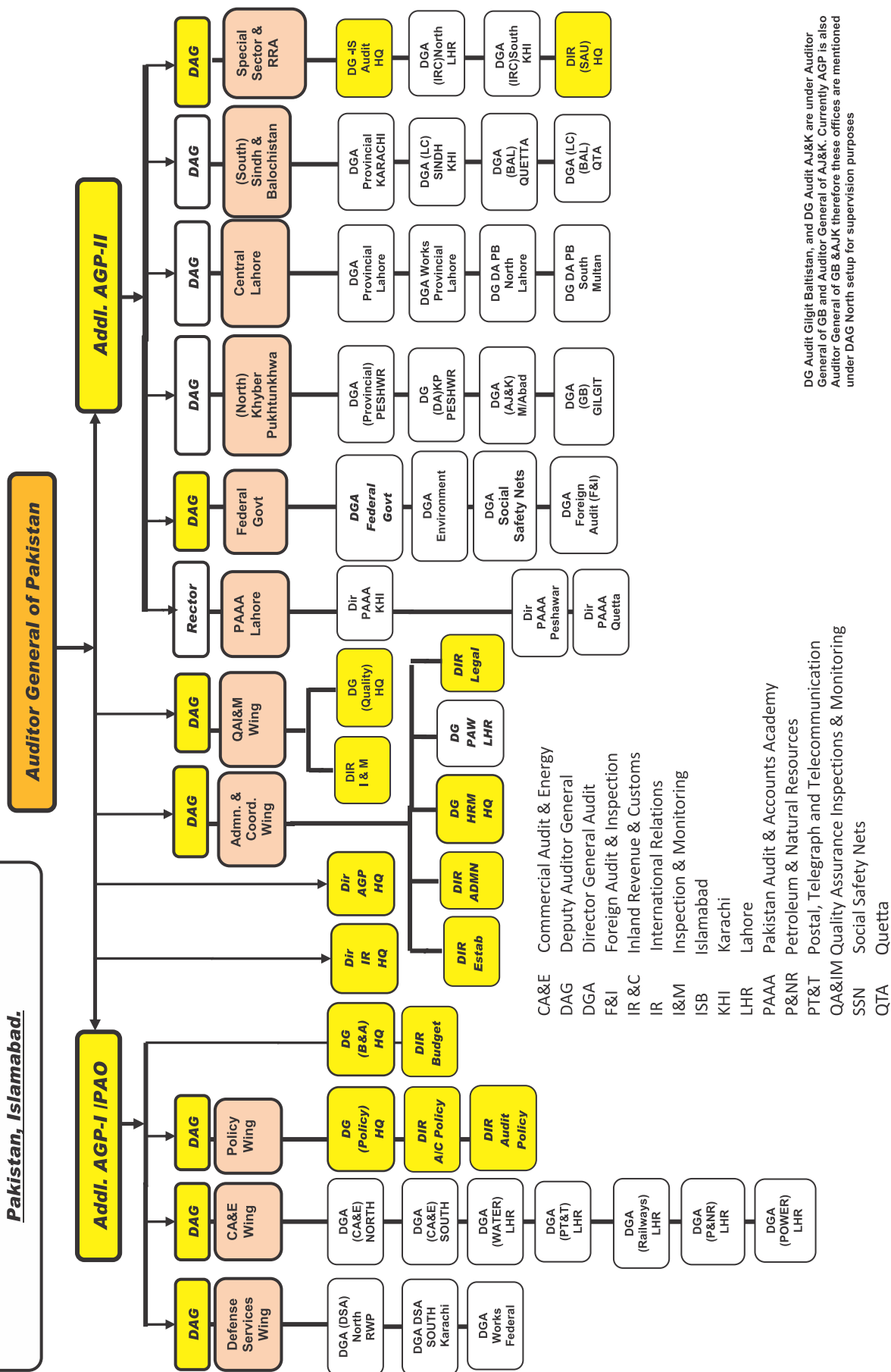
The AGP is an equal opportunity employer and does not discriminate on the basis of immutable traits such as minority, sex and disability. It ensures fairness in the employment process and also provides equal treatment and respect during employment, especially for women. This is evident from the significant number of women working in the department.

Budget

The budget of the AGP's Department is charged upon the Federal Consolidated Fund and is not required to be voted in the Parliament. During the FY 2017-18, Rs. 4,463.651 million was provided to meet the expenditure of the Department. The following Table gives the budget out lay of the AGP for FY 2017-18: (Rs. is Millions)

Sr. #	Description	Total
1	Employee related expenses	3,114.946
2	Operating expenses	1,033.863
3	Employee retirement benefits	145.519
4	Financial Assistance to Deceased Civil servants	54.194
5	Transfer (Entertainment & Gifts)	3.067
6	Physical Assets	75.224
7	Repair and Maintenance	36.838
Total		4,463.651

Organogram of Office of the Auditor General of Pakistan, Islamabad.



DG Audit Gilgit Baltistan, and DG Audit AJ&K are under Auditor General of GB and Auditor General of AJ&K. Currently AGP is also Auditor General of GB & AJ&K therefore these offices are mentioned under DAG North setup for supervision purposes

2

PERFORMANCE REPORT ON AUDIT ACTIVITIES

PERFORMANCE REPORT ON AUDIT ACTIVITIES

Audit Reports of the AGP

The AGP prepares various types of audit reports to fulfill its audit mandate. These include

- μ Certification audit reports to express opinion on financial statements;
- μ Compliance with Authority reports to ensure that the public operations are in accordance with relevant primary and secondary legislation, and focus on deviations from norms, good practices and regulations;
- μ Performance audit report deal with the VFM issues;
- μ Special audit reports address special interest areas of certain stakeholders

Besides identifying cases of financial irregularities and internal control weaknesses in a particular audited organization, an audit report also identifies areas of financial management that need improvement. It also reports on the compliance to the PAC's directives relating to the previous audit reports on the same audited entity.

The audit findings of the field audit offices that depict financial irregularities, internal control weaknesses and other areas of vulnerability are generally grouped in the following categories for reporting purposes:

- i. Violation of Rules and regulations, including reported cases of fraud, theft, misuse of public resources and weaknesses of internal control systems
- ii. Accounting Errors that are significant but are not material enough to result in the qualification of audit opinions on the financial statements
- iii. Violation of the principles of propriety and probity in public operations
- iv. Recoveries and overpayments, representing cases of established overpayments or misappropriations of public monies
- v. Non-Production of Records
- vi. Others, including cases of accidents, negligence, etc.

Criteria for the classification of audit findings into these categories are clearly provided in the Reporting Guidelines for the Field Audit Offices to ensure that FAOs categorize their audit findings uniformly.

Significant Achievements in Audit Expenditure to Recovery Ratio

As a result of drastic audit reforms, there has been a substantial increase to the recoveries pointed out by the audit with a phenomenal increase in expenditure to recovery ratio in audit year 2017-18.

Recoveries on recommendation of audit

Total recovery for the FY 2016-17 was Rs. 127,279.361 million as compared to Rs. 88,569.193 million during FY 2015-16.

Performance on the Financial Attest

Section 7 of the Auditor-General Ordinance 2001 provides that the Auditor General shall

“on the basis of such audit as he may consider appropriate and necessary, certify the accounts, compiled and prepared by Controller General of Accounts or any other person authorized in that behalf, for each financial year, showing under the respective heads the annual receipts and disbursements for the purpose of the Federation, of each Province and of each district, and shall submit the certified accounts with such notes, comments or recommendations as he may consider necessary to the President or the Governor of a Province or the designated District Authority, as the case may be.”(Emphasis added)

During the audit year 2017-18 the AGP certified the accounts of 276 entities of the Federal, Provincial and District governments.

The annual financial statements of the Federal Government consist of the Appropriation Accounts and the Finance Accounts. These accounts are prepared by the Controller General of Accounts (CGA) under the provisions of the CGA Ordinance, 2001 and in accordance with the principles and forms of accounts prescribed by the Auditor General.

There is a centralized pre-audit system prevalent in Pakistan, which requires the Ministries, and Departments of the Federal, Provincial and District Governments to get their payments processed from the pre-audit offices that work under the supervision of the Controller General of Accounts (CGA) and the control of the Ministry of Finance. Since the payments are processed in the pre-audit offices, the accounts are also prepared by them and consolidated in the offices of the Accountants General, which are the field offices of the CGA. In cases where certain departments of the Federal and Provincial Governments are authorized to maintain accounts, they are required to prepare detailed accounts of their payments and receipts, which are merged with the central accounts prepared by the Accountants General.

The financial statements of the Federal and Provincial Governments are certified under a System Based Approach (SBA) to Financial Attest. The objective of SBA is to enable the government auditors to plan their activities economically and efficiently so that they can collect the required evidence regarding the health of government accounts. Under this approach, the auditors first evaluate and test the systems of internal controls involved in processing and recording the transactions. If they find that these systems are dependable, they place reliance on them and carry out an appropriately reduced level of substantive testing of details.

The following Table gives the results and extent of coverage during certification of appropriation and financial attest audit.

Audited Accounts For The FY 2016-17

S. #	Government	No. of Accounts Certified	Size of Accounts Rupees	Nature of Audit Certificate
1	Federal	2	18,867,099,204,774	Unqualified
2	Self-Accounting Entities	8	1,061,539,529,190	5 Unqualified, 2 Qualified, 1 adverse
3	Provincial- Punjab	3 + 72 + 72 + 112	1,592,577,044,877	Unqualified
4	Provincial- Sindh	3	863,362,636,724	Unqualified
5	Provincial- KP	3	482,464,637,907	Unqualified
6	Provincial- Balochistan	2	256,070,709,366	Unqualified
8	ERRA	1	4,476,516,000	Unqualified
9	AJ&K Council	2	15,725,348,530	Unqualified
10	AJ&K Government	2	91,138,875,480	Unqualified
11	Gilgit Baltistan Council	2	662,054,317	Unqualified
12	Gilgit Baltistan Government	2	45,595,474,018	Unqualified
Total		276		-

Performance regarding Compliance with Authority and VFM Audits

The reports of the AGP on Compliance with Authority and Performance Audits are distinct from the Financial Attest of accounts because they relate to the executive departments who, in the prevalent centralized system of payments and accounting, are not responsible for maintaining their accounts. The results of such audits are given in the following section of this report.

During the audit year 2017-18, the FAOs working under the supervision and control of various audit wings of the AGP carried out the audit of 9193 formations of Federal and Provincial Governments along-with entities of districts. The audited outlays representing revenue receipts, disbursements and expenditures is presented against each wing's report.

Table below provides nation-wide figures of the total amounts audited, recoveries made on the basis of the audit findings and values of transactions placed under audit observations.

The Field Audit Offices produced 419 audit reports based on the audit of entities receiving funds from the Federal, Provincial and District budgets. The audit findings pointed out overpayments and facilitated the recovery of a total of Rs.127,279.361 million. Table below provides nation-wide figures of audit reports issued in the audit year 2017-18:

(Rs. in millions)

Sr. No.	Description	Total
1	Total amount audited	13,652,145.703
2	Recovery made at the instance of audit	127,279.361 + US\$ 0.866
3	Amount placed under audit observations	14,184,921.290

The Audit Wing wise detail is as under:

Sr. No.	Description	Total amount Audited	Recovery made at the instance of audit	Amount placed under audit observations
1	DAG (FAO)	1,340,440.370	69,572.820	5,850,532.500
2	DAG (CA&E)	5,814,476.868	19,006.267	6,135,652.566
3	DAG (DA)	418,208.809	3,148.577 + US\$0.866	118,617.486
4	DAG (North)	180,697.112	954.335	101,668.889
5	DAG (South)	972,713.954	1,775.209	555,139.745
6	DAG (SSA & RRA)	3,380,547.00	29,552.460	729,744.000
7	DAG (Central)	1,545,061.59	3,269.693	693,566.139
Total		13,652,145.703	127,279.361 + US\$ 0.866	14,184,921.290

Sr. No.	Description	No. of Reports
1	Audit Reports	135
2	Special Audit Reports	53
3	Performance Audit Reports	48
4	Other Audit Reports (Audits of foreign funded Projects, IT & Environment Audit etc.)	183
Total		419

The Audit Wing wise detail is as under:

Sr. No.	Description	Compliance with Authority Audit Reports	Special Audit Reports	Performance Audit Reports	Other Reports	Total Reports
1)	DAG (FAO)	34	18	5	61	118
2)	DAG (CA&E)	13	5	9	6	33
3)	DAG (DA)	2	7	1	12	22
4)	DAG (North)	33	0	9	27	69
5)	DAG (South)	5	8	8	31	52
6)	DAG (SSA & RRA)	3	10	7	0	20
7)	DAG (Central)	45	5	9	46	105
Total		135	53	48	183	419

The following section of this chapter outlines the performance of the six Audit Wings of the AGP for conducting Compliance with Authority and Value for Money audit. Key irregularities are part of this report however all other observations highlighted by audit are printed in respective annual audit reports of the Ministries/Divisions/Departments concerned.

a. Federal Audit Operations (FAO) Wing

FAO Wing comprises of Director Generals Audit for Federal Government, Environment, Social Safety Nets and Foreign Audit offices. The details of total amount audited by the FAO Wing, recoveries made at the instance of audit and total amount placed under audit observations have been given in the table below

(Rs. in millions)

Sr. #	Description	Total
1	Total amount audited	1,340,440.370
2	Recovery made at the instance of audit	69,572.820
3	Amount placed under audit observations	5,850,532.500

The detail breakup of the amounts placed under audit observations are given in the following table.

(Rs. in millions)

Sr. #	Description	Total
1	Violation of rules and regulations and violation of principles of propriety and probity public operation	38,623.246
2	Reported cases of fraud, embezzlement, thefts and misuse of public resources	25.925
3	Accounting Errors	1.298
4	Weaknesses of internal controls	5,789,251.790
5	Recoveries and overpayments	10,594.869
6	Non-Production of Records	4,919.938
7	Others	7,115.434
	TOTAL	5,850,532.500

The wing issued 118 Compliance with Authority Audit Report along-with fifteen Special Audit Reports

Sr. #	Description	No. of Reports
1	Audit Reports	34
2	Special Audit Reports	18
3	Performance Audit Reports	5
4	Other Audit Reports (Audit of foreign funded projects, IT & Environment Audit, Studies etc.)	61
	Total Audit Reports	118

Performance Audits

S. #	Name of the FAO	Title of the Performance Audit Report
1.	Directorate General Audit (Federal Govt.)	i) Performance Audit of Board of Investment ii) Performance Audit of Access to Justice Program iii) Performance Audit of Infrastructure Project Development Facility iv) Performance Audit of Monetization Policy v) Performance Audit of Hospital Waster Management

Following are the select few irregularities in Federal Ministries Divisions/ Attached Departments highlighted in audit reports pointed out during Audit by FAO Wing

Federal Government Ministries/ Divisions/Attached Departments

<ul style="list-style-type: none"> Loss due to procurement of Nitrous Oxide gas cylinders on very high rate - Rs.4.049 million (Para- 4.4.6 of AR on the accounts of Federal Government- Audit Year 2017-18) Higher Education Commission
<ul style="list-style-type: none"> Irregular and Unauthorized transfer of funds from Assignment Account - Rs.10.00 million (Para- 16.4.16 of AR on the accounts of Federal Government- Audit Year 2017-18) Higher Education Commission
<ul style="list-style-type: none"> Loss due to non-refund of expenses incurred on Scholarship - Euro 206,062, and Rs.350,882 (Para- 16.4.21 of AR on the accounts of Federal Government- Audit Year 2017-18) Higher Education Commission
<ul style="list-style-type: none"> Non approval of Service Rules for appointment/promotions of employees (Para-16.4.25 of AR on the accounts of Federal Government- Audit Year 2017-18) Ministry of Information, Broadcasting and National Heritage
<ul style="list-style-type: none"> Unauthorized payment of honorarium - Rs. 9.736 million (Para- 18.4.2 of AR on the accounts of Federal Government- Audit Year 2017-18) Ministry of Inter Provincial Coordination
<ul style="list-style-type: none"> Unauthorized payment of Special Allowance - Rs. 9.270 million (Para- 19.4.2 of AR on the accounts of Federal Government- Audit Year 2017-18) National Health, Services, Regulations & Coordination Division
<ul style="list-style-type: none"> Non recovery of rent of land and buildings - Rs. 415.931 million (Para-22.4.9 of AR on the accounts of Federal Government- Audit Year 2017-18) National Health, Services, Regulations & Coordination Division
<ul style="list-style-type: none"> Irregular re-appropriation of funds - PKR 17.992 million (Para- 1.1.1 of AR on the accounts of M/o Foreign Affairs - Audit Year 2017-18) M/o Foreign Affairs
<ul style="list-style-type: none"> Misappropriation of cash in hand - PKR 1.604 million (Para- 2.4.1 of AR on the accounts of M/o Foreign Affairs - Audit Year 2017-18) M/o Foreign Affairs
<ul style="list-style-type: none"> Unauthorized procurement violating PPRA Rules-2004 -PKR 138.715 million (Para- 2.4.8 of AR on the accounts of M/o Foreign Affairs - Audit Year 2017-18) M/o Foreign Affairs
<ul style="list-style-type: none"> PDMA Sindh paid Rs 7.876 million on the regularization of the services of 43 internees from time to time, out of 43 the services of 16 internees were converted into contractual appointment without creation of any additional posts and without requisitioned to Sindh Public Service Commission. (Para 1.4.4 of AR) PDMA Sindh
<ul style="list-style-type: none"> ERRA deducted Rs 1,446.606 million from contractors as taxes & duties but the same were neither paid in Govt treasury nor was the amount disclosed in the Annual Financial Statements. (Para 1.1.1 of AR) ERRA
<ul style="list-style-type: none"> ERRA overpaid an amount of Rs 189.147 million to the contractors as consultancy fee and security services on projects of MCDP, BCDP & RCDP whereas these services were hired from M/s NESPAK and Police Department of AJK (Para 2.4.4 of AR) PDMA, Punjab
<ul style="list-style-type: none"> PDMA Punjab purchased substandard tents and made payment of Rs 89.00 million due to purchase of defective tents payment made was irregular. (Para 1.4.5 of AR 2017-18) PDMA, Punjab
<ul style="list-style-type: none"> 11 ZCCAs/ZCOs did not produce record to Audit amounting to Rs 1,345.407 million (Para-2.3.1 of AR on the accounts of Central Zakat Fund, ZCCAs/ZCOs and Islamabad Zakat & Ushr Committee- Audit Year 2017-18) Central Zakat Fund

b. Corporate Audit and Energy (CA&E) Wing

The Corporate Audit & Energy (CA&E) Wing is assigned the task to carry out the audit of entities under the Ministry of Energy Power Division, Petroleum and Natural Resources Division, Pakistan Post Offices, Pakistan Railways, Ministry of Information Technology and all the State Enterprises falling under Federal Ministries and Provincial Governments. CA&E Wing comprises of Director General's CA&E North & South, Railways Audit, PT&T Audit, Power Audit, Water Resources Audit & PNR Audit.

The details of total amount audited by the CA&E Wing, recoveries made at the instance of audit and total amount placed under audit observations have been given in the table below.

S. No	Description	Total
1	Total amount audited	5,814,476.868
2	Recovery made at the instance of audit	19,006.267
3	Amount placed under audit observations	6,135,652.566

*The total amount of audit observations pertains to the FY 2016-17 as well as previous years.

The breakup of the amounts placed under audit observations are given in the following table:

Sr. #	Description	Total
1	Violation of Rules and regulations as well as principle of propriety and probity in public operations.	3,667,727.384
2	Reported cases of fraud, embezzlement, thefts and misuse of public resource.	49,961.083
3	Accounting Errors	90,225.012
4	Weaknesses of internal control systems.	1,078,421.759
5	Recoveries and overpayments	1,010,311.129
6	Non-production of record	10,347.163
7	Others	228,659.037
	Total	6,135,652.567

The total reports issued by the Wing and total number of entities audited are given below:

Sr. #	Description	Total
1	Audit Reports	13
2	Special Audit Reports	5
3	Performance Audit Reports	9
4	Other Audit Report (Audit of foreign funded Projects, IT & Environment Audit, studies etc.)	6
	Total Audit Reports	33

Performance Audits

Sr. #	Name of FAO	Title of Performance Audit Report
1.	Director General Audit (Railways), Lahore	Performance Audit of Procurement and Manufacture of 780 High Capacity Bogie Hopper Wagons & 20 Break Vans
		Performance Audit of Concrete Sleeper Factories of Pakistan Railways
		Performance Audit of Special Repair of 800 Coaches and 2000 Wagons.
		Performance Audit of Information Technology and Management Information System
		Special Study of Train Safety & Accidental Losses in Pakistan Railways
		Special Study of Revenue Generation through Freight Business
		Pakistan Chemical & Energy Sector Skill Development Company for the Years 2009-10 to 2011-12
2.	Director General CA&E, Karachi	Punjab Information Technology Board
3.	Director General CA&E, Lahore	Expo Centre Lahore
4.	Director General Audit PT&T, Lahore	Performance Audit Report of Project "Laying of OFC to connect remote locations of AJ&K and NAs (SCO)

Following are the key irregularities pointed out during the course of Audit by CA&E Wing

Federal Government State Owned Enterprises/ Corporations/Authorities

• Seven cases of embezzlement of funds amounting to Rs.18,040.31 million in NTU, OGDCL, SNGPL and USC
• Non production of record in three cases amounting to Rs.1, 577.98 million by the managements of PBM, OGRA and PASSCO
• Sixteen cases of irregular appointment of officers / officials amounting to Rs.2, 039.50 million were pointed out in PTDC, NTU, POF, OGDCL, SNGPL, Pak LNG, NESAPK and ZTBL
• Non-recovery of loans, dues valuing Rs.19, 219.56 million were pointed out in 25 cases in OGRA, NTU, POF, OGDCL, SNGPL, NESAPK, ZTBL, USC, PASSCO, OPF and NLC
• Irregular purchases valuing Rs.1,246.145 million in 17 cases were pointed out during audit of OGRA, NTU, POF, POCF, OGDCL, SNGPL, ZTBL, USC, NADRA, PASSCO, NLC
• Non-deduction of Income Tax/ Sales Tax Rs.1, 127.65 million in 07 cases by the managements of OGRA, NTU, POF, POCF, OGDCL, SNGPL, ZTBL, USC, NADRA, PASSCO, NLC
• Extra borrowing and improper utilization of LNG - II Loan of Rs.2,423.633 million in one case in Pak LNG Limited
• Unjustified tempered/damage charges to domestic consumers amounting to Rs.3, 096.457 million in one case by the managements of SNGPL
• 35 cases of unjustified / irregular payments/expenditures amounting to Rs.813,316.22 million Power Division
• 56 cases pertaining to recoveries of amounting to Rs.740,454.96 million Power Division

• 103 cases of irregularities / violation of rules amounting to Rs.306,595.83 million Power Division
• 10 cases pertaining to Weaknesses of internal controls amounting to Rs.53,017.48 million Power Division
• 24 cases pertaining to others including accidents, negligence etc. amounting to Rs.25,853.42 million Power Division
• 08 cases pertaining to embezzlement of public money, theft and misuse of funds amounting to Rs.5,448. 47 million Power Division
• 02 cases pertaining to accidents/ damage amounting to Rs.2,458.75 million Power Division
• Encroachment of Railway land valuing Rs. 26,641.15 million was noticed by Audit. (Para 2.4.60 & 2.4.61 of AR 2017-18) Pakistan Railways
• Recoverable amounting to Rs 10,013.74 million were noticed. (Para 2.4.45, 2.4.53, 2.4.62 & 2.4.66 of AR 2017-18) Pakistan Railways
• Blockage of capital due to unnecessary procurement of material worth Rs 5,561.73 million was pointed out. (Para 2.4.34 of AR 2017-18) Pakistan Railways
• Unjustified hiring of locomotives from NLC amounting to Rs. 2,552.85 million was pointed out by Audit. (Para 2.4.35 of AR 2017- 18) Pakistan Railways
• Non-disposal of scrap valuing Rs 1,474.44 million was noticed. (Para 2.4.36 of AR 2017-18) Pakistan Railways
• Extra consumption of fuel amounting to Rs 1,359.25 million due to unnecessary detention of trains was observed. (Para 2.4.38 & 2.4.40 of AR 2017-18) Pakistan Railways
• Non-recovery of Rs. 1,047.63 million on account of maintenance charges of level crossings was noticed. (Para 2.4.46 of AR 2017-18) Pakistan Railways
• Non-replacement of material of wrong specifications or having defects worth Rs 629.02 million was pointed out by Audit. (Para 2.4.13 of AR 2017-18) Pakistan Railways
• Loss of Rs. 366.11 million was sustained by Railways due to non-auction/construction of vending stalls, parking stands and shops. (Para 2.4.47 & 2.4.50 of AR 2017-18) Pakistan Railways
• Theft of Railway material valuing Rs. 295.83 million was noticed. (Para 2.4.2 & 2.4.3 of AR 2017-18) Pakistan Railways
• 39 cases pertaining to recoveries/overpayments representing cases of established overpayment/ misappropriation of public money amounting to Rs. 76,177.59 million WAPDA, M/o Water Resources
• 41 cases of unjustified / irregular payments/expenditures amounting to Rs.66,420.64 million WAPDA, M/o Water Resources
• 65 cases of irregularities / violation of rules amounting to Rs. 27,789.85 million WAPDA, M/o Water Resources
• 36 cases pertaining to others etc. amounting to Rs. 25,261.84 million WAPDA, M/o Water Resources
• 5 cases misuse of public funds amounting to Rs. 12,247.55 million WAPDA, M/o Water Resources

- 6 cases pertaining to weaknesses of internal control systems amounting to Rs. 2,771.30million **WAPDA, M/o Water Resources**
- 1 case pertaining to accident/damage amounting to Rs. 1,042 million **WAPDA, M/o Water Resources**

Provincial Government State Owned Enterprises/ Corporations/Authorities

- Non recovery of social security contribution from the employers/units Rs.238.41 million **Punjab Employees Social Security Institution (PESSI)**
- Bogus payment of cash benefits to workers Rs.3.07 million **Punjab Employees Social Security Institution (PESSI)**
- Irregular appointment without advertisement Rs.1.684 million **Punjab Mineral Development Corporation (PUNJMIN)**
- Irregular retention of employees beyond superannuation Rs.6.238 million **Punjab Education Foundation (PEF)**
- Irregular appointment of Director Programme Rs.7.130 million **Punjab Education Foundation (PEF)**
- Payment of financial assistance of fake strength of students Rs.1.954 million **Punjab Education Foundation (PEF)**
- Fraudulent disbursement of loan to ghost residents Rs.3.700 million **Punjab Small Industries Corporation (PSIC)**
- Irregular payment of bonus to officers Rs.33.592 million **Quaid-e-Azam Solar Power Limited Punjab**
- Irregular loan agreement with BOP Rs.11,300 million and excessive payment of markup Rs.1,981.00 million **Quaid-e-Azam Solar Power Limited Punjab**
- Irregular award of EPC & O&M contract to M/s TBEA-\$19.435 million (Rs.1,943.50 million) **Quaid-e-Azam Solar Power Limited Punjab**
- Irregular loan agreement with BOP Rs.63.50 billion and loss due to excess payment of markup Rs.14.50 billion **Quaid-e-Azam Thermal Power Limited Punjab**
- Excess payment of pay and allowances to officers on deputation Rs.58.526 million **Quaid-e-Azam Thermal Power Limited Punjab**
- Irregular appointment of CEO Rs.50.711 million **Quaid-e-Azam Thermal Power Limited Punjab**
- Irregular and unjustified purchase of luxury vehicles through EPC contract Rs.71.165 million **Quaid-e-Azam Thermal Power Limited Punjab**
- Doubtful expenditure incurred on validation of feasibility studies due to non-adjustment -Rs.119.00 million **Punjab SaafPani Company (South)**
- Doubtful hiring of EMC consultants Rs.1,232.986 million **Punjab SaafPani Company (South)**
- Illegal payment on hiring of office building Rs.24.720 million **Punjab SaafPani Company (South)**
- Loss due to non-adjustment of mobilization advance Rs.16.616 million **Punjab SaafPani Company (South)**
- Irregular appointment of Govt. servant on contract basis Rs.6.600 million **Punjab SaafPani Company (South)**
- Illegal hiring of owner's Consultant Rs.191.199 million **Punjab SaafPani Company (South)**
- Mis-procurement of additional plants and O&M expenses Rs.34.484 million **Punjab SaafPani Company (South)**
- Expected loss due to acceptance of substandard proposal of KSB and misreporting of facts to the BOD Rs.14.417 million **Punjab SaafPani Company (South)**

- Non recovery of rent land Rs.5.583 million **Forest Development Corporation (FDC)Khyber Pukhtunkhwa**
- Non recovery of house rent allowances and maintenance charges from allottee Rs.3.116 million **Forest Development Corporation (FDC) Khyber Pukhtunkhwa**
- Non collection of sales tax on services Rs.3.093 million **Forest Development Corporation (FDC) Khyber Pukhtunkhwa**
- Loss of interest income due to premature withdrawal of Hydel Funds Rs.432.71 million **Hydel Development Fund (HDF) KP**
- Irregular appointment and payment of salaries and other benefits Rs.9.03 million **Khyber Pukhtunkhwa Economic Zones Development & Management Company**

c. Defense Services Audit (DSA) Wing

Defense Services Audit Wing comprises of Defense Services Audit North & South and Audit works Federal. The details of total amount audited by the Wing, recoveries made at the instance of audit and total amount placed under audit observations have been given in the tables below

Rs in Million

Sr. No.	Description	Total Amount
1	Total Amount Audited	418,208.809
2	Recovery Made at the Instance of Audit	3,148.577 + US\$0.866
3	Monetary Value of Audit Observations	118,617.486

Sr. No.	Description	Total Amount
1	Violation of rules and regulations and violation of principles of propriety and probity public operation.	112,732.083
2	Reported cases of fraud, embezzlement, thefts and misuse of public resources	757.096
3	Accounting Errors	1,776.38
4	Weaknesses of internal controls	105,603.439
5	Recoveries and overpayments	26,552.414
6	Non-Production of Record	23,967.119
7	Others	19,246.296
Total		290,634.83

Sr. No.	Description	No. of Reports
1	Audit Reports	02
2	Special Audit Reports	07
3	Performance Audit Reports	01
4	Other Audit Reports (Audit of foreign funded Projects, IT & Environment Audit, Studies, etc.)	12
Total Audit Reports		22

Performance Audit Reports

Sr. No.	Name of FAO	Title of Performance Audit Report
1	DG Audit Defense Services, Rawalpindi	Military Dairy Factory Okara and Renala

Following are the key irregularities pointed out during the course of Audit by Defense Services Audit Wing. The wing also supervises audit of Infrastructure and works related Federal Government entities such as NHA, CDA, CAA, PAK PWD, FGEHF, WWF

<ul style="list-style-type: none"> • unauthorized expenditure on Civil W other than replenishing of store out of Al-Mizan Fund – Rs 10,779.958 Million Ministry of Defense
<ul style="list-style-type: none"> • Unauthorized Occupation of Military Farm Land by 23 Div Jhelum – 256.904 million Ministry of Defense
<ul style="list-style-type: none"> • Un-authorized utilization of Funds on Civil Works out of un-Reimbursement Account without the approval of Army Chief and Secretary Finance on case to case basis – Rs 295.087 Million Ministry of Defense
<ul style="list-style-type: none"> • Irregular release of Payment without delivery of stores- Rs 138.463 million Ministry of Defense
<ul style="list-style-type: none"> • Mis-procurement of stores in violation of Public Procurement Rules – Rs 194.145 Million Ministry of Defense
<ul style="list-style-type: none"> • Non- production of auditable documents – Rs 140.867 million by six Army formations Ministry of Defense
<ul style="list-style-type: none"> • Non-Recovery of Premium and Development Charges due to unauthorized use of Residential property as commercial – Rs 458.847 million Ministry of Defense
<ul style="list-style-type: none"> • Non-recovery of House Tax from the owners of properties –Rs 341.847 million Ministry of Defense
<ul style="list-style-type: none"> • Non-recovery of bts tower fee from cellular companies – rs 264.149 million Ministry of Defense
<ul style="list-style-type: none"> • Loss to Cantt Fund due to transfer of ML & C land to PTCL without realizing Cantt Fund dues- Rs 1,764.877 million Ministry of Defense
<ul style="list-style-type: none"> • Irregular Payments to contractors without physical completion of work – Rs 151.113 million Ministry of Defense
<ul style="list-style-type: none"> • Un-Justified payment of loan to contractor- Rs 61.950 million Ministry of Defense
<ul style="list-style-type: none"> • Double payment to supplier without supply of items – Rs 14 Million Ministry of Defense
<ul style="list-style-type: none"> • Execution of same work twice within a year- Rs 3.141 million Ministry of Defense
<ul style="list-style-type: none"> • Non- Recovery of Cantonment Tax – Rs 1365.030 million Ministry of Defense
<ul style="list-style-type: none"> • Non-deposit of Government share against sale proceed of Land – Rs 217.90 million Ministry of Defense
<ul style="list-style-type: none"> • Un justified decrease in ARV causing loss to Cantonment Fund – Rs 37.70 million Ministry of Defense
<ul style="list-style-type: none"> • Illegal occupation on Defense land measuring 11,841.83 acres Ministry of Defense
<ul style="list-style-type: none"> • Award of contract through collusive practices – Rs 1,374.392 million Ministry of Defense
<ul style="list-style-type: none"> • Non- Recovery of defaulted amount from M/S World Call – Rs 1.978 million Ministry of Defense
<ul style="list-style-type: none"> • Plot for the development of wholesale super market in Sector I-11/4, Islamabad was allotted to M/s Metro Cash & Carry Pakistan Private Limited in violation of Islamabad Land Disposal Regulations 2005 regarding open auction and no mechanism/reserved price yardstick was followed. Besides, CDA Board approved auction of plot for allotment of 8 acres but possession was given for 9 acres of land. Capital Development Authority

- Excessive billing was paid by CDA to IESCO due to non-deducting the effect of load shedding and un-illuminated lights from the monthly bill payments. The payment for excessive billing was a result of non-installation of energy meter over the entire system and bills were raised on the basis of units consumed during average 12 hours per day. Fifty seven percent (57%) street lights remained un-illuminated despite incurring expenditure involving procurement of stores and salaries of a fleet of employees. **Capital Development Authority**
- CDA approved layout plan of a housing scheme despite the fact that it failed to prove the land ownership. **Capital Development Authority**
- Revenue of Rs 5,040.462 million on account of licence fee, toll collection, rent, property tax, operation and maintenance charges, utility charges, entrée fee, etc. was not realized by **CDA, CAA, NHA, Estate Office and WWB**
- Overpayments of Rs 3,349.567 million were made by CDA, NHA, Pak. PWD, FGEHF, HEC and WWB due to price escalation/de-escalation and incorrect interpretation/ application of price adjustment clause of the respective contract agreements. **CDA, NHA, Pak. PWD, FGEHF, HEC and WWB**
- Overpayments of Rs 3,786.201 million were made by CDA, CAA, NHA, Pak PWD, FGEHF, PHAF, HEC and WWBs due to higher rates, excessive measurements, separate payment of in-built component, non-adherence to specifications, foreign exchange difference, non-adjustment of advances, non-adjustment of rates beyond technical requirement, inadmissible component, insurance premium, non-recoveries of taxes, etc. **CDA, CAA, NHA, Pak PWD, FGEHF, PHAF, HEC and WWBs**
- Procurement of works/services valuing Rs 16,992.668 million was made by CDA, CAA and NHA without calling open tenders/in violation of Public Procurement Rules . **CDA, CAA and NHA**
- Works valuing Rs 1,861.056 million were awarded by CDA, CAA and PHAF without PC-I in violation of Project Management Guidelines. **CDA, CAA and NHA**
- Payments of Rs 1,690.221 million were made by CDA, CAA, Pak. PWD and WWB against the 'work done' without recording mandatory and certified measurements in the respective Measurement Books. **CDA, CAA, Pak. PWD and WWB**
- Pay & allowances and other employee related benefits amounting to Rs 177.168 million were paid by CDA and NHA in violation of rules. **CDA & NHA**

d. Deputy Auditor General (Central) Wing

DAG Central Audit Wings comprises of DG Audits Punjab, District Govt. Punjab (North & South) Provincial Audit Works. The details of total amount audited by the Wing, recoveries made at the instance of audit and total amount placed under audit observations have been given in the table below: (Rs. in millions)

Sr. #	Description	Amount
1	Total amount audited	1,545,061.59
2	Recovery made at the instance of audit	3,269.693
3	Amount placed under audit observations	693,566.139

Amounts placed under audit observations is given in the following table.

Sr. #	Description	Amount
1	Violation of rules and regulations and violation of principles of propriety and probity public operation	316,631.887
2	Reported cases of fraud, embezzlement, thefts and misuse of public resources	1,344.911

Sr. #	Description	Amount
3	Accounting Errors	7,904.96
4	Weaknesses of internal controls	38,605.949
5	Recoveries and overpayments	20,010.95
6	Non-Production of Records	45,707.431
7	Others	263,360.05
	TOTAL	693,566.138

Sr. No.	Description	No. of Reports
1	Audit Reports	45
2	Special Audit Reports	5
3	Performance Audit Reports	9
4	Other Audit Reports (Audit of foreign funded Projects, IT & Environment Audit, Studies, etc.)	46
	Total	105

Performance Audit Reports

Sr. No.	Name of FAO	Title of the Performance Audit Report
1	Director General Audit Punjab, Lahore	Punjab Economic Opportunity Programme
		Punjab Food Authority
		Director Public Instruction (Schools) Punjab
		Efficacy of Monitoring and Evaluation System of Punjab Education Sector Reform Program
		Evaluation of System of Determination of Record worthiness of Vehicles
2	Director General Audit Works (Provincial) Lahore	Special Audit Report on the accounts of Parks & Horticulture Authority, Lahore.
		Special Audit Report on the accounts of Lahore Ring Road Authority, Lahore.
		Special Audit Report on M.A.Jauhar Town Housing Scheme, LDA Lahore.
3	DG Audit, District Governments Punjab (North), Lahore	Performance Audit DHQ Hospital Okara
		Performance Audit DHQ Hospital Mianwali
		Performance Audit Hospital Hafizabad
		Performance Audit of PMDGPSheikhupura
		Performance Audit of prevention and control of Dengue in District Rawalpindi
4	Director General Audit, District Governments Punjab (South) Multan	Procurement of medical equipment under ADP schemes for the financial year 2013-16 of district Multan
		National Maternal Newborn and Child Health (MNCH) Program District Layyah
		Punjab Irrigated Agriculture Productivity Improvement Project (PIPIP) District Bahawalpur

Following are the key irregularities pointed out during the course of Audit by DAG Central Audit Wing. Wing supervises FAOs dealing with Government of Punjab Departments and its subsidiaries.

• Misappropriation of university income Rs. 5.68 million Agriculture Department Punjab
• Non production of record/ vouched account Rs.818.09 million Agriculture Department Punjab
• Unauthorized creation of funds accounts and deposit therein Rs. 66.44 million Agriculture Department Punjab
• Irregular payment of inadmissible allowance-Rs. 13.04 million Agriculture Department Punjab
• Execution of 37 Development Schemes out of non-development Funds without Administrative Approval-Rs. 206.29 million Agriculture Department Punjab
• Irregular purchases without approval of Austerity Committee-Rs.38.29 million Agriculture Department Punjab
• Non-recovery of cost of motor cycles given to staff on hire purchase basis Rs. 232.02 million Agriculture Department Punjab
• Non production of record-Rs.27.62 million Finance Department Punjab
• Non reconciliation of variation with banks-Rs.445.91 million Finance Department Punjab
• Irregular grant of loan to Energy Department for relending to Pakistan Railways-Rs.5,124.35 million Finance Department Punjab
• Un-justified issuance of supplementary grants Rs.8,811.52 million Finance Department Punjab
• Un-justified nil closing balance of Account-IV despite huge difference-Rs.445.91 million Finance Department Punjab
• Irregular opening of special drawing account/ payment thereof-Rs.243.53 billion Finance Department Punjab
• Non/less receipt of arrears of Net Hydel Profit (NHP) from Hydro Power Stations Rs. 44.59 billion Finance Department Punjab
• Non-transparent grant of loan-Rs.2,335.03 million Finance Department Punjab
• Less recovery of loan/interest from different agencies-Rs.182.52 million Finance Department Punjab
• Less collection of planned receiptsRs. 45,804.67 million Finance Department Punjab
• Less deduction of Punjab Sales Tax and withholding TaxRs. 539,437 Finance Department Punjab
• Irregular grant of loan to companies/ institutions-Rs.45,306.78 million Finance Department Punjab
• Non production of record-Rs.3,158.12 million Food Department Punjab
• Irregular hiring of godowns for storage of wheat-Rs.56.79 million Food Department Punjab
• Irregular expenditure without preparation of budget-Rs. 97.59 million Food Department Punjab
• Non recovery of penalties-Rs.2,100.99 million Food Department Punjab
• Non deduction of taxes-Rs.1,045.17 million Food Department Punjab
• Non recovery of sale proceeds of wheat from KPK government-Rs. 929.91 million Food Department Punjab
• Improper Debt Management-Rs. 222,475 million-Recovery thereof Food Department Punjab
• Variation in receipt figure of sale proceeds of wheat and bardana-Rs. 1,028.58 million Food Department Punjab
• Loss to public ex-chequer due to defective wheat issue policy-Rs.316.40 million Food Department Punjab
• Purchase of PP bags at-higher rates-Rs.301.83 million Food Department Punjab

•	Loss due to issuance of wheat after Ramzan Package-Rs.275.09 million Food Department Punjab
•	Non-production of record-Rs. 44.44 million Forestry, Wildlife & Fisheries Department Punjab
•	Non-Clearance of amounts lying under the Head P-Deposits-Rs. 30.79 million Forestry, Wildlife & Fisheries Department Punjab
•	Irregular expenditure on purchases-Rs. 124.18 million Forestry, Wildlife & Fisheries Department Punjab
•	Irregular/doubtful engagement of daily waged labour for various forestry operations-Rs. 77.80 million Forestry, Wildlife & Fisheries Department Punjab
•	Un-authorized payment of salary through manual bills-Rs. 300.01 million Forestry, Wildlife & Fisheries Department Punjab
•	Unjustified payment of utility bills-Rs. 376,306 Forestry, Wildlife & Fisheries Department Punjab
•	Non-utilization of funds released for establishment of zoo at Multan-Rs. 6.70 million Forestry, Wildlife & Fisheries Department Punjab
•	Non-disposal of timber, wood, stumps, seeds & plants-Rs. 546.91 million Forestry, Wildlife & Fisheries Department Punjab
•	Non production of auditable record-Rs.2,079.30 million Health Department Punjab
•	Irregular procurement without advertisement on PPRA website-Rs.1,829.33 million Health Department Punjab
•	Unauthorized sanction of expenditure beyond competence-Rs.304.42 million Health Department Punjab
•	Irregular procurement made without specifying evaluation criteria-Rs.2,223.05 million Health Department Punjab
•	Unauthorized collection of user charges-Rs.737.90 million Health Department Punjab
•	Undue retention of government money-Rs.2,393.37 million Health Department Punjab
•	Purchase of medicine without DTL reports-Rs.660.83 million Health Department Punjab
•	Irregular payment of salary due to shifting of headquarter Rs.284.64 million Health Department Punjab
•	Non-installation/commissioning of bio-medical machines & equipment-Rs.341.17 million Health Department Punjab
•	Blockade of capital due to purchase without immediate requirement-Rs.653.93 million Health Department Punjab
•	Non-reconciliation of expenditure-Rs.493.50 million Health Department Punjab
•	Non / less deduction of income tax-Rs.205.83 million Health Department Punjab
•	Un-authorized payment of sales tax-Rs.138.37 million Health Department Punjab
•	Un-authorized payment of allowances-Rs.109.73 million Health Department Punjab
•	Non recovery of rent of canteens/parking stands and service outlets etc.-Rs.97.15 million Health Department Punjab
•	Un-justified less recovery of electricity charges from hostels-Rs. 119.77 million Health Department Punjab
•	Non-deduction of PST on account of services rendered-Rs.94.64 million Health Department Punjab
•	Irregular appointments without advertisement-Rs.113.04 million Health Department Punjab

• Irregular expenditure due to advance drawl-Rs. 728.65 million Health Department Punjab
• Non-completion of development schem-Rs.1,477.10 million Health Department Punjab
• Non-receipt of medical equipment-Rs.986.48 million Health Department Punjab
• Embezzlement in college funds-Rs. 7.27 million Higher Education Department Punjab
• Non production of record-Rs. 9,677.92 million Higher Education Department Punjab
• Non submission of PC-IV of the completed ADP schemes Rs. 6,825.62 million Higher Education Department Punjab
• Irregular expenditure in violation of procurement rules-Rs. 1,57 2.75 million Higher Education Department Punjab
• Unauthorized advance payments-Rs. 156.81 million Higher Education Department Punjab
• Irregular placement of funds in bank accounts other than Bank of Punjab-Rs.67.87 billion Higher Education Department Punjab
• Irregular investment of surplus funds without approval of the Finance Department-Rs.2,442.93 million Higher Education Department Punjab
• Irregular award of tender on higher rates-Rs. 146.44 million Higher Education Department Punjab
• Non investment of surplus funds-Rs. 3,272.14 million Higher Education Department Punjab
• Irregular payment of allowances without approval of the Chancellor/Competent authority-Rs. 506.85 million Higher Education Department Punjab
• Irregular appointments without advertisement-Rs.322.77 million Higher Education Department Punjab
• Non adjustment of temporary advances Rs. 327.71 million Higher Education Department Punjab
• Excess expenditure than budget allocation-Rs.116.90 million Higher Education Department Punjab
• Unauthorized drawl of salaries by the absent scholars Rs.118.71 million Higher Education Department Punjab
• Likely misappropriation of funds due to doubtful maintenance of Accounts-Rs. 34.02 million Home Department Punjab
• Likely misappropriation of POL in the vehiclesRs. 16.52 million Home Department Punjab
• Likely Misappropriation of amount drawn for vehicles-Rs. 22.64 million Home Department Punjab
• Non production of record-Rs.2,816.12 million Home Department Punjab
• Irregular expenditure due to violation of Punjab Procurement Rules-Rs. 2,118.55 million Home Department Punjab
• Excess expenditure over and above budget allocation-Rs.733.70 million Home Department Punjab
• Irregular expenditure beyond competency-Rs. 307.52 million Home Department Punjab
• Irregular expenditure on secret services-Rs. 605.57 million Home Department Punjab
• Irregular / unauthorized consumption of POL over and above prescribed limit-Rs. 405.09 million Home Department Punjab
• Un-justified expenditure on diet charges beyond approved cost-Rs. 187.49 million Home Department Punjab
• Non recovery of police guard charges-Rs.620.20 million Home Department Punjab
• Traffic fine not recovered-Rs. 171.06 million Home Department Punjab

• Non deposit of government receipts into treasury-Rs.1,853.93 million Home Department Punjab
• Inadmissible/unauthorized payment of pay & allowances-Rs.132.05 million Home Department Punjab
• Non auction of condemned vehicles and miscellaneous stores-Rs.478 .83 million Home Department Punjab
• Non-recovery of substandard medicines-Rs 298,195 Home Department Punjab
• Irregular expenditure due to variation in sanction strength of the staff Rs.315.98 million Home Department Punjab
• Irregular advance payments-Rs. 362.60 million Home Department Punjab
• Doubtful/unjustified payment of pay & allowances-Rs. 886.37 million Home Department Punjab
• Non production of record-Rs.3,018.73 million Information & Culture Department Punjab
• Irregular expenditure on Government campaigns on electronic media-Rs.2,377.51 million Information & Culture Department Punjab
• Irregular expenditure on Special Publication Lahore (SPL) and Electronic Media Campaign-Rs.266.43 million Information & Culture Department Punjab
• Irregular operation of Special Drawing Account-Rs.207.36 million Information & Culture Department Punjab
• Non-reconciliation of cash book & bank balances-Rs.6,528.82 million Information & Culture Department Punjab
• Non-recovery of outstanding dues from government departments-Rs.175.14 million Information & Culture Department Punjab
• Unlawful double payment of GST-Rs. Rs.643,967 Information & Culture Department Punjab
• Non production of record-Rs. 106.80 million Livestock & Dairy Development Department Punjab
• Irregular procurement due to non-transparent procurement process-Rs.1,924.85 million Livestock & Dairy Development Department Punjab
• Irregular drawal from SDA-Rs. 300.41 million Livestock & Dairy Development Department Punjab
• Mis-procurement of goods-Rs.266.08 million Livestock & Dairy Development Department Punjab
• Utilization of medicine without batch numbers and standard DTL reports Rs 150.40 million Livestock & Dairy Development Department Punjab
• Non-recovery of lease money-Rs.112.92 million Livestock & Dairy Development Department Punjab
• Non production of record-Rs.374.62 million Services & General Administration Department Punjab
• Irregular payment of rent of building-Rs. 96.94 million Services & General Administration Department Punjab
• Mis-procurement due to violation of Punjab Procurement Rules-Rs. 200.17 million Services & General Administration Department Punjab
• Vouched account not produced-Rs. 454.58 million School Education Department Punjab
• Excess expenditure than budget allocation-Rs. 391.48 million School Education Department Punjab
• Irregular drawl of funds out of SDA-Rs.269.97 million School Education Department Punjab
• Irregular expenditure in violation of procurement rules-Rs.121.45 million School Education Department Punjab

• Non deposit of unspent balance into Treasury-Rs.131.64 million School Education Department Punjab
• Expenditure on inadmissible allowances-Rs. 58.480 million School Education Department Punjab
• Non-production of record-Rs. 4,976.17 million Zakat & Usher Department Punjab
• Embezzlement of collected amount of taxes-Rs.15.493 million Excise & Taxation Department Punjab
• Non realization of excise duty from distilleries-Rs. 308.950 million Excise & Taxation Department Punjab
• Non-realization of luxury house tax-Rs.134.709 million Excise & Taxation Department Punjab
• Non/short realization of arrears of property tax-Rs.88.975 million Excise & Taxation Department Punjab
• Non-realization of property tax despite expiry of stay orders Rs.72.415 million Excise & Taxation Department Punjab
• Non-recovery of property tax from state owned organizations-Rs.58.733 million Excise & Taxation Department Punjab
• Non-realization of property tax due to inadmissible exemptions-Rs.32.254 million Excise & Taxation Department Punjab
• Non-realization of property tax due to incorrect effect of orders passed under Section 9-(C) Rs.24.864 million Excise & Taxation Department Punjab
• Non Production of auditable record Board of Revenue Department Punjab
• Non realization of withholding tax on purchase / transfer of immoveable property Rs.171.985 million Board of Revenue Department Punjab
• Loss of stamp duty, registration fee and capital value tax due to under valuation of urban land Rs.105.508 million Board of Revenue Department Punjab
• Non / short recovery of tawan of abiana-Rs..72.905 million Board of Revenue Punjab
• Non assessment of withholding tax on registration of immovable property by splitting the property into two or more deeds-Rs.67.780 million Board of Revenue Punjab
• Short realization of mutation fee due to under valuation of rural land-Rs.63.560 million Board of Revenue Punjab
• Non / short recovery of capital value tax on transfer of urban immovable properties-Rs.46.822 million Board of Revenue Punjab
• Loss due to non-payment of mutation fee on oral sale of rural land-Rs.41.106 million Board of Revenue Punjab
• Non realization of registration fee, capital value tax and mutation fee-Rs.29.371 million Board of Revenue Punjab
• Loss of Government revenue due to non-recovery of water charges for non-irrigation purposes-Rs.28.675 million Irrigation Department Punjab
• Non-realization of sugarcane (Development) cess and penalty-Rs.26.578 million Food Department (Cane Commissioner) Punjab
• Non recovery of Punjab Sales Tax due to expiry of six months period of stay orders-Rs.29,262 million Punjab Revenue Authority

• Non withholding of the Punjab Sales Tax by Public Sector Organizations from Persons on account of services rendered-Rs.16,931.493 million Punjab Revenue Authority
• Non recovery of Punjab Sales Tax from assesses-Rs.5,236.319 million Punjab Revenue Authority
• Non realization of Punjab Sales Tax on services and default surcharge Rs.369.398 million Punjab Revenue Authority
• Non realization / transfer of sales tax on services conflicted with FBR due to input adjustment of goods against services-Rs.3,289.056 million Punjab Revenue Authority
• Non-production of record - Rs.173.56 million in three cases Punjab (Works) Provincial
• Non-mutation of land-Rs.2,964.55 million in two cases Punjab (Works) Provincial
• Undue financial benefit due to non-obtaining/revalidation of performance/additional performance securities-Rs 1,997.84 million in nine cases Punjab (Works) Provincial
• Overpayment due to application of higher/incorrect rate-Rs.1.526.78 million in twenty six cases Punjab (Works) Provincial
• Non-recovery of risk and cost from the defaulting contractors-Rs.79.17 million in five cases Punjab (Works) Provincial
• Non-recovery on account of price variation/deescalation-Rs.936.39 million in nineteen cases Punjab (Works) Provincial
• Unjustified payment without obtaining JMF-Rs.382.52 million in four cases Punjab (Works) Provincial
• Execution of additional work without retendering-Rs 129.538 million District Faisalabad, Punjab
• Unauthorized payment of works executed through Provincial Agencies-Rs 66.817 million District Multan Punjab
• Irregular purchase by splitting the expenditures-Rs 12.119 million Multan Waste Management Company Punjab
• Less collection of price of solid waste-Rs 43.022 million Multan Waste Management Company Punjab
• Non-auctioning of revenue generating facilities in cattle markets-Rs 44.602 million Cattle Markets Management Company Bahawalpur Punjab
• Unjustified payment of salaries - Rs 10.021 million Cattle Markets Management Company Multan Punjab
• Mis-procurement of miscellaneous items - Rs 26.891 million, District Health Authority Layyah
• Irregular procurement of machinery and equipment-Rs 19.258 million District Health Authority Pakpattan
• Unjustified expenditure on construction of classrooms and toilet blocks-Rs 225.464 million District Education Authority DG Khan
• Irregular appointment of teachers having irrelevant qualifications-Rs 11.504 million District Education Authority Faisalabad

e. Special Sectors and Revenue Receipt Audit (SSA&RRA) Wing

DAG SSA & RRA Wing comprises of Inland Revenue & Customs Audit (North & South)/C&P Audit. The details of total amount audited by the SSA & RRA Wing, recoveries made at the instance of audit and total amount placed under audit observations have been given in the tables below

(Rs. in millions)

S.No.	Description	DGA IR (North & South)	DGA C&P	Total
1	Total amount Audited	2,542,546.00	838,001.00	3,380,547.00
2	Recovery made at the instance of audit	4,608.46	24,944.00	29,552.46
3	Amount placed under audit observations	501,640.00	228,104.00	729,744.00

The detailed breakup of the amounts placed under audit observations is given in the following table:

S.No.	Description	DGA,IR (North& South)	DGA(C&P)	Total
1	Violation of rules and regulations and violation of principles of propriety and probity public operation	458,422.43	30,698.00	489,120.43
2	Weakness of internal controls	19,136.84	-	19,136.84
3	Recoveries and overpayments	24,080.73	197,368.00	221,448.73
4	Non-Production of records	395 cases	9 cases	
5	Others	-	38.00	38.00
	TOTAL	501,640.00	228,104.00	729,744.00

Audit Reports

S.No.	Description	DGA IR(North & South)	DGA C&P	Total
1	Audit Reports	1	2	3
2	Special Audit Reports	6 + 4 = 10	-	10
3	Performance Audit Reports	-	7	7
4	Others Audit Reports (Audit of Foreign Funded Project, IT& Environment Audit, Studies etc.)	-	-	
5	Total Audit Reports	11	9	20

Special Audit Reports 2017-18

Sr.No	Title of Reports
1	Special Audit Report on Withholding Taxes (deducted/collected and deposited by Mobile Telephone Companies, PTA Banks, NLC & FWO (Direct Taxes for the year 2017-18.
2	Special Audit Report on Tax Refunds for the year 2017-18.
3	Special audit Report on Input Adjustments claimed by IPPS for the year 2017-18.
4	Special Audit Report on Testing Agencies (NTS, PTS,UTS& BTS) for the year 2017-18.
5	Special Audit Report on Implementation of PPRA rules by FBR and its Field Formations for the year 2017-18.

Sr.No	Title of Reports
6	Special Audit Report on Withholding of Income/Sales Tax by AGPR and AGs for the year 2017-18
7	Special Audit Report on Builders & Developers Sector (Direct Taxes)
8	Special Audit Report on Carry forward & Set off Business Losses including Textile Sector (Direct Taxes)
9	Special Audit Report on sales Tax and Federal Excise Duty on Petroleum Sector (Indirect Taxes)
10	Special Audit Report on Tax Expenditure (Indirect Taxes)

Audit contributed towards the amount recovered at the instance of audit which had escaped from Tax authorities while making assessment of tax. Audit provided deterrence against leakage of government revenue which ultimately helped FBR in achieving the revenue targets and major audit findings were as under:

•	Non/short realization of Sales Tax due to difference of sales declared in Income/Sales Tax Returns-Rs.45,124.80 million (Para 4.1.1 of AR)
•	Non recovery of adjudged dues/arrears of Rs.41,506.26 million (Para 4.1.2 of AR)
•	Inadmissible claim of Sales Tax Exemption-Rs.12,494.96 million (Para 4.1.3 of AR)
•	Loss due to non-implementation of statutory provisions/SROs resulting in inadmissible adjustment of Input Tax Rs.12,315.68 million (Para 4.1.4 of AR)
•	Inadmissible adjustment of Input Tax against exempt supplies of Rs.563.48.00 million (Para-4.1.12 of AR).
•	Non levy of minimum tax on the income amounting Rs.2,132.43 million(Para 4.4.1 of AR)
•	Loss of revenue due to concealment of income or assets amounting Rs.56,472.01 million (Para 4.4.2 of AR)
•	Short levy of Super Tax for rehabilitation of temporarily displaced persons Rs.13,152.41 million.(Para 4.4.4 of AR)
•	Non-treatment of withholding Sales Tax as final and minimum tax Rs.2,933.52 million (Para 4.4.14 of AR).
•	Non-recovery of loans/advances and interest from the officers/officials-Rs.37.25 million (Para 4.8.4 of AR).
•	Irregular expenditure due to non-observance of PPRA and General financial rules-Rs.18.07 million (Para 4.8.6 of AR).

Special Audit Report on Taxes/Withholding Taxes

This report includes audit observations of Rs. 64,356.716 million in respect of Special Audit of Taxes / Withholding Taxes deducted / collected and deposited by Mobile Phone Companies, PTA, Banks, NLC & FWO for the Financial Years 2015-16 & 2016-17 and major audit findings were as follows:

•	Short-withholding/deposit of Income Tax by Telecom Sector Rs.562.692 million .(Para 1.1 of SAR)
•	Short-withholding/deposit of Income Tax u/s 153 of the Income Tax Ordinance, 2001 by Telecom Companies - Rs. 213.949 million(Para 1.2 of SAR)
•	Inadmissible adjustment of tax withheld/deducted on imports u/s 148 (7) of the Income Tax Ordinance, 2001 by Telecom Companies Rs.4,212.493 million . (Para 1.7 of SAR)
•	Short collection/deposit of tax u/s 236 of the Income Tax Ordinance, 2001 by Telecom Companies-Rs. 13,780.600 million . (Para 1.8 of SAR)
•	Short-withholding of tax u/s 152 (1) the Income Tax Ordinance, 2001 Rs. 474.610 million (Para 1.12 of SAR)
•	Non-withholding/deposit of Income Tax u/s 151 (1)(d)of the Income Tax Ordinance, 2001 by M/s NLC Developers Pvt Limited-Rs. 217.366 million.(Para 1.21 of SAR)

• Non-withholding/deposit of the Income Tax u/s 39(1) of the Income Tax Ordinance, 2001 by M/s NLC Developers Pvt Limited-Rs. 523.117 million.(Para 1.22 of SAR)
• Loss of revenue due to non-invoking the provision of Section 39(3) of the Income Tax Ordinance, 2001 in case of M/s NLC Developers Pvt Limited-Rs. 1,105.663 million.(Para 1.23 of SAR)
• Loss of revenue due to non-invoking the provision of Section 39(3) of the Income Tax Ordinance, 2001 in case of M/s HOME-Rs. 281.054 million.(Para 1.30 of SAR)
• Non-levy of Income Tax on contractual receipts by Frontier Works Organization (FWO) - Rs. 6,299.220 million.(Para 1.32 of SAR)
• Non-realization of Federal Excise Duty on income earned from interconnect charges-Rs. 4,524.205 million (Para 2.1 of SAR)
• Non realization of Federal Excise Duty on franchise commission/ technical service fee/royalty- Rs. 2,643.194 million . (Para 2.2 of SAR)
• Non realization of Federal Excise Duty on telecommunication services from PTA-Rs. 7,806.896 million. (Para 2.4 of SAR)
• Non-realization of Sales Tax on disposal of fixed assets by Telecom Companies - Rs. 416.747 million .(Para 2.5 of SAR)
• Non-realization of Sales Tax on disposal of fixed assets by various banks Rs. 151.638 million. (Para 2.8 of SAR).

Special Audit Report on Refunds Federal Board of Revenue

This report includes audit observations of Rs. 2,873.762 million in respect of Special Audit of Refunds (Direct/Indirect Taxes) relating to Inland Revenue for the FY 2015-16 and major audit findings on this Special Audit Report were as follows:

• Excess payment of refund of Income Tax due to concealment of Business income-Rs. 72.596 million. (Para 1.2 of SAR)
• Inadmissible Income Tax Refund-Rs.10.143 million. (Para 1.4 of SAR)
• Unlawful payment of refund of Sales Tax-Rs. 1,107.370 million . (Para 2.1 of SAR)
• Short payment of Federal Excise Duty-Rs. 925.006 million . (Para 2.2 of SAR)
• Irregular payment of Refund of Sales Tax-Rs. 24.410 million .(Para 2.4 of SAR)
• Inadmissible Refund of Sales Tax-Rs. 22.740 million .(Para 2.5 of SAR)
• Irregular payment of Sales Tax refund due to weak internal control -Rs. 13.902 million.(Para 2.8 of SAR)
• Non recovery of Further Sales Tax-Rs. 6.336 million.(Para 2.9 of SAR)
• Excess Sanction of refund of Sales Tax due to non-deduction and deposit of withholding Sales Tax-Rs. 2.958 million.(Para 2.10 of SAR)
• Excess Sanction of refund of Sales Tax due to non-payment of penalty -Rs. 2.270 million. (Para 2.12 of SAR).

Special Audit Report on Input Tax Adjustment by Independent Power Producers (IPPs) Federal Board of Revenue

This report includes audit observations of Rs. 10,155.081 million in respect of Special Audit of Independent Power Producers (Direct/Indirect Taxes) relating to Inland Revenue for the Years 2014-15 and 2015-16, audited during February to May, 2017 and major audit findings on this report were as follows:

- Loss of revenue due to incorrect exemption claimed by power generation companies - Rs. 1,017.210 million.(Para 1.1 of SAR)
- Loss of revenue due to non-taxation of recouped expenditure under section 70 of the Income Tax Ordinance, 2000 -Rs. 597.137 million.(Para 1.5 of SAR)
- Short deduction of tax under section 5A(1) of the Income Tax Ordinance, 2001 - Rs. 1,282.075 million.(Para 1.8 of SAR)
- Incorrect pass through / adjustment of withholding tax deduction on dividend paid by the IPPs - Rs. 414.547 million.(Para 1.9 of SAR)
- Inadmissible adjustment of input tax on sales/supplies which are not attributable towards taxable supplies Rs. 1,253.363 million.(Para 2.2 of SAR)

Special Audit Report on Testing Agencies for Recruitment Federal Board of Revenue

This report includes audit observations of Rs. 4,100.33 million in respect of Special Audit of Testing Agencies for Recruitment relating to Inland Revenue during the period from July to November, 2017 and major audit findings on this report were as follow:

- Loss of revenue due to non-pro-revenue approach of the Department amounting to Rs. 3,301.71 million.(Para 1.1 of SAR)
- Non levy of Sales Tax on providing/ rendering of taxable services amounting to Rs. 251.37 million.(Para 1.3 of SAR)
- Non deposit of collected Sales Tax in the public exchequer amounting to Rs. 72.60 million.(Para 1.4 of SAR)
- Loss of revenue due to non-taxation of taxable income amounting to Rs. 43.36 million.(Para 1.5 of SAR)
- Non-withholding of Sales Tax on advertisement services amounting to Rs.27.62 million.(Para 1.6 of SAR).

Special Audit Report on Implementation of PPRA Rules Federal Board of Revenue (Inland Revenue)

Major audit findings on Special Audit Report were as under:

- Mis-procurement due to poor planning - Rs. 54.766 million. (Para 2.1 of SAR)
- Mis-procurement due to splitting up of expenditure to avoid the tender and quotations - Rs. 28.459 million (Para 2.2 of SAR)
- Irregular sanction of expenditure on acquiring services due to direct contracting - Rs. 143.942 million.(Para 2.3 of SAR)
- Irregular sanction of expenditure due to non-cancellation of agreement on performance and non-finalization of fresh tender - Rs. 12.818 million.(Para 2.4 of SAR)
- Irregular expenditure in violation of PPRA Rules - Rs. 1.295 million.(Para 2.5 of SAR)
- Irregular expenditure due to non-fulfillment of codal formalities -Rs. 0.795 million.(Para 2.6 of SAR)

Special Audit Report on Withholding Taxes (Direct and Indirect) Federal Board of Revenue (Inland Revenue).

This report includes audit observations of Rs. 8750.159 million in respect of Special Audit of Withholding of Income Tax and Sales Tax by the accounts offices functioning as Withholding agent and reporting to field formations of the FBR and major audit findings on this Special Audit Report were as follows:

- Non/short-deduction of Withholding Tax under Section 153- Rs. 5,263.136 Million (Para 1.1 of SAR)
- Non/Short-realization of Withholding Tax on dividend u/s 150 - Rs. 899.959 Million (Para 1.2 of SAR)
- Non/short-realization of Withholding Tax on royalty - Rs. 217.856 MN (Para1.5 SAR)
- Short-collection of advance tax u/s 236I - Rs. 109.276 million. (Para 1.11 of SAR)
- Non-levy of tax under Section 5A (1) - Rs. 61.425 million.(Para 1.12 of SAR)
- Non-realization of 4/5th Sales Tax from government supplier/ vendor - Rs.702.807 million.(Para 2.1 of SAR)
- Non/short-deduction of withholding Sales Tax by DDOs/ Government Departments on purchases from un-registered persons - Rs. 1 million (Para 2.2 of SAR)
- Non-deduction of Withholding Tax while making payments for procurements Rs. 334.236 million.(Para 2.3 of SAR)
- Non/short-realization of withholding of FED (Sales Tax Mode) from the services provider / vendor - Rs. 510.755 million. (Para 2.6 of SAR)

Customs Duties & ICT Receipts Audit

• Inadmissible exemptions and concession Rs.4,106.76million
• Blockage of revenue – Rs.5,322.34 58million.
• Non-recovery of adjudged revenue Rs.4,018.23 million
• Non/short realization of duty and taxes – Rs.2, 615.39 million.
• Loss of revenue due to under-valuation and mis classification of imported goods Rs.1,974.55 million
• N-authorized/irregular expenditure on POL and repair of vehicles Rs. 93.86 million
• Clearance of banned goods imported in violation of Import Policy Order.
• Non / recovery of Capital Value Tax- Rs.367.83 million ICT receipts

Petroleum and Natural Resources Receipts GDS and Levies Audit

• Non/short realization of GIDS - Rs.109, 042.75 million.
• Non-realization of GDS – Rs.39, 969.49 million.
• Non/short realization of Royalty on LPG from E&P Companies Rs.16, 282.65 million.
• Non/short realization of royalty from E&P Companies- Rs. 3,092.97 million.
• Non realization of Petroleum Levy on direct and indirect sale – Rs.1, 001.14 million.
• Non/short realization of License and Lease Rent – Rs.265.08 million.
• Non-realization of interest on late payment of GDS/GIDC _ Rs.3, 077.63 million.
• Non realization of lease extension bonus – Rs.4048.87million and reality along with obligations.
• Non r realization of Production bonus rs.63.3 million.
• Loss ofRs.7.58 million due to short realization of Petroleum Levy resulting from application if incorrect rates.
• Non /short realization of social welfare Obligation- Rs.44.66 million

- Non realization of marine research fee Rs. 15.82 million.
- Non encashment of bank guarantees/posted cheques and non-realization of financial obligations- Rs.1089.24million.
- Non realization of training fund and non-utilization of 25% of training fund at local inhabitants- Rs.38.11 million.
- Irregular determination of final revenue requirement by OGRA.
- Non implementation of concession Management System.
- Irregular appointment of Directors/Legal Advisors.

Performance Audit of FBR (Customs)

- Performance Audit of Imports under free Trade Agreements
- Performance Audit of Auction of Confiscated Imported goods
- Performance Audit of Legal Cell
- Performance Audit of determination of Input Output ratios by Input Out Coefficient Organization.
- Performance Audit of Export Development Surcharge/Withholding Tax on Exports.
- Performance Audit of Implementation of Conversion of Regimes, 2012
- Performance Audit of Export Processing Zones

f. Deputy Auditor General (South) Wing

DAG South Wing comprises of DG Audit Sindh Provincial, Local Council Sindh, DG Audit Balochistan Provincial & Local Council Balochistan. The details of total amount audited by the DAG (South) Wing, recoveries made at the instance of audit and total amount placed under audit observations have been given in the tables below

(Rs. in millions)

S.#	Description	DGA Sindh	DGA Balochistan	DGA Local Councils Sindh	DGA Local Councils Balochistan	Total
1	Total amount audited	748,786.000	147,430.530	66,721.424	9,776	972,713.954
2	Recovery made at the instance of audit	69.622	1,590.045	31.132	84.41	1,775.209
3	Amount placed under audit observations	292,847.370	17,433.907	241,540.083	3,318.385	555,139.745

The breakup of the amounts placed under audit observations are given in the table that follows:

(Rs. in millions)

S#	Description	DGA Sindh	DGA Balochistan	DGA Local Councils Sindh	DGA Local Councils Balochistan
1	Violation of rules and regulations and violation of principles of propriety and probity public operation	71,456.401	9,898.173	120,489.285	1,434.752
2	Reported cases of fraud, embezzlement, thefts and misuse of public resources	921.989	46.781	91.112	0
3	Accounting Errors	822.237	0	0	0
4	Weaknesses of internal controls	7,750.191	0	114,227.909	293.657
5	Recoveries and overpayments	19,105.630	1,894.267	363.182	314.590
6	Non-Production of Records	144,706.455	5,572.487	6,368.595	5.4
7	Others	78,084.467	22.199	0	1,269.986

Audit Reports

S.#	Description	No. of Reports				
		DGA Sindh	DGA Balochistan	DGA Local Councils Sindh	DGA Local Councils Balochistan	Total
1	Audit Reports	1	1	2	1	5
2	Special Audit Reports	5	3	0	0	8
3	Performance Audit Reports	2	4	2	0	8
4	Other Audit Reports (Audit of foreign funded projects, IT & Environment Audit, Studies etc.)	18	8	5	0	31
Total		26	16	9	1	52

Performance Audit

S. #	Name of the FAO	Title of the Performance Audit Report
1	Director General Audit Balochistan, Quetta	<ul style="list-style-type: none"> Food Department (Director of Food Balochistan) Water & Sanitation Authority (Quetta Water Supply and Sanitation Authority) Education Department (Capacity Building of Elementary Teachers Training Project) Industries Department (Lasbella Industrial Estate Development Authority)

Selected major audit observations printed in the Annual Audit Report on the accounts of Government of Sindh for the Audit Year 2017-18 are as under:

- Deputy Director, Agriculture Extension, Badin draw amount of Rs3.217 million by using invoices having same number, amount and items with a slight change in the dates. It is apprehended that such invoices have either been generated on computer or obtained from the vendor to draw funds. (Para 2.4.1 of AAR)
- Deputy Director, Agriculture Extension, Badin made repair of single vehicle Suzuki Cultus of Rs0.938 million which exceeded the actual cost of the vehicle. (Para 2.4.2 of AAR)
- Education & Literacy (Schools) Department did not achieve Disbursement Link Indicators (DLIs). Subsequently World Bank reduced/ withheld the funds to extent of Rs6,386.41 million. (Para 7.4.11 of the AAR)
- Energy Department made excess payment of Rs61.582 million in contravention of agreement between Government of Sindh and HESCO/SEPCO on installation of AMI metering system. (Para 8.4.9 of the AAR)
- Food Department laying wheat amounting to Rs4,968.959 million at various wheat procurement centers without any precautionary measures of theft and damage of wheat. (Para 12.4.8 of AAR)
- Food Department kept wheat valuing Rs653.807 million at private flour mills without approval of the competent authority. Due to storage of wheat at private flour mills, chances of replacement of new wheat stock with old one or otherwise could not be ruled out. (Para 12.4.9 of AAR)
- Government's land reserved for the godowns at K.N Shah (under control of District Food Controller, Dadu) valuing Rs132.000 million (Approx.) was encroached by the unauthorized persons since several years and was utilized for construction of houses & shops, etc. (Para 12.4.10 of AAR)
- Variation of 122,507 filled jute bags and 398,695 filled PP bags costing Rs1,078.212 million was noticed in the District Food Controller, Khairpur for the year 2015-16 and bardana account for the year 2016-17 was neither maintained nor provided to audit for verification. (Para 12.4.23 of AAR)
- Medical Superintendent Liaquat Hospital, Hyderabad made procurement of medical equipment and machinery of Rs82.762 million but the same were not installed/ utilized to facilitate the public/patients. (Para 14.4.29 of AAR)
- Vice Chancellor, NED University Karachi paid Rs79.845 million for scholarships under Human Resource Development Program of Mega-III Project other than approved countries from P.C.I. This seemed an undue favor was allowed to the employees without amendment in P.C.I /approval of competent forum. (Para 32.4.12 of AAR)

Selected major audit observations printed in the Annual Audit Report on the accounts of Government of Balochistan for the Audit Year 2017-18 are as under:

- Overpayment of Rs.643.152 million was made in Communication & Works Department (Para No. 2.2.1 to 2.2.9 of A.R)
- Less realization of Ushar& Abiana amounting to Rs.237.223 million in Board of Revenue Department (Para No. 3.2.3 & 3.2.4 of A.R)
- Public money was illegally retained in Board of Revenue Department amounting to Rs.3,300.978 million (Para No. 3.2.7 of A.R)
- Misappropriation of Government receipt in Health Department Rs.1.128 million (Para No. 4.2.2 of A.R)
- Misappropriation on purchase of uniform and sea food amounting to Rs.3.056 million in Services & General Administration Department (Para No. 5.2.3 & 5.2.4 of A. R)
- Balochistan Sales Tax on services was not deducted in Irrigation Department Rs.17.198 million (Para No. 6.2.7 of A.R)
- Record was not produced in eight instances in various departments Rs.5,572.487 million (Para No. 3.2.1, 3.2.2, 4.2.1, 5.2.1, 5.2.2, 8.2.1, 8.2.7, & 16.2.1 of A.R)
- Non recovery of scholarship from defaulters in University of Balochistan Rs.91.565 million (Para No. 9.2.1 of A.R)
- Irregular expenditure of Rs.19.556 million was incurred in Forest Department (Para No. 15.2.1 to 15.2.6 of A.R)
- Sports items were doubtfully procured in Sports Department Rs.37.437 million (Para No. 7.2.1 of A. R)

Selected major audit observations printed in the Annual Audit Report on the accounts Local Councils/ PAO Secretary Local Government Sindh Governmentfor the Audit Year 2017-18 are as under:

- Embezzlement of Public funds of POL consumption beyond entitlement – Rs.4.750 million, Karachi Metropolitan Corporation
- Doubtful payment in excess of Physical Progress of works – Rs.1,276.558 million Project Director, Local Government Project, working under SLGD Sindh
- Non Production of Record – Rs.1,067.876 million by various departments working under LGD, KMC & KW&SB
- Non-recovery of outstanding dues – Rs.69,269.351 million by various departments working under LGD, KMC & KW&SB

- Non achievement of Targeted Receipt – Rs.67,719.260 by various departments working under LGD, KMC & KW&SB
- Loss to Government Exchequer – Rs.92.726 million on account of non-payment of annual land rent, less recovery of new water connection charges, loss on account of two lower size water connections instead of one higher size connection, rebate & waive off outstanding dues to consumers various departments working under LGD, KMC & KW&SB
- Irregular award of work without inviting tenders worth Rs.15,670.947 million by various departments working under LGD, KMC & KW&SB
- Unauthorized Operation of Government Account in Private Banks – Rs.512.767 million by various departments working under LGD, KMC & KW&SB
- Irregular New Water Connection to defaulters – Rs.271.085 million Deputy Managing Director (RRG), KW&SB during financial year 2016-17, allowed / issued water connection to Bahria Town, Super Highway (defaulter Bahria Icon Town, Clifton Karachi) and others despite the fact that the said consumers were already in default of Rs.271.085 million
- Unjustified single stage one envelope Procedure adopted for technical works – Rs.58.523 million KWSB

During the year 2017-18, 497 formations with budget of **Rs. 9,603 million** falling under the control of Local Councils and Local Government Department in Balochistan Quetta were audited for the Financial Year 2016-17. Major audit findings pertaining to Quetta Water and Sanitation Authority, Local Councils and Government offices of Government of Balochistan are given below:-

- The Quetta Water and Sanitation Authority incurred an expenditure of Rs 2.153 million on installation of 40 HP China Motors twice for the same tube-well within a month. (Para 1.1.1 of AR)
- The Quetta Water and Sanitation Authority incurred an expenditure of Rs 5.502 million on repair of Pumping Machineries at various locations in Quetta city without obtaining physical and satisfactory reports from technical branch before and after fixing of Pumping Machinery. (Para 1.1.3 of AR)
- The Quetta Water and Sanitation Authority re-appropriated an amount of Rs. 188.967 million from the Head "Electricity Charges of Tube Well" to different heads of accounts without approval of the Finance Department. (Para 1.1.8 of AR)
- The Quetta Water and Sanitation Authority failed to recover water charges of Rs. 764.656 million from Domestic and Commercial consumers for long time. (Para 1.1.9 of AR)
- The Quetta Water and Sanitation Authority failed to recover water charges of Rs. 67.143 million from Government Departments for long time. (Para 1.1.10 of AR)

- Municipal Corporation Quetta paid an amount of Rs. 2.436 million in advance to Mr. Mohammad Ibrahim Zehri Assistant Engineer for carrying out cleaning work in the area of Kuchlak Tehsil despite of the fact that kuchlak is rural area out of the jurisdiction of the MCQ. (Para 2.1.3 of AR)
- Municipal Corporation Quetta incurred an expenditure of Rs 3.118 million on construction of road crosses and supply of different items/accessories for Streetlights by splitting the work order to avoid the open tender process through BPPRA. The construction of road crosses carried out without obtaining completion certificates from community for work done and without physical verification by the concerned engineer. (Para 2.1.4 of AR)
- Municipal Corporation Quetta executed various cleaning of Nallas departmentally at the cost of Rs 5.856 million during the financial year 2016-17 without calling for open tenders to get economical rates through BPPRA. (Para 2.1.5 of AR)
- Municipal Corporation Quetta allowed constructing of hundreds of high raised buildings at Quetta City, 196 buildings were identified by the Audit team which violated the building codes. The construction of high raised buildings were carried out under the umbrella of the MCQ authorities, no action was taken against those buildings which exceeded the 30 feet above. (Para 2.1.8 of AR)
- Municipal Corporation Quetta awarded contract of Rs 50 million to M/s Mir ShafeeMengal and M/s M. Azeem& Sons for one time cleaning at Quetta City, lifting and transportation of solid waste from different zones but did not deduct 10 % security deposit amounting to Rs 5.00 million from the bills of contractors as per letter of intent. (Para 2.1.11 of AR)
- Municipal Corporation Quetta incurred an expenditure of Rs 50.00 million on onetime Cleaning of dump garbage lifting and Transportation of Solid Waste at different zones in Quetta city on NSR basis without preparing detailed analysis of the items and getting its approval from the concerned Committee of Local Government Department.(Para 2.1.12 of AR)
- Municipal Corporation Quetta awarded various contracts to the following Government contractors of Rs. 1.960 million for collection of Cycle/Motor cycle stand fees in various locations around the Quetta city, but MCQ did not recover outstanding installments from the contractors for a long time.(Para 2.1.16 of AR)
- Municipal Corporation Quetta did not collect annual rent of bill boards from various companies/firms, this resulted a loss of Rs 8,586,480 to the MCQ receipts.(Para 2.1.17 of AR)
- Municipal Corporation Quetta did not collect rents from the tenants/occupants of various shops/flats/cabins on monthly basis which resulted a loss of Rs to the MCQ receipts. (Para 2.1.18 of AR)
- Municipal Corporation Quetta awarded various contracts to various Government contractors of Rs. 64,498,452 for collection of parking and entry fees in various locations around the Quetta city, but MCQ did not recover income tax at source @ 10% from the contractors for a long time. This resulted a loss of Rs 6,449,845 was made to the MCQ receipts. (Para 2.1.19 of AR)

- Municipal Corporation Quetta did not collect the outstanding amount from the following contractors on account of fee collections for parking of baldia plaza Quetta for a long time, this resulted a loss of Rs 2,890,000 to the MCQ receipts. (Para 2.1.20 AR)
- Municipal Corporation Quetta awarded "Rights of fee collection for cattle Market Eastern Bypass Quetta for 2016-17", was awarded to M/S Shahid Lehri Contractor through open auction @ 37.7 million for a period from 30th July 2016 to 29th July 2017 vide work order# 1449 dated 28th July 2016. From the record of tax branch it was found that the local office recovered a total amount of Rs 9.3916 million including earnest money and Bank guarantee amounting Rs. 1.00 million and 0.7 million respectively. The contract was cancelled and the right of fee collection was taken over by MCQ on 21st March, 2017 due to default of contractor. (Para 2.1.21 AR)
- The Municipal Corporation Khuzdar awarded and executed different schemes at the cost of Rs 1.498 million on NSR basis without preparing detailed analysis of the items and getting its approval from the competent authority. (Para 3.1.5 AR)
- Municipal Corporations in Balochistan did not recover rent of Rs 29.161 million during the financial year 2016-17 from the tenants of various shops and occupants of MCs owned residential quarters. (Para 3.1.7 AR)
- The Municipal Corporation, Chaman awarded a contract for collection of Octroi to M/s Haji Abdul Qadir Contractor @ Rs 20 million for one year i.e. 1998-99. The contractor deposited Rs 1.100 million into the account of MC but remaining amount of Rs 18.900 million was not deposited despite lapse of 19 years. The inclusion of taxes and fine the amount has increased to the tune of Rs. 22.600 million which was still recoverable against the said contractor. (Para 3.1.9 AR)
- Municipal Corporations in Balochistan failed to recover rent of shops amounting to Rs 7.856 million during the financial year 2016-17 from the tenants. (Para 4.1.1 AR)
- Municipal Corporations in Balochistan failed to recover an amount of Rs 16.252 million under PSDP from the defunct UCs which were merged into the Municipal Committees, the amount remained unexpended as on 30-06-2016. Neither the amount was transferred to the MCs accounts nor were the Bank Accounts statements of the said UCs provided to check whether the amount is still remained unexpended or otherwise. (Para 4.1.3 AR)
- Municipal Corporations in Balochistan incurred an expenditure of Rs 17.734 million on purchase of Machinery and equipment's. Neither NOC from secretary local Government was obtained before purchase of machinery/equipment neither's nor was procurement committee formed for approval of comparative statement. (Para 4.1.13 AR)

- District Councils in Balochistan incurred an expenditure of Rs 14.312 million for provision and installation of solar system for local communities by splitting the work order to avoid the open tender process. Neither details of supply and locations of installation of solar system were prepared/ available on the record nor were completion certificates of work done obtained from the concerned technical staff and local beneficiaries of the schemes.(Para 5.1.2 AR)
- The District Council, Pishin incurred an expenditure of Rs 10.3 million for supply and fixing of Plastic Water Tanks / Street Lights for local communities. Neither report of supply and locations of fixing of water tanks/ Streetlights were prepared/ available on the record nor completion certificates of work were obtained from the concerned technical staff and local beneficiaries of the schemes (Para 5.1.3 AR)
- District Councils in Balochistan did not recover rent of Rs 9.374 million during the financial year 2016-17 from the tenants of various shops/quarters/residences. (Para 5.1.14 AR)
- Union Councils in Balochistan did not provide the development and non-development record of Rs 5.400 million for Audit verification.(Para 6.1.1 AR)
- Assistant Directors Local Government in Balochistan executed different schemes at the cost of Rs 16.595 million on NSR basis without preparing detailed rate analysis and getting its approval from the Director General Local Government. (Para 7.1.5 AR)

g. Deputy Auditor General (North) Wing

DAG (North) Wing comprises of DG Audit KPK, DG Audit District Govt. KPK, DGA-GB, DGA-AJK. The details of total amount audited by the DAG (North) Wing, recoveries made at the instance of audit and total amount placed under audit observations have been given in the tables below: -

Table 1 (Expenditure) (Rs in millions)

S. No.	Description	Figures relating to					Total
		DG Audit KP	DG Audit Distt Govt KP	DG Audit AJK		DG Audit GB	
				AJK Govt	AJK Council		
1.	Total amount audited	40,318.952	62,993.937	13,933.808	3,730.784	45,595.474	166,572.955
2.	Recovery made at the instance of audit.	276.954	4.390	46.563	2.867	3.249	334.023
3.	Amount placed under audit observation	23,291.020	29,941.912	7,783.643	272.909	13,678.64	74,968.124

Table 1 (Income) (Rs in millions)

S. No.	Description	Figures relating to DG Audit AJK		Total
		AJK Govt	AJK Council	
1.	Total amount audited	1,167.724	12,956.433	14,124.157
2.	Recovery made at the instance of audit.	601.208	19.104	620.312
3.	Amount placed under audit observation	3,004.038	23,696.727	26,700.765

The breakup of the amounts placed under audit observations are given in the following table.

Table 2 (Expenditure)**(Rs in millions)**

S. No.	Description	Amount placed under audit observation of				
		DG Audit KP	DG A Distt Govt KP	DG Audit AJK		DG Audit GB
				AJK Govt	AJK Council	
1.	Violation of rules and regulations and violation of principles of propriety and probity public operation.	2,441.44	19,060.36	1,257.8	67.86	374.86
2.	Reported cases of fraud, embezzlement, thefts and mis-use of public resources	192.858	792.632	0.400	-	-
3.	Accounting Errors	3,762.331	-	-	-	-
4.	Weaknesses of internal controls	1,241.400	8,068.64	1,558.8	-	-
5.	Recoveries and overpayments	8,258.441	-	2,432.55	204.90	34.21
6.	Non production of records	4,092.425	937.96	2,534.08	0.31	1,226.85
7.	Others	3,302.118	1,082.31	-	-	12,042.7
	Total	23,291.02	29,941.902	7,783.643	272.909	13,678.64

Table 2 (Income)**(Rs in millions)**

Sr. #	Description	Amount placed under audit observation of DG Audit AJK	
		AJK Govt.	AJK Council
1	Violation of rules and regulations and violation of principles of propriety and probity public operation.	-	-
2	Reported cases of fraud, embezzlement, thefts and mis -use of public resources	-	-
3	Accounting Errors	-	-
4	Weaknesses of internal controls	-	-
5	Recoveries and overpayments	430.127	22,571.757
6	Non production of records	2,570.089	1,124.970
7	Others	3.822	-
	Total	3,004.038	23,696.727

Audit Reports

S.#	Description	No. of Reports				Total
		DGA KPK	DGA (DG) KP	DGA AJK	DGA GB	
1	Audit Reports	4	25	2	2	33
2	Special Audit Reports	0	0	0	0	0
3	Performance Audit Reports	1	8	0	0	9
4	Other Audit Reports (Audit of foreign funded projects, IT & Environment Audit, Studies etc.)	19	2	5	1	27
	Total	24	35	7	3	69

Selected major audit observations printed in the Annual Audit Report on the accounts of Government of Khyber Pukhtunkhwa for the Audit Year 2017-18 are as under:

- Embezzlement of Rs. 50.287 million was noticed in 3 cases.
- Expenditure in excess / without allocation of Rs. 1,901.174 million was noticed in 2 cases.
- Loss of Rs. 1.106.565 million was noticed in 29 cases.
- Misappropriation of receipt on account of traffic tickets / auction desk shops/ sale of shops of Rs. 117.93 million was noticed in 2 cases.
- Non-deposit of Government revenue of Rs. 66.696 million noticed in 4 cases.
- Non-recovery of outstanding dues of Rs. 7,802.619 million was noticed in 16 cases.
- Overpayment of Rs. 240.122 million was noticed in 16 cases.
- Unauthorized payment of Rs. 62.939 million was noticed in 4 cases.
- Wasteful expenditure of Rs. 3,181.434 million was noticed in 1 case.
- Unjustified expenditure of Rs. 3.994 million was noticed in 1 case.

Selected major audit observations printed in the Annual Audit Report on the accounts of Government of Khyber Pukhtunkhwa for the Audit Year 2017-18 are as under:

- The DEO Female Peshawar transferred Rs. 430.482 million to Primary Schools in District Peshawar on account of conditional grant during 2014-15 & 2015-16. However, the DEO failed to provide the details of expenditure against the released amount despite repeated requests. Para No. 1.2.1.1. (Audit Report on accounts of District Government Peshawar).
- District Health Officer Peshawar drew Rs. 45,339,189 from Government treasury during the year 2016-17 and shown paid to various suppliers / firms for supply of machinery and equipment. However, the machinery and equipment for Rs. 35,971,101 were not supplied till date of Audit (i.e. 03.08.2017). Moreover, fake entries were made in the stock register and references were recorded in the invoices / bills. Audit held that money was drawn from Government treasury on fake invoices. Para No. 1.2.1.2. (Audit Report on accounts of District Government Peshawar).
- Executive Engineer Public Health Engineering Peshawar paid Rs. 15,613,000 for the work "Sanitation Scheme at Chamakani, Sheikh Muhammadi, Suleman Khel, MashoGagar and MeraKachori of Musazai, PK 11" under ADP No.202/140641 to a contractor. However, during physical verification of the scheme at Union Council Chamkani it was observed that no work was executed at the site identified in PC-I & map No. 1.2.1.3. (Audit Report on accounts of District Government Peshawar).

- Deputy Commissioner Peshawar irregularly paid Rs. 148,624,750 to Capital City Police Officer Peshawar on account of polio campaign during the financial year 2016-17. Para No. 1.2.3.1. (Audit Report on accounts of District Government Nowshera).
- District Health Officer Nowshera. Loss due to embezzlement of Government receipts Rs. 2.861 million. 1.2.1.1. (Audit Report on accounts of District Government Nowshera).
- District Health Officer Nowshera. Less recovery of Government receipts Rs. 18.543 million Para No. 1.2.2.1. (Audit Report on accounts of District Government Nowshera).

Selected major audit observations printed in the Annual Audit Report on the accounts of Government of Azad Jammu & Kashmir for the Audit Year 2017-18 are as under:

- Overpayment to the contractors than work order Rs 476.738 Million (AP No 102)Public Works Department AJK
- Overpayment to the contractor than schedule rates / quantities Rs 190.549 (AP 1.3) Public Works Department AJK
- Non-recovery of Sale Tax, Income Tax, TQT, Education Cess etc Rs 370.540 Million (AP No 1.11) Public Works Department AJK
- Irregular payment to the contractors without detail measurement Rs 215.111 Million (AP No 1.17) Public Works Department AJK
- Loss to Govt. due to huge difference between purchasing and selling of electricity Rs 1535.006 Million (AP No 2.10)Electricity Department AJK
- Non-recovery of outstanding against consumers Rs 616.234 Million (AP No 2.11) Electricity Department AJK
- Non-recovery of royalty from AKLASC Rs 879.996 Million (AP No7.3)Forests Department AJK
- Non-production of record / adjustment certificate Rs 2248.419 Million (AP No 12.1) Board of Revenue AJK
- Loss to Govt. due to payment without award of land and double payments Rs 268.710 Million (AP No 12.2) Board of Revenue AJK
- Irregular payment without Khasra Numbers Rs 210.956 Million (AP No 12.10) Board of Revenue AJK
- Loss to Govt. due to non-recovery of arrear of sales tax, excise duty Rs 17072.683 Million (AP No 3.3.3) AJ&K Council
- Loss to Govt. due to non-recovery of arrears of income tax Rs 5115.529 Million (AP No 3.34) Inland Revenue Department

Selected major audit observations printed in the Annual Audit Report on the accounts of Government of Gilgit Baltistan for the Audit Year 2017-18 are as under:

- | |
|--|
| • Non-recovery of electricity charges Rs. 14.314 million (Para 11.2.3) Water & Power Department GB |
| • Overpayment due not deduction of staking cost Rs. 13.762 million (Para 11.2.3) Water & Power Department GB |
| • Unauthorized payment of mobilization advance beyond permissible limit Rs. 3.824 million (Para 11.2.7) Water & Power Department GB |
| • Unauthorized payment of account of price escalation Rs. 3.746 million (Para 11.2.8) Water & Power Department GB |
| • Irregular award of works Rs. 5.500 million (Para 12.2.5 AR) Works Department GB |
| • Inadmissible payment of price escalation Rs. 2.606 million (Para 12.2.8 AR) Works Department GB |
| • Financial indiscipline by extending undue financial favour to the contractor Rs. 6.478 million (Para 12.2.10 AR) Works Department GB |



Auditor General of Pakistan, Javaid Jehangir, with the Participants of Policy Board Meeting in Islamabad on April 16, 2018.





3

**PERFORMANCE REPORT ON
INTERNATIONAL ACTIVITIES**

PERFORMANCE REPORT ON INTERNATIONAL ACTIVITIES

As an SAI, the AGP meets a range of international and professional obligations and frequently interacts with international audit fraternity. International activities of the SAI Pakistan keep it abreast of the latest developments in public auditing and help it identify and take advantage of learning opportunities through international cooperation. The AGP's International Relation and Coordination (IR&C) Wing is responsible for transacting business in this area.

International Cooperation

Department of the Auditor General of Pakistan is the highest auditing body in Pakistan and is the Supreme Audit Institution (SAI) of Pakistan. OAGP meets a range of international and professional obligations and frequently interacts with the international audit fraternity. International activities of OAGP keep it abreast of the latest developments in public auditing and help in identifying and benefiting from learning opportunities through international cooperation. The International Relations and Coordination (IR&C) Wing in the OAGP transacts business in these areas.

OAGP is an active member of a number of multilateral professional organizations including the International Organization of Supreme Audit Institutions (INTOSAI), the Asian Organization of Supreme Audit Institutions (ASOSAI), Economic Cooperation Organization Supreme Audit Institutions (ECOSAI) and International Consortium on Governmental Financial Management (ICGFM). In his capacity as the head of the SAI Pakistan, the Auditor-General of Pakistan is member of the Governing Board of the INTOSAI, ASOSAI and the permanent Secretary General of ECOSAI. The Department actively participates in the assemblies, seminars, workshops, conferences and symposia organized by these bodies

International Linkages

- Member of INTOSAI Governing Board
- Chairman of ASOSAI (2009-2012)
- Member of ASOSAI Governing Board
- Secretary General of ECOSAI
- Certified trainers in Performance Audits and ECOSAI courses
- IDI certified auditors
- External Auditor for :
 - UN 1961-1976
 - PCOPCW 1993-1997
 - OPCW 2003-2008

International Organization of Supreme Audit Institutions (INTOSAI)

OAGP is on the INTOSAI Governing Board for the period of six years from 2013-2019. A brief description of the activities of SAI Pakistan in relation to INTOSAI is given below:

Event	Dates	Venue
INTOSAI Governing Board Meeting	06-07 November, 2017	Graz, Austria
Working Group on Public Procurement Audit	July 4-5, 2017	Lisbon, Portugal
Working Group on Value and Benefits of SAls	06-08 September, 2017.	Mexico
Working Group on Evaluation of Public Policies	25-26 September, 2017	Paris, France
INTOSAI Capacity Building Committee and Donor Steering Committee	18-21 September, 2017	Washington DC, USA
Working Group on Environmental Audit	11-14 September, 2017	WashingtonDC, USA
IDI Online Training Course on Audit Plan	14-22 September, 2017	Online
Working Group on Fighting Corruption and Money Laundering	25-26 September, 2017	Arusha, Tanzania
IDI- ASOSAI Online Course	9-27 September, 2017	Online
Working Group on Financial Modernization and Regulatory Reforms	28-29 March, 2018	Beijing, China
Working Group on IT Audit	17-19 April 2018	Sydney, Australia
INTOSAI Capacity Building Committee	20-22 June, 2018	Bratislava, Slovak Republic
Working Group on Public Procurement Audit	7-8 June, 2018	Belgrade, Serbia
Working Group on Evaluation of Public Policies	12-13 June, 2018	Paris, France

Asian Organization of Supreme Audit Institutions (ASOSAI)

Asian Organization of Supreme Audit Institutions (ASOSAI) is one of the Regional Groups of the International Organization of Supreme Audit Institutions (INTOSAI).

From July 2017 to June 2018, SAI Pakistan has participated in following events:

Events	Dates	Place
WGEA Project on Auditing Guidelines on Soil Quality Management and Land Organization– Combating Desertification	11-14 September, 2017	Washington DC, USA
ASOSAI 11 th Research Project on Audit of Public-Private Partnership Arrangement	Launched on 14 th July, 2016	Kuala Lumpur, Malaysia
ASOSAI Workshop on Performance Audit	10-21 July, 2017	Malaysia
Seminar on Improvement and Innovation of Audit Processes Including Audit on Preparedness for Implementation of SDGs	10-14 December, 2017	Kuwait
ASOSAI Capacity Development Program on IT Audit – online	26 February – 27 April, 2017	Online
Seminar on Environmental Auditing and Meeting on ASOSAI WGEA	27-31 January, 2017	KhaoYai, Thailand

Economic Cooperation Organization Supreme Audit Institutions (ECOSAI)

ECOSAI is a regional forum of the Supreme Audit Institutions of the South and Central Asian regions.

ECOSAI Governing Board Meeting (GBM)

The 22nd ECOSAI Annual Governing Board Meeting was held in Turkish Republic of Northern Cyprus (TRNC) on October 23, 2017, and drew representation from SAls of Afghanistan, Azerbaijan, Pakistan, Turkey and the Turkish Republic of Northern Cyprus participated.

Auditor General of Pakistan and Secretary General of ECOSAI Mr. Javaid Jehangir presented the Organization's Activity Report and highlighted the significant activities of ECOSAI activities during the year 2016. He noted his concern over the absence of some of the member SAls in ECOSAI training during the year 2016.

The Governing Board unanimously approved the ECOSAI Accounts and Financial Statements with an observation that the total expenditure spent on auditing the Accounts was proportionately higher than the expenditure that was audited. The Governing Board resolved to reduce the cost of auditing in the forthcoming years. The Auditor General of Pakistan, in his capacity as Secretary-General ECOSAI resolved to analyze and review the matter considering organization's charter and precedents/practices in international organizations. The GB directed that the ECOSAI Secretariat will work on it and share options with member SAls.

SAI Pakistan presented Report of ECOSAI Accounts for the year 2016

The Governing board members agreed that ECOSAI members need to improve their interaction [even on a bilateral level] with Turkmenistan and Uzbekistan to encourage them to take part in ECOSAI's activities.

ECOSAI Decides on non-participation of member SAls in ECOSAI meetings

Publication of ECOSAI Circular by SAI Pakistan

In line with the decision of the 20th ECOSAI Governing Board meeting, the ECOSAI Secretariat publishes a bi-annual circular and the same was published in autumn and Spring of 2017. The bi-annual circular contains contributions from member countries on initiatives of the SAls in their respective countries and research articles. Pakistan's SAI representative apprised the GB attendees on the progress of ECOSAI Biannual circular of 2017. In the spring 2017 issue, the attendees were informed that the contributions were received from SAls viz Azerbaijan, Iran, Kazakhstan, Pakistan, Tajikistan, Turkey and the Turkish Republic of Northern Cyprus. In the 2017 Autumn Issue, SAls of Iran, Pakistan, Tajikistan, and Turkey sent their contributions. SAI Turkey arranged for the printing of ECOSAI bi-annual circulars in 2017 and disseminated it to the member SAls. The IRC Wing of the Auditor General's office provided editing, proof-reading and designing of the contributions of the said bi-annual circular.

Discussion on Training Planning and Implementation

The SAI of Turkey shared its intentions to organize a Training Course and Symposium/Workshop on different subjects of interest to member countries. The Turkish Cooperation and Coordination Agency (TIKA) will sponsor the training course after the finalization of subjects of interest. Additionally, the member countries decided that the ECOSAI Training Plan (2018-21) will be presented at the following Governing Board meeting after the requisite input from member countries is complete.

ECOSAI Workshop on Financial Audit/Risk-Based Audit

The TIKA sponsored ECOSAI Workshop on “Financial Attest/ Risk-based Audit” was organized by SAI of Turkey from November 6-10, 2017 in line with the 17th ECOSAI Training Committee decision. Twenty participants from eight SAs of Afghanistan, Azerbaijan, Iran, Kazakhstan, Palestine, Pakistan, Turkish Republic of Northern Cyprus (TRNC) and Turkey. Pakistan's SAI nominated four facilitators for the workshop.

The training participants were taught the fundamentals of Financial Risk and methods to conduct Risk based/ Financial Attest Audit. The training program also provided an avenue for the participants to give a thorough understanding of Compliance Audit and Performance Audit. The contents of the course were developed in the light of ISSAI guidelines and good practices in vogue in various SAs. The participants also visited the Turkish SAI facilitated visit to Antalya Metropolitan Municipality where they were briefed about the working, outlay, and functioning of the municipality followed by a questions and answers session.

Pakistan's bid for UNESCO External Auditor 2018-23

The term of office of the UNESCO External Auditor expired at the end of 2017 (36 C/Resolution 010). In line with the provisions of Rule 108 of the Rules of Procedure of the General Conference, the Director- General UNESCO [through the Ministry of Foreign Affairs] invited to submit the applications of candidates who could be considered by the General Conference at its 39th session (November 2017) for appointment to this position over the six-year period that begins in 2018 and ends in 2023. The Auditor General of Pakistan directed the International Relations & Coordination Wing to prepare comprehensive bidding documents in line with the requirements laid down and expected as mentioned in the Call for Invitation of Intent to bid for UNESCO External Auditor 2018-23. UNESCO's External Auditor is the Auditor General (or an officer holding the equivalent title) of a Member State and is appointed in the manner decided by the UNESCO General Conference for auditing the accounts of the six years following his appointment.

Action taken: The IRC Wing has developed a comprehensive database with details of countries that fall under each of United Nations Regional Groups. This database has helped the Wing to identify as the common touch points with the regional group countries, OAGP can engage on a long-term basis to develop deep and strong bilateral relationships.

Bilateral Agreements

SAI Pakistan, with its strong professional credentials, has been cooperating with various SAIs in professional and technical exchange of knowledge and skills. These initiatives help build capacities and competence of officers of the Department, earning goodwill and building a positive image for the country.

OAGP started the initiative to sign Memorandum of Understanding (MoU) with friendly countries and member countries of Economic Cooperation Organization (ECO), INTOSAI, ASOSAI, and ECOSAI as these member countries share common challenges pertaining to governance and public-sector audit.

National Audit Office of the Peoples Republic of China (CNAO)

Pakistan's SAI signed MoU with CNAO on 27 February 2017 at Beijing, China with the approval of Federal Cabinet. Following the MoU, CNAO had shown its willingness the Master's Degree of Auditing (Maud) sponsored by the Chinese Government Scholarship program (CGSAMP) and invited nominations from SAI Pakistan for four candidates to apply for the 2017/2018 session. Four officers were nominated by SAI Pakistan for Maud program.

The Auditor General of Pakistan met the Auditor General of China during the 70th Governing Board Meeting of International Organization of Supreme Audit Institution (INTOSAI) at Graz, Austria in November 2017.

Audit Office of Vietnam (SAI Vietnam)

The MoU for Cooperation in Public Sector Auditing was signed with SAI Vietnam on 08 December 2016. Thereafter, SAI Pakistan identified the areas of cooperation to be undertaken under the auspices of the MoU includes parallel audit, peer reviews, mutual study visits and training course to be delivered by Pakistan on Performance Audit and Forensic Audit.

Audit of "Kasur Tanneries Waste Management Agency (KTWMA)" was taken up as a parallel audit assignment with SAI Vietnam in May 2017. Mr. Ikram-ul Haq Regional Director, District Audit, Lahore headed the Audit team. SAI Vietnam conducted the environmental audit on the management and treatment of wastewater in KhanhPhur Industrial Park, NinhBinh Province.

The Internal QCC of SAI Pakistan's report was carried out by DAG (Central) and a certificate of necessary rectification, was also included by DAG (FAO).

SAI Vietnam proposed arranging a workshop/meeting in Hanoi in September 2018 to discuss and share the outcome of the Parallel audit. SAI Pakistan also proposed a work plan for this.

SAI of Islamic Republic of Iran (Supreme Audit Court of Iran)

SAI Pakistan proposed to hold a meeting with SAI Iran to identify the areas of cooperation in public sector auditing, however, due to pre-engagement, SAI Iran proposed to follow-up the issue of drafting an action plan for the implementation of MoU in the first quarter of 2018. SAI Pakistan welcomed the proposal of SAI Iran of drafting an action plan under the ambit of MoU in 2018. SAI Pakistan also offered a work plan covering various aspects of bilateral cooperation to be shared for further input and feedback to SAI Iran.

Turkish Court of Accounts (SAI Turkey)

SAI Pakistan signed a Memorandum of Understanding on cooperation in public sector auditing with Turkish Court of Accounts (SAI Turkey) on October 18, 2016, in sideline meeting during the event of ECOSAI Assembly at Ankara Turkey. A five-member delegation from TCA visited the Office of the Auditor General of Pakistan, Islamabad from February 20-23, 2017 to discuss the framework of the implementation of MoU. On invitation of TCA, two officers from SAI Pakistan also visited Istanbul, Turkey from 17-19 July 2017 where decisions were taken regarding peer review, capacity building activities through trainings, video conferences and conducting of a joint audit.

It was decided that Department of Auditor General of Pakistan and Turkish Court of Accounts will conduct joint audit of a Mass Transportation Project in Islamabad. Accordingly, a project titled "Construction of infrastructure and allied works for metro bus services from Peshawar Morr to New Islamabad Airport" has been selected for joint audit.

A five member delegation from the Turkish Court of Accounts (TCA), Turkey visited office of the Auditor General of Pakistan, Islamabad from March 04-10, 2018 on study tour for Joint Audit.

A three member delegation from the Turkish Court of Accounts (TCA), Turkey visited O/o the AGP, Islamabad from April 22-28-10, 2018 and participated in Joint Audit of "Construction of infrastructure and allied works for metro bus services from Peshawar Morr to New Islamabad Airport".

MOU with Audit Board of Indonesia (SAI Indonesia)

The approval of Federal Cabinet to negotiate the MoU on cooperation in public sector auditing with SAI Indonesia was received on 06 January 2017. The negotiation process on draft MoU was completed in May 2017. Accordingly, a Summary for Cabinet seeking approval to sign the MoU with SAI Indonesia was forwarded in May 2017. Federal Cabinet accorded its approval to sign the MoU with SAI Indonesia in its meeting dated 26 September 2017 which was communicated to SAI Indonesia. Both the SAIs agreed to sign the MoU in March 2018 and Auditor General of Pakistan signed the MoU with Audit Board of Indonesia on March 26, 2018 during his visit to Indonesia and decisions regarding peer review activities, bilateral seminars, parallel audit on environment related topics and cooperative audit were taken. It was also agreed upon to continue to develop

bilateral relations for 2018-2010.

MOU with Accounts Chamber of Tajikistan (SAI Tajikistan)

The approval of Federal Cabinet to negotiate draft MoU in public Sector Auditing with Accounts Chamber of the Republic of Tajikistan was received on 12 January 2017, accordingly, draft MoU was forwarded to SAI Tajikistan on 19 January 2017 for their comments. Ministry of Foreign Affairs conveyed a note of the Embassy of Tajikistan in November 2017, regarding approval of draft MoU by the Government of the Republic of Tajikistan and is ready to sign the MoU with the request to designate the date and venue. A Summary for the Cabinet seeking approval to sign the MoU with SAI Tajikistan was forwarded on 06 December 2017 and Federal Cabinet accorded its approval on April 25, 2018. The Memorandum of Understanding was signed with Accounts Chamber of the Republic of Tajikistan during the visit of President of Pakistan in Tajikistan in June 20-22, 2018.

MOU with office of the Auditor General of Nepal (SAI Nepal)

The approval of Federal Cabinet to negotiate draft MoU in Public Sector Auditing with Office of the Auditor General of Nepal was received on 06 January 2017, accordingly, draft MoU was forwarded to SAI Nepal on 19 January 2017 for comments.

SAI Nepal conveyed consent of Government of Nepal on 08 May 2017; accordingly a Summary for the Cabinet seeking approval to sign the MoU with the office of the Auditor General of Nepal was forwarded on 22 May 2017. Federal Cabinet accorded its approval in its meeting dated April 25, 2018. SAI Pakistan agreed with SAI Nepal to sign the MoU in a sideline meeting of 14th ASOSAI Assembly in September 2018 in Hanoi, Vietnam.

MOU with SAI's of UAE, Bangladesh, Sri Lanka and Malaysia

The Federal Cabinet accorded approval to the office of the Auditor General of Pakistan to start negotiation of MoU with SAIs of UAE, Bangladesh, Sri Lanka and Malaysia in 2016. Accordingly, SAI Pakistan shared the draft MoU with respective SAIs. SAI Malaysia shared certain final amendments in the draft MoU in June 2018, which has been forwarded to Law & Justice Division for vetting. However, SAI Pakistan has been repeatedly sending reminders for finalization of the MoU to SAIs of UAE, Bangladesh and Sri Lanka.

Picture Gallery

Pictures of 22nd ECOSAI Governing Board Meeting and 17th ECOSAI Training Committee Meeting





70th Meeting of the INTOSAI Governing Board, 6 to 7 November 2017



Pakistan China Bilateral Seminar on Performance Auditing-2018



Auditor General of Pakistan with President SAI Turkey during ECOSAI Seminar 2018



Group Photo of Auditor General of Pakistan with Participants of ECOSAI Turkey 2018



4

**OUR HUMAN CAPITAL
MANAGEMENT POLICY**

HUMAN CAPITAL MANAGEMENT POLICY AND ACHIEVEMENT

The SAI Pakistan has been mandated to conduct the audit of the accounts of various government institutions/bodies in accordance with the relevant financial rules/regulations, internationally Accepted Auditing Standards and the International Best Practices as adopted for the public sector by the INTOSAI.

The SAI Pakistan comprises of AGP office and 30 Field Audit Offices manned by professionally trained human resources. The SAI Pakistan has a large number of officers specializing in various disciplines such as Accounting & Finance, Public Policy, Business Administration and HRM from various universities in USA, UK and Australia.

More specifically, the SAI Pakistan has trained:

- μ 798 auditors in Master, MBA and MSc Accounting and Finance.
- μ 191 auditors in professional certificates
- μ 3289 auditors are PIPFA qualified.
- μ 1599 auditors trained in Intensive Training Program in Performance Auditing.
- μ 08 auditors in Ph D Programmes.

The SAI Pakistan has been playing its role in ensuring public accountability and transparency, and promoting good governance by adding value to national resources. To honor these responsibilities in a befitting manner, the OAGP has been striving to upgrade its capabilities. Various initiatives, from time to time, included the defining of Vision, Mission and Core Values of the OAGP; aligning of audit independence, legal mandate, organizational and financial independence with Lima and Mexico Declarations; upgrading the OAGP audit methodologies; and improving human resources.

The Auditor General of Pakistan has approved the OAGP Strategic Plan 2015-2019 on 5th November, 2015 which particularly focuses on the capacity building of its officers and staff. Currently OAGP is engaged with development partners/donors such as USAID, World Bank, JICA and ADB to pursue assistance in different areas to meet this objective. Brief progress is highlighted below:

a) In pursuance of above, recently USAID showed interest to allocate USD \$ 2 million for Capacity Development of OAGP officers under Technical Assistance "Training for Pakistan" till May 2017. EAD has also endorsed the above initiative. Approximately, 307 officers of OAGP and CGA would benefit from these training facilities which is being conducted locally or at foreign premier institutions. Major training programs include:

- μ GAO Fellowship Program
- μ Certified Information System Auditors (CISA)

- μ Certified Fraud Examiner (CFE)
- μ Certified Information Security Management (CISM)
- μ PFM Reforms: Strategies and Implementation
- μ Risk Based Auditing
- μ Environmental Auditing
- μ Training for Trainers (ToT)
- μ Forensic Audit and Investigation- CIPFA International Certificate in Economic Crime Management
- μ ACL Certified Data Analyst (ACDA)
- μ Occupational Health and Safety Management System (OHSMS) 180001:2007 Lead Auditors
- μ Best Practice Financial Management System IPSAS and IFRS.

b) In addition World Bank has also conceived a Public Financial Management (PFM) reforms program, and has shown its commitment to allocate USD \$20 million for strengthening the Accountability process in Pakistan. OAGP is a major stakeholder in this component.

c) Dialogue with JICA has also progressed over time which primarily focuses on Institutional Development of OAGP. A concept paper for setting up National Academy of Public Finance Accountants (NAPFA) was submitted to planning commission, which has been approved. This opens the doors of financial and technical assistance for institutional development of OAGP through JICA.

d) Asian Development Bank has also shown interest to expand the scope of its technical assistance (TA-8697) programme to assist OAGP in developing the Audit Methodology including Audit Manual for Foreign Funded Projects.

By virtue of these efforts SAI Pakistan focuses on imparting training in emerging areas such as Special Sectors Audits, Public Private Partnership and Performance Evaluation of Privatization, Energy Distribution, Gender Audit, IT/IS/E- Governance, Environment, Forensic, Debt Management, Project Audit, HR Audit and Youth Loans etc. It has also been planned to develop "Sector Audit Experts" which will lead Audit Managers in respective areas.

The SAI Pakistan is also the co-sponsor of Pakistan Institute of Public Finance Accountants (PIPFA), which is a member of the International Federation of Chartered Accountants and is imparting professional training to the Public Sector auditors and accountants. PIPFA has collaborated with Chartered Institute of Public Finance and Accountants (CIPFA) to facilitate the membership to OAGP officers holding membership of PIPFA. OAGP has also signed a MOU with Institute of Chartered Accountant of Pakistan (ICAP) to extend facility of attachment of trainees mutually. During the period 2017-18 the following training opportunities were availed by the employees of OAGP:

μ	Professional Certifications (CIA, CISA, CFE, & CGAP)	21
μ	British Chevening Program	01

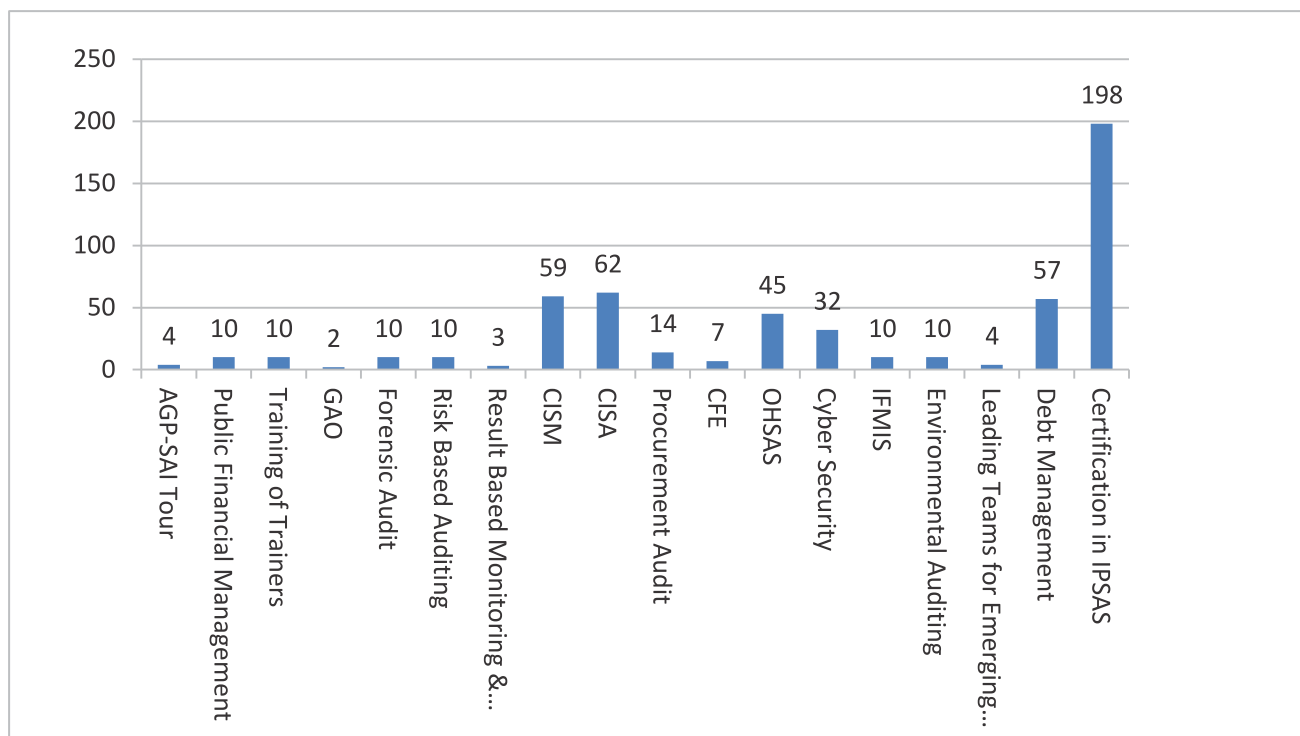
μ	CNAO China/ Chinese Government	02
μ	Australian Awards Scholarship Program	02
μ	GAO Fellowship, USA	02
μ	Short Training Courses	02
μ	New Incentives Scheme CFE, CGAP	02

Thus strategic vision of SAI Pakistan is continuing to develop professional competence of its human resource to meet the emerging challenges and serve the national cause by ensuring best utilization of its scarce economic resources.

Enrichment of Our Human Capital

During the year 2017-2018, 18 courses were introduced by the OAGP with the collaboration of USAID in light of Goal 02: Development of Professional Capacity Institution as mentioned in Strategic plan 2015-19 to train 547 officers of Department of the Auditor General of Pakistan, Controller General of Accounts & Military Accountant General either locally or at selected premier institutions abroad under the USAID, Training for Pakistan Project/Pakistan.

Number of officers trained during the year 2017-2018



Number of officers got certified in above mentioned courses during the year 2017-2018

Sr. #	Name of Course	Number of officers Certified
1	Certification in International Public Sector Accounting Standards (IPSAS)	178
2	Forensic Audit	10
3	Certified Fraud Examiner (CFE)	07
4	Occupational Health and Safety Management System (OHSMS) 180001:2007 Lead Auditors	20
5	Certified Information Security Manager (CISM)	06
6	Certified Information System Auditor (CISA)	03

During the year 2017-18, Officers / officials who have been pursuing PIPFA at its different levels are detailed below:

Levels	Winter - 2017	Summer - 2018
Foundation	105	96
Intermediate	38	34
Final	14	12

Details of officers / officials pursuing ACCA-UK, CMA from ICMAP and CISA are as under:

Discipline	No. of officers / officials
ACCA-UK	09
CMA	02
CISA	04

Following Training / Scholarship opportunities have been offered:

Scholarship	No. of Nominations
Hubert Humphrey / Fulbright Scholarships	06
Aus aid Scholarships	22
Chevening Scholarships	24
EAD Trainings	No. of Nominations
Malaysia	05
Korea, Japan, Thailand	10
China	42

12 Local Trainings/Workshops have been held during 2017-18 for Inter Departmental Cadre officers. On the other hand, 66 Local Trainings/Workshops have been arranged for Departmental Cadre officers/officials during the same year.

Human Resource Management Information System (HRMIS) is an online centralized database for Department of Auditor General of Pakistan that is used for data entry, data tracking and the information required for OAGP. Efforts are being made by HRMIS Section to further update and verify the data provided by officers.

Pakistan Audit & Accounts Academy Courses & Participants

Sr. No.	Name of PAAA	No. of Courses	No. of Participants	No. of Days
1	Islamabad	22	449	111
2	Lahore	40	869	183
3	Karachi	21	359	80
4	Peshawar	19	242	68
5	Quetta	29	565	187
	Total	131	2484	629

Administration Wing CPD and Mandatory trainings

Course Name	2016-17	2017-18
MCMC	7	15
SMC	21	20
NMC	14	7
NDU	1	2

Establishment Wing HRM activities

Sr. #	Description	No's
1	Recruitment of Senior Auditors (B-16)	341
	Promotion finalized	
2	AAOs (B-17) as AOs (B-18)	144
	Senior Auditors (B-16) as AAOs (B-17)	56
	Private Secretaries (B-18) to SPS (B-19)	2
3	Disciplinary case finalized (B-17)	1
	Disciplinary case finalized (B-4)	1



Auditor General of Pakistan chairs Annual Training Plan 2018-19 Meeting at PAAA Lahore



5

Snapshot of the Challenges

OUR CHALLENGES

As a part of the changing world, we endeavour to constantly anticipate, recognize and respond to changes occurring in our environment. The following is a snapshot of the challenges. The OAGP faces.

Responding to an increase in the expectation of stakeholders for transparency and accountability

Globalization and information technology revolution has increased flow of information to the general public. Moreover, media has become more assertive on issues of accountability. Empowered with information, the stakeholders, especially the citizens of Pakistan, now expect more from the OAGP. Consequently, the OAGP has to constantly diversify its product and services to meet this demand.

Significant Issues 2017-18

- μ Increase in scope of work after approval of Amendments to AGP Act 2017
- μ Restructuring of Government leading to new requirements
- μ Access to record of authorities/organizations within Government
- μ Change of Government and new PAC leading to pendency of reports

Ensuring timely accountability by the PACs

The AGP carries out audits and prepares the statutory audit reports annually. However, the accountability of those involved in fraud, waste and abuse of the public fund depends on the existence and effectiveness of the PACs. The present PAC of the National Assembly has effectively been able to reduce chronic delays in disposing of the audit reports. It has created a new precedent by completing the workload of three years within a span of ten months during the last year.

i) Liaison and Coordination between Auditor General's Office and Public Accounts Committee has been very effective and during last two years PAC and subcommittee held huge number of meetings to complete the huge backlog. Following is the detail of PAC Committees / Sub Committees constituted to discuss audit reports

Sr. No	Office	No. of PAC Committees / Sub-Committees Meetings
1	Deputy Auditor General (FAO)	102
2	Deputy Auditor General (CA&E)	34
3	Deputy Auditor General (DA)	17
4	Deputy Auditor General (North)	14
5	Deputy Auditor General (South)	13
6	Deputy Auditor General (Central)	06
7	Deputy Auditor General (SSA & RRA)	02
Total		188

ii) PAC completed the scrutiny of audit reports

Sr. #	Office	Committee	Audit Year	Total meetings
1	Deputy Auditor General (DA)	SC-III	2009-10	13
		SC-II	2002-03	5
2	Deputy Auditor General (CA&E)	PAC / Sub-Committees	2002-03	9
			1996-97	184
			1998-99	
			1999-00	
			2000-01	
			2002-03	
			2003-04	
			2004-05	
			2005-06	
			2006-07	
			2008-09	
			2009-10	
3	Deputy Auditor General (FAO)	PAC / Sub-Committees	1993-94	106
			1996-97	
			1998-99	
			2002-03	
			2007-08	
4	Deputy Auditor General (SSA&RRA)	PAC / Sub-Committees	2002-03	2
			2016-17	
5	Deputy Auditor General (Central)	PAC	2005-06	8
			2010-11	1
			2011-12	3
			2012-13	14
			2013-14	6
6	Deputy Auditor General (South)	PAC	2001-02	27
			2005-06	
			2006-07	
			2007-08	
			2008-09	
			2009-10	
			2010-11	
			2011-12	
			2012-13	
			2013-14	
7	Deputy Auditor General (North)	PAC	2014-15	31
			2015-16	38
			2010-11	19
			2011-12	74
			2013-14	47

iii) Number of reports for consideration of PAC pending with PAC Secretariat

Sr. #	Office	Financial year	No. of Pending paras	No. of highlighted paras
1	Deputy Auditor General (DA)	2010-11	59	43
		2011-12	379	303
		2012-13	357	301
		2013-14	123	103
		2014-15	287	195
		2015-16	432	382
		2016-17	745	642
2	Deputy Auditor General (CA&E)	2010-11	483	150
		2011-12	1436	770
		2012-13	1534	993
		2013-14	508	223
		2014-15	1576	1004
		2015-16	1510	1026
		2016-17	1208	932
3	Deputy Auditor General (FAO)	2017-18	610	252
		2010-11	960	570
		2011-12	2614	1646
		2012-13	2936	2186
		2013-14	1106	745
		2014-15	2871	1946
		2015-16	2584	1860
4	Deputy Auditor General (SSA&RRA)	2016-17	3292	2329
		2002-03	77	11
		2010-11	39	13
		2011-12	49	49
		2012-13	44	44
		2013-14	46	26
		2014-15	48	48
		2015-16	36	36
		2016-17	145	125

5	Deputy Auditor General (Central)	2002-03	91	91
		2004-05	53	53
		2005-06	35	57
		2007-08	215	215
		2008-09	335	335
		2011-12	09	03
		2012-13	231	204
		2013-14	31	13
		2014-15	661	661
		2015-16	306	306
		2016-17	637	637
		2017-18	3302	317
6	Deputy Auditor General (South)	2001-02	177	-
		2004-05	249	-
		2005-06	162	-
		2006-07	121	-
		2007-08	206	-
		2008-09	175	-
		2009-10	204	-
		2012-13	413	413
		2013-14	407	360
		2014-15	1066	681
		2015-16	138	84
		2016-17	257	257
7	Deputy Auditor General (North)	2017-18	424	424
		1999-2000	433	433
		2000-01	547	547
		2006-07	70	70
		2010-11	195	173
		2011-12	47	68
		2012-13	30	66
		2013-14	52	169
		2014-15	236	506
		2015-16	319	557
		2016-17	373	463
		2017-18	132	202

The PAC and its sub-committees held meetings even when the National Assembly was in session, setting a new example of efficiency and keenness to perform effectively. However, accountability system needs to be strengthened further to ensure that those found involved in misuse of the public office are made to pay back.

Coping with the increase in the use of information technology tools in Public Sector operations.

The use of information technology tools has increased manifold in recent years. Audit must respond to this shift in the modus operandi of the public sector by changing the way it operates. Resultantly, the OAGP has formulated the guidelines for the procurement of hardware and software and also the Information System Audit Guidelines. These set of guidelines would ensure the better scrutiny of the IT related equipment as well as the Information System procedures. This entails creating a cadre of IS-auditors and moving away from the traditional auditing incrementally.

Handling the public-private partnership and NGOs in public service delivery

Increasingly, the governments worldwide are depending on the public-private partnership and the NGOs as an alternative to traditional delivery mechanism. Already, a Public Private Partnership Policy has been notified by the Federal Government. This is new area both for the government and the AGP and demands that the OAGP not only builds its capacity for audit of activities carried out through public-private partnerships but also guides the government in effective utilization of this arrangement for the improved service delivery.

Building partnership culture with auditees

The core values of OAGP put emphasis on building partnership culture with auditees. However, the AGP is yet to reach the stage where the auditors and the auditees can work as partners in improving government's operational effectiveness.

Institutionalizing performance bench marking

The AGP has implemented the QMF and other measures to improve its performance. This represents significant progress at the policy level. However, when performance comes under closer scrutiny, it is bound to ignite resistance from the forces that support the status quo. The OAGP is countering this situation through various change management activities but a lot remains to be done.

Sustaining reforms under PIFRA

PIFRA has contributed a lot in the development of the public sector auditing in the OAGP. It has undertaken a marathon of reforms and revision of the audit procedures in order to align them with the international best practices. Development of the FAM, sectoral guidelines, the QMF and the steps toward the acquisition of AMIS are part of the auditing reforms. The progress made under PIFRA is being consolidated so that reforms momentum can be sustained after the project closure. Among other things, OAGP is building capacity to carry out the audits as per FAM and other guidelines developed and circulated in FAOs. The capacity building of officers is key to the sustainability of the auditing reforms initiated under PIFRA.



Recruiting and retaining the best

The OAGP is a knowledge-based organization. However, its best people are tempted to leave the organization for other public sector organizations and the private sector where they are offered much higher pay packages. The OAGP has invested significantly in its workforce over the years but its compensation structure does not support retention of its best workers. What is more, dwindling fiscal space has made it difficult that the AGP can get additional incentives for its workforce from the government.

Strengthening internal accountability and controls within government

While the OAGP points out instances of waste, fraud, and abuse of the resources, its work covers only a small fraction of the total government transactions. Thus, the government agencies need to have a strong internal accountability and control mechanism to prevent occurrence of irregularities in the operations and implementing directives of the AGP. The Government of Pakistan has introduced the scheme of the Chief Finance and Accounts Officers (CFAOs) to ensure professional management of the public resources. However, the CFAOs remain to be firmly and effectively embedded in the organizational hierarchy of the federal government.

Our Responses

The AGP is faced with diverse challenges. While some challenges arise due to the changes in the external environment on which the OAGP has limited or no control, there are other challenges that the AGP is facing through continuous vigilance and innovation. Following are the responses of the AGP to grapple with these challenges effectively:

Adopting INTOSAI Auditing Standards

We continue to develop new products and refine the processes in order to meet the expectations of the stakeholders, particularly the Parliament, in as much as these relate to the promotion of transparency, accountability and good governance in the public sector operations. The OAGP has adopted the INTOSAI Auditing Standards and the Code of Ethics. Our audits are based upon our Financial Audit Manual (FAM) which is in line with the standards. The OAGP continues to update the audit methodologies with our sectoral guidelines, which are presently 20 in number. Taking a lead from the INTOSAI work, we also commissioned a Task Force to formulate the Guidelines for the Audit of Disaster Management in 2010.

Ensuring quality and timeliness of audit reports through benchmarks

We are committed to excellence in our work, providing quality reports to the legislature and creating value for the nation. The QMF system introduced in 2010 ensured that audit reports are not approved till they meet quality standards. Further, the FAOs are required to ensure that their audit reports of a financial year are signed within eight months after the closing of the financial year. The OAGP is in transition but this change is set to be firmly embedded in the system in a couple of years.

Refining the existing Performance Audit Methodology and Practices

Value for Money (VFM) audits have always been a priority area for the AGP. The guidelines for the performance auditors were prepared in the 1980s that are now being revised in the light of international best practices. Training interventions are being designed to help audits integrate the VFM audit results with their findings of the regulatory audits.

International exchanges for developing manuals and guidelines for environmental auditing and green accounting

The concern for environment has increased significantly after the streak of natural disasters attributed largely to the climatic changes. The AGP is actively involved in preparing the guidelines and manuals to carry out the environment audit.

Capacity Building

The AATIs have become active in training officials in the use of NAM, FAM, CAATs, ACL to respond to the concern that the development of the audit manuals and guidelines has not made desired impact on the audit reports. Further, training interventions have been revamped to respond to the emerging requirement of the IS-Auditing. Six officials of the AGP are being trained as Master Trainers for the IS Audits in collaboration with the AATI, Lahore. Further, proposal is under consideration for the establishment of centre for preparing officials to take CISA exams.

Establishing the National Institute of Public Finance and Accountancy (NIPFA)

The OAGP has a network of the AATIs to design and deliver in-house training of the officials. Steps are being taken to set up for making NIPFA as a centre of excellence to train the government officials including those of the AGP in the public finance and the accountancy. This is part of a broader national training strategy to establish specialist training facilities in the country.

Annual Report 2017-18 is edited and compiled on the basis of data collected from all wing and field audit offices. The report cover all the audit activities of OAGP from audit year 2017-18 while auditing financial year 2016-17. The suggestion's and ideas to further improve the document are highly welcomed at email: dgp@agp.gov.pk

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