AUDIT AND Inspection REPORT
ON THE ACCOUNTS OF
HIGHER EDUCATION COMMISSION
FOR THE YEAR 2016-17

Audit Conducted by:

Mr. Zulfiqar Ali Nasir, Deputy Director

Mr. Rashid Saeed, Senior Auditor

Mr. Farooq Ahmed, Senior Auditor

Directorate General Audit
Federal Government
Islamabad

SCOPE OF AUDIT

Audit of the accounts of Higher Education Commission for the year 2016-17 was conducted by the Audit team headed by Mr. Zulfiqar Ali Nasir, Deputy Director and assisted by Mr. Rashid Saeed, Senior Auditor and Mr. Farooq Ahmed, Senior Auditor of Directorate General Audit, Federal Government, Islamabad w.e.f. .09.2017

The audit was conducted in accordance with guidelines issued by the Auditor General of Pakistan and rules, regulation and instructions issued by Government from time to time. It was a test audit based of sampling. Samples were selected from all areas of expenditure to watch the accuracy and fairness of accounts. Internal control system was also examined to comment upon system weaknesses and its implications on the procedures adopted by the department. Accounts of the department were reviewed to express an independent opinion about the:-

- Accuracy, fairness and completeness of the Accounts.
- Observance of Government rules and regulation with letter and spirit.
- Utilization of funds for the purposes for which the Government allocated them.

EXPENDITURE STATEMENT:

The position of budget allocation and expenditure for the period under Audit was as under:

A-Recurring Expenditure **Rupees**

ID	Organization	Exp as per reconciliation Statement	Expenditure as per Paid vouchers	Variation
ID-5850	HEC	600,000,000	600,000,000	-
ID-5867	Inter University Academic Activity	581,000,000	580,713,382	286,618
ID-5888	HEC University Program	1,025,000,000	1,024,718,000	282,000
ID-5914	Promotion of research university	2,694,000,000	2,692,611,446	1,388,554
ID-5940	Tenure Track System	4,000,000,000	3,999,714,365	285,635
ID-5941	Pakistan Education research network	500,000,000	499,998,744	1,256
ID-5942	Digital Library	985,000,000	985,000,000	-
ID-6292	Technical Assistant for capacity building	200,000,000	200,000,000	-
Total		**10,585,000,000**	**10,582,755,937**	**2,244,063**

B-Development Expenditure

Rupees

Cost Center	Allocation	Expenditure	Saving
ID-4103 HEC	27,504,953,000	14,742,483,467	12,762,469,533

DIVISION OF AIR

The AIR has been divided into two Sections. Section “A” deals with the outstanding audit paras of previous audit & its compliance whereas in the Section “B” current audit findings have been stated.

Section "A" (Previous Audit)

All paras stands as no compliance was shown against any para of previous audit.

Para-1 Non Surrender of Saving Rs. 12,762.47 Million

GFR-95 states that all anticipated savings should be surrendered to Government immediately they are foreseen but not later than 31st March of each year in any case, unless they are required to meet excesses under some other unit or units which are definitely foreseen at the time. However, savings accruing from funds provided after 31st March shall be surrendered to Government immediately they are foreseen but not later than 30th June of each year. No savings should be held in reserve for possible future excesses.

As per reconciled statement of expenditure the expenditure was less than allocated budget provisions during 2016-17. Detail is as under:

Development **Rupees**

Cost Center	Allocation	Expenditure	Saving
ID-4103 HEC	27,504,953,000	14,742,483,467	12,762,469,533

Audit observed that management did not surrender the saving to the Ministry of Finance even up to the end of the financial year.

Audit is of the view that management violated the government rules.

Management replied that the amount objected was not surrendered with the apprehension that same would be released as the case had already been submitted to the Ministry of Finance.

The management accepted that amount was not surrendered.

Audit recommends that irregularity may be got condoned.

Para-2 Lapse of fund amounting to Rs. 2.242 Million

GFR-95 states that all anticipated savings should be surrendered to Government immediately they are foreseen but not later than 31st March of each year in any case, unless they are required to meet excesses under some other unit or units which are definitely foreseen at the time. However, savings accruing from funds provided after 31st March shall be surrendered to Government immediately they are foreseen but not later than 30th June of each year. No savings should be held in reserve for possible future excesses.

As per bank reconciliation statement of assignment account No. 2159-7 NBP there was unspent balance of Rs. 2,242,737 on 30.06.2017 under ID 5850 HEC. The assignment account is mainated for the disbursement of non development funds of the HEC.

Audit observed that management did not surrender the unspent balance to the government and resultantly funds lapsed.

Audit is of the view that the government funds were blocked and stopped to be used for some beneficial purpose and the government instructions were violated.

It was replied that the amount pertained to the cheques issued but not presented till the end of the financial year.

The reply was not accepted as no such statement was mentioned in the cash book. The amount objected was shown as unspent at the end of June, 2017

Audit recommends that the responsibility may be fixed.

Para-3 Irregular transfer of funds from assignments accounts to Commercial Bank accounts – Rs. 8,732.507 Million

GFR-7 states that moneys may not be removed from the Public Account for investment or deposit elsewhere without the consent of the Ministry of Finance.

FTR-170-B(8) states that it shall not be permissible to draw the whole amount authorized or part thereof and to place it in a separate account at the treasury or in a commercial bank.

FTR-290 states that no money shall be drawn from the treasury unless it is required for immediate disbursement. It is not permissible to draw money from the treasury in anticipation of demands or to prevent the lapse of budget grants.

Para 2(vi) of revised procedure of Assignment Account issued vide letter No.AC-II/1-39/08-Vol-V/632 dated 24.09.2008 states that the officers holding Assignment Accounts will ensure that no money is drawn from these accounts unless it is required for immediate disbursement. Money will not be drawn for deposit into chest or any bank account. A certificate to this effect will be recorded on the Schedule of Payment mentioned in Para 2 (i) above. The cheques for payments on account of purchases / supplies will be drawn in the name of contractor / supplier.

The management of HEC, Islamabad is maintaining an Assignment Account No 2159-7 in National Bank of Pakistan, Melody Branch, Islamabad for recurring expenditure of its own and all the other units /centers.

Audit observed as under:

1. Funds amounting to Rs. 8732.507 million were transferred from the Assignment Account to the commercial Bank Accounts maintained by the HEC HQ during 2016-17.

2. Funds were transferred to the bank account without the approval of the Finance Division or any competent forum.

3. The funds were transferred at the end of the financial year to avoid lapse of funds as there were funds amounting to Rs. 527.178 million on 01.07.2016 as opening balance and Rs. 1,796.734 million on 30.06.2017 as closing balance only in four bank accounts.

4. Funds were shown as payment to the third parties in the cash book of the assignment accounts which was misleading.

Details are as under:

Rupees

Sr.#	A/c No	Purpose	Opening Balance	Deposit	Disbursement	Closing Balance
1.	7928-03 HBL H-9	HEC Recurring/salary	278,005,523	701,242,906	931,353,951	47,894,478
2.	1464-01 HBL H-9	Tenure Track salary	106,604,983	44,616,161	22,063,151	129,157,994
3.	4800110-01 HBL Civic Center	Foreign Remittance	62,049,523	70,626,749	32,221,870	100,454,402
4.	6564-52 HBL H-9	Development	0	1,851,217,398	517,362,276	1,333,855,122
5.	550024-01 HBL Aabpara	Inter University Academic Activities	57,320,891	44,500,853	3,106,848	98,714,896
6.	294972-NBP	Local & Foreign Remittance	23,197,948	6,020,303,201	5,956,843,930	86,657,919
Total			**527,178,868**	**8,732,507,268**	**7,462,952,026**	**1,796,734,811**

Audit is of the view that due to transfer of funds and retention of same into the commercial bank accounts the public exchequer suffered financial losses. Audit also apprehends that HEC is using the bank accounts for irregular parking concealment of development and non development funds.

Audit recommends that the irregular practice should be stopped forthwith and responsibility may be fixed for the irregularity. The unspent balances may be surrendered to the government as the funds allocated and released to HEC were authorized to be utilized during the F.Y 2016.17.

It was replied that Rs. 491.00 million was transferred from assignment account, Rs. 5499.00 million form state bank and balance amount deposited was refunded from the universities.

The reply was not accepted as:

1. The amount deposited in account number 656452 was Rs. 1833.675 million which include Rs. 1423.246 million HEC development grant for project and Rs. 410.406 surrendered from university. The HEC development grant is received and paid from assignment account No. 2167-7.
2. The management partially accepted the irregularity by admitting that amount of Rs. 491.00 million was transferred from assignment account.
3. The amount transferred from state bank and refund received from universities also pertained to the government allocation released to the HEC. Therefore, in all cases it was irregularity and violation of GFR, FTR and above said rules.

Audit also recommends that separate assignment accounts for recurring expenditure of each cost center and each development project should be maintained in their nearest NBP Branch to avoid the irregular and financial losses.

Para-4 Non framing/obtaining approval of service regulations for appointment/promotions of employees

Section 12 of Ordinance No. LIII of 2002 of HEC states that the Commission may from time to time, appointment such officers, servants, consultants and advisors as it may consider necessary for the efficiency performance of its functions on such terms and condition s as may be prescribed by the Federal Government.

Section 21 of Ordinance No. LIII of 2002 of HEC states that the commission may, with the prior approval of the controlling Authority, by notification in the official Gazette, make rules for carrying out the purpose of this Ordinance.

Audit observed that management did not get approval of the service rules / regulations of appointment/promotion of HEC employees specially of Accounts and Administrative cadre/posts.

Audit is of the view that the appointment of the employees in HEC without the approval of their terms and conditions of service from the government (as per Rules of Business of Federal Government) and the controlling authority was irregular.

It was replied that HEC framed its recruitment rules and notified in 2009.

The reply was not accepted as the service/recruitment rules were neither approved from the Federal government nor from the controlling authority.

Audit recommends that service/recruitment rules may be got approved from the government and the controlling authority and previous irregularity may be got condoned from the controlling authority.

Para-5 Unsupported/Doubtful expenditure amounting to Rs. 299.341 million

GFR-15 states that any officer who is responsible for the preparation and completeness of the accounts will be personally responsible for it correctness/completeness and authenticity.

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

As per reconciled statement of expenditure under ID-4103-Development expenditure of HEC for the year 2016-17 the total expenditure booked by the AGPR and accepted by the management was Rs. 14,742,783,467/-. The funds from the AGPR were released for payment through the assignment account No.2167-7 maintained in the NBP main branch.

Audit observed that as per Cash Book entries of the assignment accounts the total payments made expenditure for the years were Rs. 14,443,442,676/- thus there was variation of Rs. 299,340,791/- It was verbally told that the difference amount relate to Pak US Merit and need base Scholarships project but the releases against the project and the authority letters of the AGPR authorizing payment of said project from assignment account No. 2167-7 were not produced. Further there was a separate assignment account No. 7932 maintained in NBP for the said project.

Audit is of the view that the expenditure of Rs. 299,340,791/- was unreliable and doubtful as no supporting record against the expenditure was available with the management

Audit is also of the opinion that probability of misappropriation cannot be ruled out.

It was replied that amount pertained to the project US Need Based Scholarships

The reply was not accepted as funds to the US Need Base Scholarships are received from other source than government. Further the reply was not supported with documentary evidences

Audit recommends investigation in the matter.

Para-6 Financial loss of Rs. 66.693 million due to non retrieval and retention of unspent balance of Rs.1,111.557 million from the LC

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

GFR-26 states that it is the duty of the departmental Controlling officers to see that all sums due to Government: are regularly and promptly assessed, realised and duly credited in the Public Account.

HEC called open tender for the purchase of 200,000 locally assembled Laptops in May, 2015 and tender documents of 87 pages was issued to the bidders by adopting single stage-two envelop system. Only one firm M/S Higher Electrical Appliances Corp, Ltd China was declared as technically qualified with whom the agreement for US$ 98,580,436/- was made on 12.08.2015.

The management opened LC No. HEC/IT/PMNLS/LOA/01 dated 05.08.2015 in the National Bank. For the purpose an amount of Rs. 10,400,235,000/- was transferred from A/c No. 2167-7 to the NBP main branch vide cheque No. 057832 dated 09.11.15.

As per statement of payment provided to audit by the project manager the total payment made to the company against cost of 200,000 laptops purchased and taxes paid was Rs.9,289,558,514/- from 16.05.16 to 19.10.16.

Audit observed as under:

1. As per information provided by bank they had already refunded Rs. 500.00 million and balance available with bank was Rs. 611,557,438/- the date of refund was not mentioned.
2. The balance amount of Rs. 611,557,438/- was not retrieved from the bank.
3. The management did not surrender the refunded amount to government.

4. The government suffered financial loss of Rs. 66,693,446/- (@ 6%, market rate) for unnecessary retention of huge amount in the bank account.
5. The statements of the payments made from the LC duly reconciled with the bank was also not provided.

Audit is of the view that government suffered financial loss due to negligence of the management.

In the reply management did not provide any justification for retention of amount. However in the exit meeting it was stated that amount will be used for purchase of more laptops.

The contention of the management to utilize the saving of financial year 2015-16 against the expenditure of 2017-18 was against the authorization of the National Assembly and Finance Act of 2015-16. Further no any other authority than National Assembly can authorize to utilize the saving of the one year against the expenditure of another years.

Audit recommends that responsibility of the loss may be fixed and amount may be retrieved from the bank and deposited into government account. The payment may be reconciled with the bank.

Para-7 Un-authorized retention of government development funds surrendered by the universities Rs. 1,090.209 million

GFR-95 states that all anticipated savings should be surrendered to Government immediately they are foreseen but not later than 31st March of each year in any case, unless they are required to meet excesses under some other unit or units which are definitely foreseen at the time. However, savings accruing from funds provided after 31st March shall be surrendered to Government immediately they are foreseen but not later than 30th June of each year. No savings should be held in reserve for possible future excesses.

GFR-96 states that in the public interest, grants that cannot be profitably utilised should be surrendered. The existence of likely savings should not be seized as an opportunity for introducing fresh items expenditure which might wait till next year. A rush of expenditure particularly in the closing months of the financial year will ordinarily be regarded as a breach of financial regularity.

FTR-7 states that all moneys received by or tendered to Government officers on account of the revenues of the Federal Government shall without undue delay be paid in full into a treasury.

Higher Education Commission received amounts as unspent balances of developments and other projects from different universities during 2016-17. Similarly some amount was received from universities as income of the project during 2016-17. Details are as under:

Sr. No	Date	Amount Rupees	Sr. No	Date	Amount Rupees
1.	30.09.16	11,577	15.	03.05.17	410,604,000
2.	25.10.16	9,391,427	16.	03.05.17	6,184,131
3.	18.11.16	926,000	17.	04.05.17	118,125
4.	16.12.16 Laptop project	500,000,000	18	05.05.17	200,022
5.	16.12.16	189,527	19.	05.05.17	183,750
6.	16.12.16	36,636	20.	17.05.17	15,591,050
7.	16.12.16	15,023	21.	02.06.17	2,020,000
8.	21.12.16	40,166,723	22.	09.06.17	34,013,000
9.	21.12.16	31,207,425	23.	14.06.17	3,312,200
10.	17.01.17	275,185	24.	14.06.17	7,655,890
11.	27.01.17	9,500,000	25.	14.06.17	1,456,224
12.	24.03.17	6,739,605	26.	14.06.17	3,048,012

13.	10.04.17	747,111	27.	30.06.17	29,975
14.	10.04.17	2,275,000	-	-	0
Total Rupees		**601,481,239**			**484,416,379**
Total					**1,085,897,618**

Audit observed that amounts received were deposited into bank account No. 79016564-52 HBL H-9 instead of depositing into government treasury.

Similarly some funds returned from the projects were deposited into bank account 7060-4 NBP Civic center. Details are as under:

Date	Project	Amount Rs.
25.08.16	IRSIP	187,920
02.12.16	IRSIP	366,800
15.02.17	IRSIP	273,538
25.04.17	DLEl sevier Scoupus	1,833,913
10.05.17	IRSIP	251,845
22.06.17	IRSIP	356,150
22.06.17	AHBP	1,041,634
Total		**4,311,800**

Audit also observed that no payment from above bank account was made on account of surrender of funds to government treasury. There were unspent amounts as closing balances on 30.06.17 Rs. 1316.551 million and Rs. 84.837 million in bank account No. 656452 and 7060-4 respectively.

Audit is of the view that government suffered financial loss due to depriving the public exchequer from its due receipts and interest income thereon.

Audit is also of the opinion that universities were released funds in excess of their requirements and in one case the excess amount was more than 400.00 million.

Management replied that the amount of Rs. 500.00 million was retained for purchase of laptops and balance amount had been surrendered to the government.

The reply was not accepted as no amount was surrendered from above account to the government.

Audit recommends that responsibility of the financial loss may be fixed and amount retained may be surrendered to the government.

Para-8 Miss procurement of laptop amounting to US$ 82.182 million and Rs. 274.400 million

PPRA Rules 23(3) states that any information, that becomes necessary for bidding or for bid evaluation, after the invitation to bid or issue of the bidding documents to the prospective bidders, shall be provided in a timely manner and on equal opportunity basis. Where notification of such change, addition, modification or deletion becomes essential, such notification shall be made in a manner similar to the original advertisement.

PPRA Rules 30(3) states that a bid once opened in accordance with the prescribed procedure shall be subject to only those rules, regulations and policies that are in force at the time of issue of notice for invitation of bids.

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

HEC called open tender for the purchase of 200,000 Laptops in January, 2017 and tender documents of 81 page was issued to the bidders on 28.02.2017 by adopting single stage-two envelop system under the project PM Laptop Scheme Phase-II. Only one firm M/S Higher Electrical Appliances Corp, Ltd China was declared as technically qualified with whom the agreement for US$ 70,575,333/- was made on 15.05.2017. For this purpose LC amounting to US$ 3,7405,000 + US$ 3,686 (Equalent to Rs. 4,731,723,200 + Rs. 342,041,902) was opened on 04.05.17 for the payment against the cost of 100,000 Laptop.

As per tender documents the delivery schedule and payment terms and conditions were as under:

Paragraph	Description
12.7.2	Delivery of a least 10% Laptop computers locally assembled within 120 days from the date of opening of LC, delivery of next 20% laptop computers locally assembled within next 30 days, delivery of next 20% laptop computers locally assembled within next 30 days, delivery of next 25% laptops computers locally assembled within next 30 days and remaining 25% laptop computers locally assembled in next 30 days are to be supplied at the designated sites.
16.1.2	In pursuance of the LC terms, 70% payment of the delivered goods of each year will be due on receipts of the clearance and possession /Taking-over certificate from the authorized representative(s) of the Purchaser, the Successful Bidder shall raise the payment invoice for the laptop Computers supplied to the purchaser. Custom clearance shall be the responsibility of the selected bidder.
16.1.3	30% payment of the delivered goods of each year shall be due after successful delivery of the goods to the respective Delivery Sites and the certificate has been received from the concerned authorities.

Audit observed as under:

1. The specifications of the laptops were substantially changed by making amendment in contract agreement made on 19.07.17.

2. The contract amount for the same quantity (200,000) was increased to US$ 82,182,000 + Rs. 274,363,200/

3. The delivery schedule was increased to 307 days i.e. 1st tranche of 20,000 after 118 days 2nd tranche of 20,000 after 156 days 3rd tranche of 80,000 after 220 days and 4th tranche of 100,000 after 300 days after opening of LC.

4. The payment terms and conditions were changed as “70% payment of the delivered goods will be due on receipt of the provisional acceptance certificate from the authorized representative(s) of the HEC, the Haier shall raise the payment invoice for the laptop computer supplied to the HEC. Custom clearance shall be the responsibility of Haier.
5. The 1st tranche had not been received upto 11.10.2017.
6. The financial and technical bid of the supplier was not produced to audit inspite of repeated requests.

Audit is of the view that changing of terms and conditions and specifications of the laptops after the issuance and opening of tender documents was serious violation of PPRA Rules, which resulted into discrimination caused to the other bidders, excess cost on the public exchequer and delay in the benefit to the beneficiaries.

It was replied that the agreement was revised and enhanced due to upgradation of specifications. Details are as under:

Sr.#	Details (page 71 of RFP)
2	Mobile Processor (upgrade differential cost from Core I3/M3 7th generation to Core i5/M5 5th generation
3	Memory from 4GB to 8 GB
4	Hard disk Drive (upgraded 500 GB to 1 TB)

It was further stated that there was provision to quote the differential cost of the optional upgrades in the financial bid at page 54 of RFP.

The reply was not accepted as at page 53 of the RFP the minimum specifications were Core i5 7th generation, memory 8 GB and hard disk 1TB. Further there was no any provision at page 54 of RFP as stated above.

Audit recommends that matter may be got investigated through an independent agency, responsibility of the excess expenditure and violation of rules may be fixed and appropriate action may be taken against those responsible.

Para-9 Excess payment on account of Taxes Rs. 14.266 million

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

HEC called open tender for the purchase of 200,000 Laptops in May, 2015 and tender documents of 87 pages was issued to the bidders by adopting single stage-two envelop system under the project PM Laptop Scheme Phase-II. Only one firm M/S Higher Electrical Appliances Corp, Ltd China was declared as technically qualified with whom the agreement for US$ 98,580,436/- was made on 12.08.2015. For this purpose LC amounting to US$ 77,585,960 + US$ 38,792,990 (Total equalent to Pak Rupees. 10,449,526,216/- at the exchange rate of Rs. 106 per US$).

As per clause 8.2.1.4 of bidding document the financial proposal of the Bidder shall also include the Price breakup of freight (both by Air and by Ship)/taxes/duties. All costs relating to freight/taxes/duties as applicable shall be responsibility of the bidder, if any exemption is obtained by the HEC, the same shall be adjusted accordingly in the final price of selected Bidder.

The HEC issued instruction to the bank for payment on account of taxes from 22.03.16 to 19.10.16 the total payment made on this account as reported to audit was 1,144,956,019/-

Audit observed as under:

1. As per goods declaration form, custom paid receipts and excise duty paid bill of Sindh government the total amount of taxes comes to Rs. 1,130,689,886/- against the twenty six bills of lading. Details are as under:

Rupees

Sr.#	Taxes	Amount paid	Actual Tax	Excess amount
1	Sales Tax 17%	508,042,026	481,755,405	26,286,621
2	Income Tax 6%	486,208,645	480,384,319	5,824,326
3	Additional Custom Duty 1%	79,918,888	79,783,061	135,827
4	Sindh Excise duty	91,934,908	88,767,101	3,167,807
Total		**1,166,104,467**	**1130,689,886**	**35,414,581**
Refund		21,148,448	0	0
Net amount Rupees		**1,144,956,019**	**1,130,689,886**	**14,266,133**

2. The system generated bank statement LC was not produced to audit, nor the payments were reconciled with the bank.
3. The date of payment of taxes Rs. 10,179,585/- against the bill of lading no. KMTCNB 563369 against the 3360 qty of laptops was not appearing. However the quantity of 200000 cannot be completed in the absence of said quantity.

4. The dates of following five bills of lading were not mentioned.

Bill of Lading No.	Qty	Taxes Paid	Date of payment
EGLV 143687004152	1240	38,038,733	26.09.16
EGLV 143687857708	3360	10,283,931	26.09.16
EGLV 143687858747	1344	4,113,572	05.10.16
KMTCNB 0466655	2016	6,142,412	19.10.16

Audit is of the view that the supplier and management paid Rs. 14,266,133/ as excess which was neither due nor admissible.

It was replied that the payment of Rs 1,134,736,652/- had been made which was actual.

The reply was not accepted as amount of actual taxes was Rs. 1,130,689,886/- as stated above was noted from the bills of lading and Sindh government paid receipt. Further the sum of difference in the actual amount of taxes and taxes accepted paid and the amount of unpaid comes to Rs. 14,228,552/- which is equal to the amount objected.

Audit recommends that amount excess paid may be recovered.

Para-10 Un-authorized payment on account of Income Taxes Rs. 480.384 million

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

HEC called open tender for the purchase of 200,000 Laptops in May, 2015 and tender documents of 87 pages was issued to the bidders by adopting single stage-two envelop system. Only one firm M/S Higher Electrical Appliances Corp, Ltd China was declared as technically qualified with whom the agreement for US$ 98,580,436/- was made on 12.08.2015. For this purpose LC amounting to US$ 77,585,960 + US$ 38,792,990 (Total equalent to Pak Rupees. 10,449,526,216/- at the exchange rate of Rs. 106 per US$).

As per clause 8.2.1.4 of bidding document the financial proposal of the Bidder shall also include the Price breakup of freight (both by Air and by Ship)/taxes/duties. All costs relating to freight/taxes/duties as applicable shall be responsibility of the bidder, if any exemption is obtained by the HEC, the same shall be adjusted accordingly in the final price of selected Bidder.

The HEC issued instruction to the bank for payment on account of taxes from 22.03.16 to 19.10.16 the total payment made on this account as reported to audit was 1,144,956,019/- in the bill of lading the importer was Higher Company Pvt. Ltd. Raivind Road, Lahore.

Audit observed as under:

1. The management paid Rs. 480,384,319/- to the supplier on account of Income Tax from the LC account.

2. Neither bank statement of LC was produced to audit, nor the payments were reconciled with the bank.

Audit is of the view that the payment was not due and admissible.

It was replied that the payment of Rs 1,134,736,652/- had been made which was actual. However in the exit meeting it was stated that supplier quoted income tax in their bid which was paid by the management into government treasury.

The reply was irrelevant.

Audit recommends that amount paid may be recovered.

Para-11 Un-authorized expenditure of Rs. 5481.009 million from the funds of previous year

Mis-statement of expenditure for the year 2015-16

As per finance act 2015 the funds allocated for the year 2015-16 to the Ministry/Division /Department/offices were authorized to be utilized upto June, 2016.

GFR-95 states that all anticipated savings should be surrendered to Government immediately they are foreseen but not later than 31st March of each year in any case, unless they are required to meet excesses under some other unit or units which are definitely foreseen at the time. However, savings accruing from funds provided after 31st March shall be surrendered to Government immediately they are foreseen but not later than 30th June of each year. No savings should be held in reserve for possible future excesses.

GFR-96 states that in the public interest, grants that cannot be profitably utilised should be surrendered. The existence of likely savings should not be seized as an opportunity for introducing fresh items expenditure which might wait till next year. A rush of expenditure particularly in the closing months of the financial year will ordinarily be regarded as a breach of financial regularity.

HEC received funds for development funds amounting to Rs. 5,499,007,000/- during June, 2015. Audit observed as under:

1. As per receipt entry in the cash book of the bank account 7060-4 maintained in the NBP Civic Center, on 17.10.2016 the amount was deposited into the bank account.
2. Further disbursement entries made from 27.10.2016 to 30.06.2017 in the cash book of said bank account payments aggregating to Rs. 5,481,009,707/- were made to different universities.
3. The balance amount of Rs. 17,997,293/- was retained in the bank.
4. The amount deposited in the bank was shown as expenditure in the government book of account which was misstatement of facts.
5. The amount was not shown as expenditure in the year 2016-17 when the actual payments were made.
6. Bank accounts were used for parking and concealment of funds

Audit is of the view that utilization of funds authorized for expenditure in the one year by the National Assembly cannot be utilized in the next year in violation of the Finance Act. No authority other than the National Assembly can authorized such utilization.

Audit is also of the opinion that unspent balances cannot be retained in the bank account.

It was replied that the amount was deposited into state bank public section enterprises account as per advice of the Finance Division dated 15.07.15

The reply was not accepted as no any other authority than National Assembly can authorize to utilize the fund of the one year against the expenditure of another years.

Audit recommends that responsibility for the violation of Finance Act may be fixed, the statement of expenditure for the year 2015-16 and 2016-17 may be revised and unspent balances may be surrendered to government.

Para-12 Payment of Salaries to HEC employees for sixteen months Rs. 435.019 million

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

As per transaction noted from assignment account No. 2159-7 recurring grant of HEC maintained in the NBP Civic Center. The payment of the salaries to the regular, contingent and contract employees were made as detail below:

Rupees

Sr. No	Date	Particular	Cheque No.	Amount	Amount
1	02.07.16	HEC A/c No. 79-28	D00324	-	**23,792,514**
2	29.07.16	HEC A/c No. 79-28	T000000002	716,918	-
3	29.07.16	HEC A/c No. 79-28	T000000002	-	25,385,641
4	25.08.16	HEC A/c No. 79-28	D0000329	-	**23,425,567**
5	31.08.16	HEC A/c No. 79-28	D0000331	-	24,408,216
6	28.09.16	HEC A/c No. 79-28	D0000340	-	25,130,430
7	28.10.16	HEC A/c No. 79-28	T000000002	-	25,868,412
8	03.11.16	Wages Clearing Ac	8890100	3,973,758	-
9	29.11.16	HEC A/c No. 79-28	T000000002	-	24,444,568
10	29.11.16	HEC A/c No. 79-28	T000000002	971,782	-
11	01.12.16	Wages Clearing Ac	8890368	4,081,529	-
12	30.12.16	HEC A/c No. 79-28	T000000002	-	25,867,809
13	30.12.16	HEC A/c No. 79-28	T000000002	854,719	
14	07.02.17	HEC A/c No. 79-28	T000000002	-	25,761,458
15	07.02.17	HEC A/c No. 79-28	T000000002	946,682	-
16	27.02.17	HEC A/c No. 79-28	T000000002	1,071,129	-
17	27.02.17	HEC A/c No. 79-28	T000000002	-	25,781,927
18	30.03.17	HEC A/c No. 79-28	T000000002	-	25,644,484
19	30.03.17	HEC A/c No. 79-28	T000000002	1,136,192	-
20	25.04.17	HEC A/c No. 79-28	T000000002	547,500	-
21	26.04.17	HEC A/c No. 79-28	T000000002	-	**28,943,073**
22	26.04.17	HEC A/c No. 79-28	T000000002	474,595	-
23	28.04.17	HEC A/c No. 79-28	T000000002	-	24,849,750
24	28.04.17	HEC A/c No. 79-28	T000000002	1,158,948	-
25	03.05.17	Wages Clearing Ac	9760071	4,327,695	-
26	30.05.17	HEC A/c No. 79-28	T000000002	-	25,698,074
27	31.05.17	HEC A/c No. 79-28	8914206	-	**27,466,563**
28	20.06.17	Wages Clearing Ac	9760590	4,335,356	-
29	21.06.17	HEC A/c No. 79-28	T000000002	1,244,050	-
30	21.06.17	HEC A/c No. 79-28	T000000002	-	26,709,226
Total				**25,840,853**	**409,177,712**

Audit observed as under:

1. The payments of salary were made for sixteen months instead of twelve.
2. Funds were transferred to the bank account instead of direct payment from assignment account.

3. Complete monthly payrolls of the employees to be paid from development and non development were not produced to audit.

4. Apparently the payments of Rs. 23,792,514 dated 02.07.16 ,Rs. 23,425,567 dated 25.08.16, Rs. 28,943,073 dated 2604.17and Rs. 27,466,563 /- dated 31.05.17 respectively total Rs. 103,627,717 seems payments to employees other than salaries.
5. There was no any budget provision of honorarium/bonus in the approved budget and also there was no any booking of such expenditure in the statement of expenditure produced to audit.

Audit is of the view that payments of more than twelve months salary was unauthorized.

It was replied that honorarium was paid after the approval of competent authority.

The reply was not supported with complete reply.

Audit recommends that the total record of amounts other than salaries for the year 2015-16 and 2016-17 may be recovered and deposited in to government accounts. The practice should be stopped and the detail/complete payrolls may be produced to Audit.

Para-13 Unauthorized payment of Income Tax on profit on bank accounts Rs. 5.775 million

As per Income Tax law the income of the government is exempted from payment of tax.

The HEC maintaining bank accounts for different purposes in different banks branches. Some accounts are current where as some are profit bearing/saving. On the saving bank accounts bank profit/interest Rs. 38,804,533/- was credited by the bank during the year 2016-17.

Audit observed that the banks also deducted income tax at source from the profit paid. Details are as under:

Sr.#	Account No.	Title	Profit Rs.	Income Tax Rs.
1.	2080-01	Benevolent Fund	62,250	6,219
2.	4800110-01	Foreign Remittance	3,009,038	302,869
3.	550016-01	Promotion of Research	714,139	71,417
4.	550024-01	Inter University Academic Activity	523,754	52,374
5.	6554-01	Gratuity Fund	598,123	59,811
6.	1493-01	GP Fund	554,285	55,427
7.	1464-01	Tenure Track	4,176,090	41,374
8.	9605-01	PERN	473,335	47,332
9.	1513-01	Pension Fund	919,874	91,986
10.	6564-52	Development Fund	21,844,252	2,184,492
11.	50045-01	Development Fund	3,929,393	392,926
12.	1334-0	Income account	0	2,468,588
Total			**36,804,533**	**5,774,815**

Audit is of the view that payment of tax was unauthorized.

The management accepted the observation and replied that letter had been written to bank for refund.

Audit recommends that amount may be retrieved from the banks and practice may be got discontinued.

Para-14 Irregular Advance payment on purchase of EVO Rs. 94.400 million

PPRA Rules 23(3) states that any information, that becomes necessary for bidding or for bid evaluation, after the invitation to bid or issue of the bidding documents to the prospective bidders, shall be provided in a timely manner and on equal opportunity basis. Where notification of such change, addition, modification or deletion becomes essential, such notification shall be made in a manner similar to the original advertisement.

PPRA Rules 30(3) states that a bid once opened in accordance with the prescribed procedure shall be subject to only those rules, regulations and policies that are in force at the time of issue of notice for invitation of bids.

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

The HEC called open tender in May, 2015 for the purchase of 100,000 Wireless Broadband (3G/4G) services under the project PM Laptop Scheme Phase-II. The tender documents (request for proposal) was issued to the interested bidders. The bids were invited under single stage-two envelop system. M/s CM Pak Ltd. Islamabad was technically declared as qualified with whom contract agreement amounting to Rs. 188.800 million for purchase of 100,000 devices was made on 12.11.2015.

As per para-9 of tender document no payment can be made in advance to the contractor as mobilization advance. 100% payment off devices will be released after delivery to universities/institute. Invoice shall submit not less than 10,000.

Audit observed as under:

1. In the contract agreement (Para-5(b)] the above condition was changed as "advance payment 50% of the contract value shall be released on submission of bank guarantee of equal amount. On successful delivery of 50% devices, the remaining 50% payment shall be released subject to re-validity of the bank guarantee.
2. The supplier was paid Rs. 94.400 million in advance vide cheque No. 058675 & 058676 dated 20.01.2016.
3. The quantities of 50,698 devices were received from 09 May, 2016 to 18.08.2016 whereas remaining was received from 17.08.16 to 08.05.17.

Audit is of the view that the public exchequer suffered financial loss Rs. 2,832,000/- and undue financial benefit was extended to the contractor.

It was replied that quantity of 50000 had been received on 14.01.2016 and was retained in the warehouse. It was further stated that advance payment is recovered in the accounting policy and procedure manual.

Reply was not acceptable as the management stated as the equipment have not been received in the universities as per provision in the tender document. Further the agreement cannot be made in violation of the provisions of tender documents.

Audit recommends that responsibility may be fixed and interest loss at market rate may be worked out and recovered from the responsible.

Para-15 Non recovery of Liquidated Damages Rs. 18.88 million from supplier of EVO

PPRA Rules 23(3) states that any information, that becomes necessary for bidding or for bid evaluation, after the invitation to bid or issue of the bidding documents to the prospective bidders, shall be provided in a timely manner and on equal opportunity basis. Where notification of such change, addition, modification or deletion becomes essential, such notification shall be made in a manner similar to the original advertisement.

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Para-5 of the tender documents states that **(a)** the selected bidder shall supply 100000 dongle devices and distribute them amongst the entitled students as determined by HEC's defined criteria. **(b)** The selected bidder will be required to provide 30000 devices within one month of signing of contract whereas the remaining delivery will be required to complete within (8) eight weeks of signing of contract. **(c)** For the delivery of devices the selected bidders will be required to directly deliver the desired number of devices to designated universities with proper handing over and taking over with the university.

Para-10 of tender document states that in case of delay in delivery of devices as defined in the scope of work in this RFP the Executive Director, HEC reserves the right to impose a penalty not exceeding 10% of the total amount of the contract at the rate of 1% for each week of delay in handling over segment(s).

The supplier started delivery on 09.05.2016 and completed 50,698 on 18.08.2016; the remaining quantity was delivered upto 08.05.2017

Audit observed as under:

1. The above clauses were not included in the agreement entered with supplier.
2. The liquidated damages which come to Rs. 18.88 million were not recovered from the supplier.

Audit is of the view that undue favor was extended to the supplier at the cost of public exchequer.

It was replied that quantity of 50000 had been received on 14.01.2016 and was retained in the warehouse. Which were delivered to the universities from 08.05.2016 to 08.05.2017.

The reply was not accepted as the quantity was not delivered to institutions within the time schedule provided in the tender documents.

Audit recommends that responsibility may be fixed and amount may be recovered.

Para-16 Non recovery of Liquidated damages more than Rs. 805.453 million

PPRA Rules 23(3) states that any information, that becomes necessary for bidding or for bid evaluation, after the invitation to bid or issue of the bidding documents to the prospective bidders, shall be provided in a timely manner and on equal opportunity basis. Where notification of such change, addition, modification or deletion becomes essential, such notification shall be made in a manner similar to the original advertisement.

PPRA Rules 30(3) states that a bid once opened in accordance with the prescribed procedure shall be subject to only those rules, regulations and policies that are in force at the time of issue of notice for invitation of bids.

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

HEC called open tender for the purchase of 200,000 locally assembled Laptops in May, 2015 and tender documents of 87 pages was issued to the bidders by adopting single stage-two envelop system. Only one firm M/S Higher Electrical Appliances Corp, Ltd China was declared as technically qualified with whom the agreement for US$ 98,580,436/- was made on 12.08.2015. For this purpose LC amounting to US$ 77,585,960 + US$ 38,792,990 (Total equalent to Pak Rupees. 10,449,526,216/- at the exchange rate of Rs. 106 per US$).

As per tender documents the delivery schedule and payment terms and conditions were as under:

Paragraph	Description
12.7.2	First 50,000 laptop computers shall be supplied by the bidder within 90 calendar days of opening of LC and next 50,000 shall be supplied within 180 calendar days of opening of LC, and remaining 100,000 locally assembled laptops shall be supplied within 300 calendar days of opening of LC, or as per agreed upon delivery schedule. In case of difference of opinion, the HEC shall have right to ask for delivery schedule with reasonable time intervals.
17.2	In the event of non-fulfillment of the delivery schedule, Liquidated Damages at the rate of 2% on the quoted/approved value of the undelivered quantity of the order will be levied per month and LC will be counted on daily basis (i.e. 2%/30 days=0.067% per day). The amount of the Liquidated Damages will be automatically deducted from the bills submitted by the selected bidder. If the delivery in not completed after the lapse of consecutive three months from the signing of the contract, the procuring Agency may make alternative arrangement and the cost incurred by the procuring Agency for doing the same will be deducted from the selected Bidders.

Audit observed as under:

1. The first installments of 50,000 laptop computers were custom cleared upto 12.04.16 in four installments; the second 50,000 were custom cleared upto 16.08.16 in ten installments and remaining 100,000 were cleared upto 26.10.16 in eleven installments.

2. The delivery of laptop computers to the universities/institution started from 09th May, 2016 and 1st tranche of 50,000 completed on 3rd August, 2016, 2nd tranche of 50000 completed on 21.08.2016 whereas the supply of remaining quantity completed on 3rd May, 2017.

The management did not recover the liquidated charges the amount for which upto the date of custom clearance comes to Rs. 805.453 million whereas the amount is much higher is the penalty is worked out from the date of deliveries.

Audit is of the view that management extended undue favor to the contractor at the cost of public exchequer.

It was replied that the LC was open on 07.12.15 and 1st tranche was received within 153 days of opening of LC i.e 08.05.2016. The 2nd tranche was received from 18.07.16 to 25.12.2016 and remaining 1000 completed upto 19.10.2016.

The reply was not accepted as

1. The management accepted the delay in the reply however the time mentioned for delay was less as worked out by audit.
2. The management did not imposed penalty and made the full payment to contractor.

Audit recommends that responsibility may be fixed and amount may be recovered for the delay upto the dates of the deliveries.

Para-17 Provision of value added academic services US$ 10,000

As per schedule -III of contract agreement made between higher electrical appliance and HEC on 12.08.2015 for supply of 200,000 laptops, the supplier had offered to provide the following value added services free of cost.

1. Sixty Talented students in Haier Pakistan selected by HEC (will be provided intern ship/training for the specified time period)

2. Haier will donate books for US$ 10,000 for school pupils in poor region.

3. Setup E-Education room at two universities of HEC's choice to integrated, digital education solution, there are 2 class rooms with 30 students in two different universities, with one E-Education room will include 1 AP, Pad for 30 students and for 1 teacher, E-class software, charging cart, sent 1 engineer to set up and guide in the purpose of replacing traditionally way with blackboard, chalk and books.

4. Haier shall provide at least Two (02) sample Laptop Computers while incorporating all the customization as defined in this Contract prior to commencing mass production of 200,000 Laptop computers. Failure to provide these samples and getting clearance from HEC for commencing the mass production may lead to rejection of Laptop Computers if delivered.

5. Design approval for the logo or the customized features and layout approval must be obtained by the Haier from the HEC before production. These features are meant for the specific supply to the Higher Education Commission, Government of Pakistan and the Haier is not permitted to use any of these for normal sale operations.

Audit observed that there was no proof in the record that the above commitments by the supplier were fulfilled.

Audit is of the view that the fulfillment of all the terms and condition of the bidding documents and the tender documents is the responsibility of the bidder.

It was replied that two laptops had been received and E-education rooms had been established in Comsat Islamabad, Sukkar and women university Sialkot. The remaining two commitmet will be fulfilled by which HEC was pursuing.

The reply was not accepted as commitment had not been fulfilled even after two and half years of entering into agreement.

Audit recommends that the above mentioned services may be obtained and detail position in this regard may also be intimated.

Para-18 Provision of value added academic services

As per schedule -III of contract agreement made between higher electrical appliance and HEC on 15.05.17 for supply of 200,000 laptops, the supplier had offered to provide the following value added services free of cost.

1. The sponsor COMSATS university courseware innovation competition, which utilizing smart classroom facilities, to help and influence Pakistan higher education in-class innovation. Introduce Chinese successful courseware competition experience, to work with HEC to develop smart classroom innovation in Pakistan.

2. Haier shall provide at least Two (02) sample Laptop Computers while incorporating all the customization as defined in this Contract prior to commencing mass production of 200,000 Laptop computers. Failure to provide these samples and getting clearance from HEC for commencing the mass production may lead to rejection of Laptop Computers if delivered.

3. Design approval for the logo or the customized features and layout approval must be obtained by the Haier from the HEC before production. These features are meant for the specific supply to the Higher Education Commission, Government of Pakistan and the Haier is not permitted to use any of these for normal sale operations.

Audit observed that there was no proof in the record that the above commitments by the supplier were fulfilled.

Audit is of the view that the fulfillment of all the terms and condition of the bidding documents and the tender documents is the responsibility of the bidder.

It was replied that HEC is pursing for value added services as committed in the agreement.

Audit recommends that the above mentioned services may be obtained and detail position in this regard may also be intimated.

Para-19 Procurement of laptops by narrowest competition through favorable specifications

Para-10 of PPRA Rule states that specifications shall allow the widest possible competition and shall not favor any single contractor or supplier nor put others at a disadvantage. Specifications shall be generic and shall not include references to brand names, model numbers, catalogue numbers or similar classifications.

HEC called open tender for the purchase of 200,000 locally assembled Laptops in May, 2015 and tender documents of 87 pages was issued to the bidders by adopting single stage-two envelop system. Only one firm M/S Higher Electrical Appliances Corp, Ltd China was declared as technically qualified with whom the agreement for US$ 98,580,436/- was made on 12.08.2015. For this purpose LC amounting to US$ 77,585,960 + US$ 38,792,990 (Total equalent to Pak Rupees. 10,449,526,216/- at the exchange rate of Rs. 106 per US$).

Similarly HEC called open tender for the purchase of 200,000 Laptops in January, 2017 and tender documents of 81 page was issued to the bidders on 28.02.2017 by adopting single stage-two envelop system under the project PM Laptop Scheme Phase-II again the same firm M/S Higher Electrical Appliances Corp, Ltd China was declared as technically qualified with whom the agreement for US$ 70,575,333/- was made on 15.05.2017. For this purpose LC amounting to

US$ 3,7405,000 + US$ 3,686 (Equalent to Rs. 4,731,723,200 + Rs. 342,041,902) was opened on 04.05.17 for the payment against the cost of 100,000 Laptop.

Audit observed that the specifications laid down did not allow the widest possible competition as only one firm for such huge quantity of laptop was technically qualified.

Audit is of the view that perhaps the specifications and terms and condition s of tender document laid down were favorable only to the M/s Higher Electrical Appliances Corp, Ltd China which has otherwise the nominal market share and all the other companies having major market share i.e. Dell and HP did not participate.

It was replied that all brand were invited in pre bid meeting and no one raise any objection on the specifications.
The reply was not accepted as the qualification of only one firm create doubts, further the minutes of the pre bid meeting were not produced to audit.

Audit recommends that matter may be got investigated through an independent agency having expertise in Information Technology and results may be intimated to Audit.

Para-20 Non achievement of target by the project Academic and research linkage with different countries

HEC got approved a development project Academic and research linkage with different countries on 20.05.2016 at the cost of Rs. 340.357 Million with the execution period of 84 months. As per approved PC-I the objectives of the project were as under:

i. To provide 100 MS/M Phil scholarship @ 1.69 million/scholar to Cuban students in different disciplines, 50 per year.
ii. To provide 30 MS/M Phil scholarships @ Rs. 1.050 million/scholar to Hungarian Students in different disciplines, 10 per year.
iii. To provide 30 MS/Ph D [24 MS + 6 Ph.D] scholarships for the student of Small Island Developing Countries (SID) in the field of climate change and water, 10 per year @ 0.821 million/scholar for MS and Rs. 1.250 million/scholar for PhD.
iv. To provide return air fare to 240 Pakistani students @ 0.150 million/scholar for traveling to Hungry, 80 per year.
v. Cooperation between Pakistan and Hungarian academic institutes viz Universities and centers for mutual cooperation arrangements for exchange of publications, teaching material and curricula, mutual scientific researches, exchange of experiences and organizing conferences of mutual interest.
vi. Promotion of scientific relations between Hungary and Pakistan especially sharing of archeological experiences and cooperation in the fields of excavation and restoration. Collaboration and intra institutional program for protection of monuments between Hungarian and counterpart Pakistan academic institutes.

Audit observed that during the first year of its execution the progress was on lower side as detail below:

Scholar ship for student of	Target	Achievement
Cuba	50	0

Hungary	10	1
Small Island	10	0
Research Collaboration		0

Audit is of the view that project failed to achieve its target during 1st year.

It was replied that the students could not be enrolled due to security reasons. However efforts were being made to enroll the students of the countries mentioned in the agreement

The reply was not accepted at the security situation was even better which was prevailing at the time of approval of project. Further the management accepted the figures mentioned by audit.

Audit recommends that project may be reviewed by adding some poor Muslim countries.

Para-21 Less recovery on account of Group Insurance Rs. 5.161 million

As per rule 6-A (4) Annex A of the Federal government Employees Benevolent fund and Group Insurance rules states that rate of contribution to the group insurance fund and some insured to be paid to the families of employees w.e.f 01.12.2013 shall be:

Monthly pay Rs.	Rate of Monthly Contribution Rs.	Sum Assured Rs.
10,001-15,000	490	450,000
15,001-20,000	545	500,000
20,001-25,000	600	550,000
25,001-30,000	654	600,000
30,001-35,000	709	650,000
35,001-40,000	763	700,000
40,001-45,000	818	750,000
45,001-50,000	872	800,000
50,001-55,000	926	850,000
55,001-60,000	981	900,000
60,001-65,000	1036	950,000
65,001 & Above	1090	1,000,000

Audit observed that as per payroll the management was recovering Rs. 182/- per month from the officers even upto June, 2017. The amount less recovered till June, 2017 was Rs. 5,160,860 @ Rs. 120,020 per month.

Audit is of the view that when management had adopted the Federal government Employees Benevolent fund and Group Insurance rules the rate of recovery and benefit should be at par with the Federal government employees.

It was replied that the benefit from the State Life are same as given in the government policy as per agreement made.

The reply was irrelevant.

Audit recommends that amount may be recovered from the employees and benefit may be extended accordingly.

Para-22 Non-obtaining of Audited Statements /Adjustment Accounts Rs. 64.394 Million

Para 207 (3) of GFR Vol-1 states that before a grant is paid to any public body or institution, the sanctioning authority should as far as possible insist on obtaining an audited statement of the account of the body or institution concerned in order to see that the grant-in-aid is justified by the financial position of the grantee and to ensure that any previous grant was spent for the purpose for which it was intended.

The Higher Education Commission released Rs.64.397 million to ten universities in June, 2017during 2016-17 under the project establishment of sub campus of public sector universities at district level. Details are as under:

Rupees in Million

Universities	Sub Campus	03 years operational cost of sub campus	Development cost of sub campuses of public sector universities	Total Cost
Sardar Bahadur Khan Women Universities	Naushki	04.000	6.000	10.000
University of Balochistan	Mastung	2.000	3.000	5.000
University of Turbat	Gwadar	3.500	7.000	10.5000
Karakuram International University	Hunza	2.500	5.000	7.500
Kohat University of Science & Technology	Hangu	2.500	5.500	8.000
University of Swat	Shangla	1.000	1.500	2.500
Shah Abdul Latif University	Ghotki	2.500	5.000	7.500
Shah Abdul Latif University	Kambar Shahdad Kot	2.500	5.000	7.500
Shaheed Benezir Butto University	Sanghar	2.500	0	2.500
Sindh Agriculture University	Umerkot	0	3.397	3.397
Total		**23.000**	**41.397**	**64.397**

The operational cost include the payment of salaries to the campus director, faculty members and supporting staff.
Audit observed as under:

1. The adjustment vouchers/audit certificates were not obtained from the universities.
2. The payment of salaries were made without watching the exact date of appointment.
3. The funds were released in the June to avoid lapsing.

Audit is of the view that non provision of audited statements/vouched accounts is violation of above mentioned rules.

It was replied that HEC provide funds to universities as per requirement and phasing of project within allocation and ensure utilization of funds as per approved scope.

The reply was irrelevant to the observation raised.

Audit recommends that detailed adjustment accounts may be obtained from universities. Further payments may be stopped until the expenditure against the prior payments is got audited from the Pakistan Audit Department.

Para-23 Unauthorized Expenditure on Private Institution and Universities Rs. 89.403 million

HEC Ordinance No.LIII of 2002 states that:

a. Submit to the Federal government the recurring and development budgets for public sector institutions and allocate funds to public sector Institution out of bulk financial provision received from the government and other resources on performance and need basis.

b. Review and examine the financial requirements of public sector Institutions approved and provide funds to these Institutions on the basis of annual recurring needs as well as for development projects and research based on specific proposals and performance and while approving funds for a public sector Institution the commission shall ensure that a significant proportion of the resources of the Institution are allocated to research support and libraries.

As per ID wise statement of recurring expenditure for the year 2016-17 provided to audit the final grant and allocation of a program ID-5914 Promotion of research and universities was Rs. 2,694,000,000/- The HEC is executing during the year 2016-17 total 28 projects were executed on which expenditure incurred was Rs. 2,692,228,190/-.

Audit observed that management released funds to the private universities for different projects under NRPU in ID-5914 Promotion of Research in Universities. Details are as under:

Amount Rupees

Year	**No. of Project**	**Approved Cost**	**Fund released**
2014-15	5	18,845,445	14,279,460
2015-16	11	43,410,039	26,323,819
2016-17	27	84,074,484	48,800,533
Total		**146,329,968**	**89,403,812**

Audit is of the view that the expenditure incurred in violation of HEC act.

It was replied that as per policy all faculty member of private universities were eligible for public support as notified by P&D Division of HEC.

The reply was not accepted as no policy in contradiction to HEC governing law can be made or implemented.

Audit recommends that responsibility may be fixed and the amount may be recovered or the irregularity may be got condoned from the competent forum.

Para-24 Irrelevant expenditure incurred on business incubation center Rs. 163.410 million

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

Section 14 (2) of the HEC Ordinance 2002 states that the Federal Government shall provide funds to the Commission for meeting all expenses required for discharging its functions and for the public sector institutions and shall subject to availability of funds provide annual grant regularly.

HEC released funds to the universities for the establishment of 20 business incubation center during 2012-17 with the approval of Chairman HEC dated 13.02.12. The purpose of the project is to establish business companies in the ownership of the students. Details are as under:

Year	**No. of BIC**	**Name of University**	**Fund Released Rs.**
2012-13	3	BUITEMS Quetta , Quid e Azam University Islamabad IBA Sukar	24,260,000
2013-14	4	Inst. Of Space Technology, University of Malakand, Sindh	29,390,425

		Agriculture University, UET Lahore,	
2014-15	5	University of Gujrat, Gomal University, University of Azad Jammu & Kashmir, NED University of Engineering & technology, Karakoram Intl University	32,999,749
2015-16	3	GCU Faisalabad, Abdul Wali Khan Mardan, Uni of Haripur	33,975,882
2016-17	5	NUML, Bahria, International Islamic university, Khyber Medical College, PIES	42,784,914
	20		**163,410,970**

Audit observed as under;

1. The establishment of business center is not in the function of HEC described in HEC ordinance 2002.
2. The proposal was not approved by the HEC commission who is competent forum to approve expenditure on the functions of the HEC.
3. Detail of the profit earn by the companies established in the incubation center not made known to audit to prove that it was a success story.

Audit is of the view that expenditure was not admissible and was unauthorized.

It was replied that expenditure was as per HEC ordinance to support the development of Linkage between university and industry.

The reply was not accepted as HEC function to do anything through promoting the higher education t. To do or create business facilities in not the function of HEC.

Audit recommends that responsibility may be fixed for the expenditure and further practice may be stopped hence forth.

Para-25 Un-authorized expenditure incurred on development project without the approval of competent forum Rs. 2692.228 million

Section 10(i) of HEC Ordinance 2002 states that the commission may approved projects within the same ceiling as or specified for departmental development working parties.

As per ID wise statement of recurring expenditure for the year 2016-17 provided to audit the final grant and allocation of a program ID-5914 Promotion of research and universities was Rs. 2,694,000,000/- The HEC is executing during the year 2016-17 total 28 projects were executed on which expenditure incurred was Rs. 2,692,228,190/-.

Audit observed as under:

1. The HEC approved, executed and incurred expenditure on the following projects whose estimate and expenditure only for the year 2016-17 was the beyond the competency of CDWP.

Amount Rupees

Sr.#	Name of the Project	Revised Estimates 2016-17
1.	Thematic Research Grant Program	124,758,058
2.	International Research Support Initiative program (IRSIP)	623,963,666
3.	National Research Program for Universities	1,107,717,646
4.	Pak US Joint Research	229,257,237
5.	University Faculty Start up Support Program	223,862,485
6.	Establishment Business incubation center	163,410,970

Total	2,472,970,062

Audit also observed that none of the project was included in the annual development program (PSDP) of the federal government.

Audit is of the view that the expenditure was irregular as approval of the National Assembly was for the non development expenditure whereas the nature of the expenditure was development.

It was replied that it is research grant for the universities faculties and its nature it is recurring not development.

The reply was not accepted as the very project financed had separate objective goal and different from other. Therefore it was a development expenditure.

Audit recommends that irregularity may be got condoned from the competent forum

Para-26 Non Maintenance of Cash Book of Benevolent Fund of Rs. 11.218 million

FTR-77 states that:

i. Every officer receiving money on behalf of the government should maintain a cash book in Form T.R.4.
ii. All monetary transactions should be entered in the cash book as soon as they occur and attested by the head of the office in token of check
iii. The cash book should be closed regularly and completely checked. The head of the office should verify the totaling of the cash book or have this done by some responsible subordinate other than the writer of the cash book and initial it as correct.
iv. At the end of each month the head of the office should verify the cash balance in the cash book and record a signed and dated certificate to that effect.

As per record produced to audit the Higher Education commission maintaining a bank account No. PLS 602080-01 in the HBL H-9 for which the management is maintaining cash books on annual basis. As per entries in the bank statement and the cash book the position of opening balance deposit, disbursement and closing balance was as under:

Rupees

Document	Year	O.B	Deposit	Disbursement	Closing Balance
Bank Statement	2016-17	1,549,197	3,879,239.16	3,656,632.65	1,771,803.61
Cash Book	2013-14	624,940	3,076,529	3,389,097	
Cash Book	2014-15		2,915,597	3,039,400	
Cash Book	2015-16		4,525,716	3,183,636	
Cash Book	2016-17		4,228,824	3,791,764	1,967,711

In addition the management informed that they had invested the funds in National Saving Schemes as per detail below:

Date of Investment	Date of Maturity	Rate	Amount Rs.
31.12.12	31.12.17	10.56%	200,000
22.01.14	22.01.19	11.88%	1,700,000
12.06.14	12.06.19	11.88%	6,600,000
30.09.15	30.09.20	8.52%	750,000
Total			**9,250,000**

Audit observed as under:

1. The management was not maintaining any cash book/ledger showing the overall fund position.
2. The amount and date of investment and date of profit earn thereon was not appearing in the cash book of bank account.
3. The entries of cash book were not signed.

4. The cash book was neither closed on monthly basis nor signed by the DDO/head of the office.

Audit is of the view that in the absence of the complete the authenticity of the accounts cannot be ascertained.

It was replied that cash book has been prepared as per advised of audit which may be verified.

Audit recommends that complete cash book for the last five years showing the complete fund position its source may be prepared and got verified from audit.

Para-27 The source of fund for investment not known Rs. 1,040.450 million

FTR-77 states that:

i. Every officer receiving money on behalf of the government should maintain a cash book in Form T.R.4.
ii. All monetary transactions should be entered in the cash book as soon as they occur and attested by the head of the office in token of check

As per record produced to audit the Higher Education commission maintaining bank accounts and their cash books for the HEC employees Benevolent Fund and Group insurance, General Provident Fund and Pension Fund. Details are as under:

Amount Rupees

Fund	Bank A/c No.	Opening Balance	Deposit	Disbursement	Balance
Benevolent Fund	602080-01 HBL H-9	1549197.10	3879239.16	3656632.65	1771883.61
GP Fund	60149-3 HBL H-9	15093050.54	22174449.12	21999276.35	15268223.31
Pension Fund	60151-3 HBL H-9	18500153.83	123281813.12	119339841.68	22442125.27

No. PLS 602080-01 in the HBL H-9 for which the management is maintaining cash books on annual basis. As per entries in the bank statement and the cash book the position of opening balance deposit, disbursement and closing balance was as under:

Rupees

Document	Year	O.B	Deposit	Disbursement	Closing Balance
Bank Statement	2016-17	1,549,197	3,879,239.16	3,656,632.65	1,771,803.61
Cash Book	2013-14	624,940	3,076,529	3,389,097	
Cash Book	2014-15		2,915,597	3,039,400	
Cash Book	2015-16		4,525,716	3,183,636	
Cash Book	2016-17		4,228,824	3,791,764	1,967,711

In addition the management informed that they had invested the funds in National Saving Schemes as per detail below:

Fund	Date of Investment	Date of Maturity	Rate	Amount Rs.
Benevolent Fund	31.12.12	31.12.17	10.56%	200,000
	22.01.14	22.01.19	11.88%	1,700,000
	12.06.14	12.06.19	11.88%	6,600,000
	30.09.15	30.09.20	8.52%	750,000
Total				**9,250,000**
GP Fund	30.09.12	30.09.17	11.04	790,000
	31.12.12	31.12.17	10.56	400,000
	22.01.14	22.01.19	11.88	800,000
	12.06.14	12.06.19	11.88	12,300,000
	30.07.15	30.07.20	8.52	2,900,000
Total				**17,190,000**
Pension Fund	30.09.12	30.09.17	11.04	44,510,000
	31.12.12	31.12.17	10.56	22,700,000

	22.01.14	22.01.19	11.88	130,000,000
	12.06.14	12.06.19	11.88	647,900,000
	30.09.15	30.069.20	8.52	168,900,000
Total				**1,014,010,000**
Grand Total				**1,040,450,000**

Audit observed as under:

1. The source of fund for investment was not disclosed.
2. The previous investment was also not appearing in the cash book.

Audit is of the view that in the absence of the record authenticity of the accounts cannot be ascertained.

It was replied that funds used for investment of pension were received from contribution made from government budget as per rules and for Benevolent Fund and GP Fund through deduction from employees salaries.

Audit recommends that the record may be got verified from audit.

Para-28 Non maintenance of Cash Book of Pension Fund Rs. 1030.719 million

FTR-77 states that:

i. Every officer receiving money on behalf of the government should maintain a cash book in Form T.R.4.
ii. All monetary transactions should be entered in the cash book as soon as they occur and attested by the head of the office in token of check.
iii. The cash book should be closed regularly and completely checked. The head of the office should verify the totaling of the cash book or have this done by some responsible subordinate other than the writer of the cash book and initial it as correct.
iv. At the end of each month the head of the office should verify the cash balance in the cash book and record a signed and dated certificate to that effect.

As per record produced to audit the Higher Education commission maintaining a bank account No. 60151-3 in the HBL H-9 for which the management is maintaining cash books on annual basis. As per entries in the bank statement and the cash book the position of opening balance deposit, disbursement and closing balance was as under:

Rupees

Document	**Year**	**O.B**	**Deposit**	**Disbursement**	**Closing Balance**
Bank Statement	2016-17	18500153.83	123281813.12	119339841.68	22442125.27
Cash Book	2014-15	55679895.38	33164670.30	66536789.28	
Cash Book	2015-16		89568473.32	93755849.89	
Cash Book	2016-17		123083803.12	124494900.68	16709302.27

In addition the management informed that they had invested the funds in National Saving Schemes as per detail below:

Date of Investment	**Date of Maturity**	**Rate**	**Amount Rs.**
30.09.12	30.09.17	11.04	44,510,000
31.12.12	31.12.17	10.56	22,700,000
22.01.14	22.01.19	11.88	130,000,000
12.06.14	12.06.19	11.88	647,900,000
30.09.15	30.069.20	8.52	168,900,000
Total			**1,014,010,000**

Audit observed as under:

1. The management was not maintaining any cash book/ledger showing the overall fund position.
2. The amount and date of investment and date of profit earn thereon was not appearing in the cash book of bank account.

3. The entries of cash book were not signed.
4. The cash book was neither closed on monthly basis nor signed by the DDO/head of the office.

Audit is of the view that in the absence of the complete the authenticity of the accounts cannot be ascertained.

It was replied that cash book has been prepared as per advised of audit which may be verified.

Audit recommends that complete cash book for the last five years showing the complete fund position its source may be prepared and got verified from audit.

Para-29 Non maintenance of Cash Book of GP Fund Rs. 33.293 million

FTR-77 states that:

i. Every officer receiving money on behalf of the government should maintain a cash book in Form T.R.4.
ii. All monetary transactions should be entered in the cash book as soon as they occur and attested by the head of the office in token of check
iii. The cash book should be closed regularly and completely checked. The head of the office should verify the totaling of the cash book or have this done by some responsible subordinate other than the writer of the cash book and initial it as correct.
iv. At the end of each month the head of the office should verify the cash balance in the cash book and record a signed and dated certificate to that effect.

As per record produced to audit the Higher Education commission maintaining a bank account No. 60149-3 in the HBL H-9 for which the management is maintaining cash books on annual basis. As per entries in the bank statement and the cash book the position of opening balance deposit, disbursement and closing balance was as under:

Amount Rupees

Document	Year	O.B	Deposit	Disbursement	Closing Balance
Bank Statement	2016-17	15,093,051.54	22,174,449.12	21,999,276.35	15,268,223.31
Cash Book	2016-17	13,884,049.54	24,005,048.12	21,786,534.35	16,102,563.31

In addition the management informed that they had invested the funds in National Saving Schemes as per detail below:

Date of Investment	Date of Maturity	Rate	Amount Rs.
30.09.12	30.09.17	11.04	790,000
31.12.12	31.12.17	10.56	400,000
22.01.14	22.01.19	11.88	800,000
12.06.14	12.06.19	11.88	12,300,000
30.07.15	30.07.20	8.52	2,900,000
Total			**17,190,000**

Audit observed as under:

1. The management was not maintaining any cash book/ledger showing the overall fund position.
2. The amount and date of investment and date of profit earn thereon was not appearing in the cash book of bank account.
3. The entries of cash book were not signed.
4. The cash book was neither closed on monthly basis nor signed by the DDO/head of the office.

Audit is of the view that in the absence of the complete the authenticity of the accounts cannot be ascertained.

It was replied that cash book has been prepared as per advised of audit which may be verified.

Audit recommends that complete cash book for the last five years showing the complete fund position its source may be prepared and got verified from audit.

Para-30 Funds released in June, to avoid lapsing Rs. 253.141 million

GFR-96 states that it is contrary to the interest of the State that money-should be spent hastily or in an ill-considered manner merely because it. is available or that the laps of a grant could be avoided. In the public interest, grants that cannot be profitably utilized should be surrendered. The existence of likely savings should not be seized as an opportunity for introducing fresh items expenditure which might wait till next year. A rush of expenditure particularly in the closing months of the financial year will ordinarily be regarded as a breach of financial regularity.

HEC released funds to different universities for execution of development projects in June, 2017. Details are as under:

Sr. No	Name of Project	Amount Released in Million
1	Establishment of sub campuses of public sector universities at District Level (Umbrella Project) HEC	64.397
2	Strengthening & Up gradation of Universities of Backward Area HEC	95.000
3	Establishment of Technology Development Funds for HEC Scholars returning after completion of Phd to Introduce new Technologies application in Pakistan (HEC)	93.744
Total		**253.141**

Audit is of the view that expenditure was unauthorized as the funds authorized for expenditure in the year 2016-17 were released to be utilized in the next year.

It was replied that activities of the projects were commenced in February, 2017 and the activities of 3rd project were started in 1st quarter of 2016-17.

The reply was not supported with documentary evidence.

Audit recommends that responsibility may be fixed and irregularity may be got condoned from the competent forum.

Para-31 Non-obtaining of Audited Statements /Adjustment Accounts Rs. 95.00 Million

Para 207 (3) of GFR Vol-1 states that before a grant is paid to any public body or institution, the sanctioning authority should as far as possible insist on obtaining an audited statement of the account of the body or institution concerned in order to see that the grant-in-aid is justified by the financial position of the grantee and to ensure that any previous grant was spent for the purpose for which it was intended.

The Higher Education Commission released Rs.95.00 million to twelve universities in June, 2017during 2016-17 under the project Strengthening and up gradation of Universities of Backward Area Establishment.

The operational cost include the payment of salaries to the campus director, faculty members and supporting staff.

Audit observed as under:

1. The adjustment vouchers/audit certificates were not obtained from the universities.
2. The funds were released in the June to avoid lapsing.

Audit is of the view that non provision of audited statements/vouched accounts is violation of above mentioned rules.

It was replied that funds were released to meet immediate needs of the universities.

The reply was irrelevant to the observation raised.

Audit recommends that detailed adjustment accounts may be obtained from universities. Further payments may be stopped until the expenditure against the prior payments is got audited from the Pakistan Audit Department.

Para-32 Un-authorized expenditure without budget allocation Rs. 160.906 million

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

HEC incurred expenditure on four development projects during the year 2016-17. Details are as under:

Amount Rupees

Sr.#	Name of Project	Release	Expenditure	Excess
1	Master Leading to PhD Scholarships Program (Indigenous and Overseas) for the Students of Baluchistan (An Initiative of the Aghaz-e-Haqooq-e-Baluchistan package) HEC	90.000	159.097	69.097
2	Overseas Scholarship for MS/M.Phil leading to PhD in selected fields (Phase-II) HEC	600.000	615.428	15.428
3	Overseas scholarship scheme for MS/M/Phil/PhD (HEC) Phase-I	10.000	10.350	0.350
4	Indigenous PhD Fellowship for 5000 Scholars (Revised) HEC Phase-I	70.000	146.031	76.031
Total				**160.906**

Audit observed that management incurred expenditure excess than allocation without the approval of ministry of Finance and the authorization of the National Assembly. The source of fund was also not disclosed.

It was replied that against the allocation of Rs. 27.275 billion funds Rs. 14.443 billion were released. Due to paucity of fund expenditure was incurred only where it was inevitable keeping in view the urgent need. it was further stated that the expenditure incurred was less than budget allocation.

The reply was not accepted as it was not supported with documentary evidence showing the project wise allocation and releases.

Audit recommends that the record showing project wise allocation and releases may be got verified from audit.

Para-33 Un-authorized retention of savings Rs. 787.315 million

GFR-95 states that all anticipated savings should be surrendered to Government immediately they are foreseen but not later than 31st March of each year in any case, unless they are required to meet excesses under some other unit or units which are definitely foreseen at the time. However, savings accruing from funds provided after 31st March shall be surrendered to Government immediately they are foreseen but not later than 30th June of each year. No savings should be held in reserve for possible future excesses."

HEC incurred expenditure on eleven development projects during the year 2016-17. Details are as under:

Amount Rupees

Sr.#	Name of Project	Release	Expenditure	Saving
1.	Fulbright Scholarship Support Program HEC-USAID (Phase-II) (USAID Share: Rs. 9896.548 m; HEC share Rs. 2676.142 m) HEC	500.000	499.402	0.598
2.	Human Resource Development Initiative MS Leading to PhD Program of Faculty Development for Engineering universities/UESTPs (HEC)	550.000	511.179	38.821
3.	Indigenous PhD fellowship for 5000 Scholars, HEC (Phase-II)	600.000	596.401	3.599
4.	Provision of Higher Education Opportunities for students of Baluchistan and FATA (Phase-II)(HEC)	50.000	13.866	36.134
5.	Academic and Research Linkages with different countries/agencies under Bilateral Agreement- HEC	8.000	4.850	3.150
6.	Establishment of Sub Campuses of Public Sector Universities at District Level (Umbrella Project HEC)	64.397	0	64.397
7.	Establishment of Technology Development Funds for HEC Scholars returning after completion of PhD to introduce new technologies applications in Pakistan(HEC)	100.000	97.499	2.501
8.	Strengthening & Up gradation of Universities of Backward Area HEC	95.000	0	95.000
9.	LAPTOP Phase 2	5448.026	5225.565	222.461
10.	Award of 3000 Afghan Students Under the PM Directives	560.000	538.384	21.616
11.	PAK-USAID Merit and Needs Based Scholarship Program	299.038	0	299.038
Total				**787.315**

Audit observed that funds were transferred from the assignment account to bank accounts excess than the requirements and saving were not surrendered to the government.

Audit is of the view that government suffered financial loss due to retention of funds into the bank accounts.

It was replied that all the releases were utilized.

The reply was not acceptable as the statement of paid vouchers the amount of expenditure was as mentioned in the above statement.

Audit recommends that responsibility may be fixed, funds may be surrendered to the government along with interest earned and financial loss may be recovered from the responsible.

Para-34 Duplication of expenditure on hiring of security agency Rs. 1,341,4040/-

GFR-10 states that every officer incurring or authorizing expenditure from public funds should be guided by high standards of financial propriety. Among the principles on which emphasis is generally laid are the following: -

i. Every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public moneys as a person of ordinary prudence would exercise in respect of expenditure of his own money.

ii. The expenditure should not be prima facie more than the occasion demands

HEC incurred expenditure Rs.278,658/- per month on payment of salaries to the thirteen security guards during the year 2016-17.

Audit observed that management also made payment to the security agencies Rs. 13,414,040. Audit is also observed that number of person hire and agreement with security agency was also not produced

Audit is of the view that expenditure incurred was unnecessary.

It was replied that services of private security guards were hired due to prevailing security condition and due to decreasing the number of regular security staff.

The reply was not accepted as the management could not provide the actual requirement of security staff with complete justification.

Audit recommends that the total requirements of security staff may be worked out with full justification and shared with audit and duplication of expenditure may be avoided.

Para-35 Irrelevant expenditure incurred on Establishment of business center Rs. 18.277 million

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

Section 14 (2) of the HEC Ordinance 2002 states that the Federal Government shall provide funds to the Commission for meeting all expenses required for discharging its functions and for the public sector institutions and shall subject to availability of funds provide annual grant regularly.

HEC released funds to the universities for the establishment of 18 business center during 2015-16 with the approval of Chairman HEC dated 10.02.14. The HEC contribution per center was Rs. 2.00 million and further expenditure incurred in HEC was 27,7000. The purpose of the project is to establish business for the students. Details are as under:

Sr.#	Name of University	Date of Funds
1	Shah Abdul Latif university Khairpur	04.02.16
2	Virtual university of Pakistan, Lahore	-do-
3	University of Science and Technology, Bannu	-do-
4	National University of Science & Technology, Islamabad	-do-
5	University of Agriculture, Faisalabad	-do-
6	Government College Women University, Faisalabad	-do-

7	Mehran University of Engineering & Technology, Jamshoro	04.04.16
8	COMSATS, Islamabad	13.06.16
9	Pakistan Institute of Fasion Design, Lahore	-do-

Audit observed as under;

1. The establishment of business center is not in the function of HEC described in HEC ordinance 2002.
2. The proposal was not approved by the HEC commission who is competent forum to approve expenditure on the functions of the HEC.
3. Detail of the benefit obtained/progress of the centers was not made known to audit to prove that it was a success story.

Audit is of the view that expenditure was not admissible and was unauthorized.

It was replied that expenditure was as per HEC ordinance to support the development of Linkage between university and industry.

The reply was not accepted as HEC function to do anything through promoting the higher education t. To do or create business facilities in not the function of HEC.

Audit recommends that responsibility may be fixed for the expenditure and further practice may be stopped hence forth.

Para-36 Non recovery of income tax from author and viewers Rs. 623,415/-

GFR-26 states that it is the duty of the departmental Controlling officers to see that all sums due to Government: are regularly and promptly assessed, realized and duly credited in the Public Account.

HEC made payment to Authors and Reviewers under the sub project Text Book and Monograph writing under ID-5914 Promotion of Research in Universities during 2014-17. Details are as under:

Year	Authors		Viewers	
	No. of Authors	Amount Rs.	No. of Viewers	Amount Rs.
2016-17	10	709,999	141	1,925,887
2015-16	6	335,000	42	931,344
2014-15	-	-	26	253,873
Total	**16**	**1,044,999**	**209**	**3,111,104**
Total Amount				**4,156,103**
Income Tax				**623,415**

Audit observed that management did not recover income tax as per slab rate of 15% amounting to Rs. 623,514

Audit is of the view that the public exchequer was put to loss.

It was replied that funds were paid to the Professors and Researchers who were full time Professors of the universities. The amount paid was less than the minimum limit of taxable income.

The reply was not accepted as the amount paid was to be included in the salary income of the Professors and tax was to be deducted as per slab rates which were minimum 15 %.

Audit recommends that amount may be recovered and deposited into government account.

Para-37 Un-authorized retention of funds surrendered by the universities under Promotion of Research Program Rs. 9.963 million

GFR-95 states that all anticipated savings should be surrendered to Government immediately they are foreseen but not later than 31st March of each year in any case, unless they are required to meet excesses under some other unit or units which are definitely foreseen at the time. However, savings accruing from funds provided after 31st March shall be surrendered to Government immediately they are foreseen but not later than 30th June of each year. No savings should be held in reserve for possible future excesses.

GFR-96 states that in the public interest, grants that cannot be profitably utilised should be surrendered. The existence of likely savings should not be seized as an opportunity for introducing fresh items expenditure which might wait till next year. A rush of expenditure particularly in the closing months of the financial year will ordinarily be regarded as a breach of financial regularity.

FTR-7 states that all moneys received by or tendered to Government officers on account of the revenues of the Federal Government shall without undue delay be paid in full into a treasury.

Higher Education Commission released funds to different universities for execution of research Project under National Program for Research in Universities under ID-5914 Promotion of Research in universities. As per record produced to audit some unspent balances were surrendered to HEC by the universities after completion of the projects during 2014-17.
Details are as under:

Sr. No	Year	Project completed	Project cost approved	Amount Released	Amount Refund
1.	2014-15	62	204,390,776.	181,552,363	6,333,694
2.	2015-16	30	92,030,930.	87,073,909	1,278,664
3.	2016-17	42	131,532,808.	119,309,431	2,350,835
Total			**427,954,514**	**387,935,703**	**9,963,193**

Audit observed that amounts received was not surrendered to the government treasury by the HEC.

Audit is of the view that government suffered financial loss due to depriving the public exchequer from its due receipts and interest income thereon.

Audit is also of the opinion that universities were released funds in excess of their requirements.

It was replied that funds were deposited in the HEC official account which were utilized in the same year.

The reply was not acceptable as the funds surrendered by the universities were against the project completed in that year but funds had been released for execution in the previous years. Therefore, the utilization of funds of pervious year is illegal and unauthorized and against the authorization made by the National Assembly.

Audit recommends that responsibility of the financial loss may be fixed and amount retained may be surrendered to the government.

Para-38 Wasteful expenditure incurred on the abnormally delayed projects Rs. 1,555,674,804

GFR-10 states that every officer incurring or authorizing expenditure from public funds should be guided by high standards of financial propriety. Among the principles on which emphasis is generally laid are the following: -

a. Every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public moneys as a person of ordinary prudence would exercise in respect of expenditure of his own money.

The approved policy of the HEC on the projects of National Research Program for the university under ID 5914 states that the research grants normally be provided for the period of one to three years.

Higher Education Commission released funds to different universities for execution of research Project under National Program for Research in Universities under ID-5914 Promotion of Research in universities.

Audit observed as under:

i. A large number of Research project were incomplete inspite of the lapse of the time from two to fourteen years after the release of funds whereas the execution period of the projects was maximum three year .
ii. The management did not laid down any policy for retrieval of funds lying against the such delayed/ignored projects
iii. There was no any supervisory report with the reason of delay or failure of the projects
iv. The proposals were not approved by the HEC commission who is competent forum to approve expenditure on the functions of the HEC.

Detail are as under

S. No	Project	Number of Project	Project approved cost	Amount Released Rs.
01	2003	21	23,564,460	20,712,636
02	2004	19	40,490,180	31,106,893
03	2005	35	63,744,755	52,293,825
04	2006	64	151,427,427	127,471,507
05	2007	56	162,773,977	135,966,158
06	2008	23	66,424,321	58,084,478
07	2009	38	113,704,328	96,332,303
08	2010-11	84	279,001,653	235,252,913
09	2011-12	84	275,400,139	218,045,954
10	2012-13	51	255,401,041	189,872,032
11	2013-14	28	138,755,641	98,902,519
12	2014-15	45	216,930,677	156,744,253
13	2015-16	35	196,062,622	130,889,333
Total Rupees			**1,983,681,221**	**1,551,674,804.64**

Audit is of the view that the projects were delayed either due to ill planning and lack of supervision or the intention of the executor was to take only fund for the purpose other than objective of the project.

Audit is also of the opinion that the benefit/outcomes of the Research Projects to the general public delayed.

It was replied that the cases will be taken up with universities authorities for their settlement.

The management accepted the irregularity.

Audit recommends that detail investigation in this regard may be made on the expenditure incurred and utilized funds against all such projects may be retrieved .A strict policy in this regard for retrieval of funds against such projects maybe framed and convey to the all executor.

Para-39 Non recovery of income tax from reviewers Rs. /-3,507,300

GFR-26 states that it is the duty of the departmental Controlling officers to see that all sums due to Government: are regularly and promptly assessed, realized and duly credited in the Public Account.

HEC made payment to reviewers under the sub project NRPU under ID-5914 Promotion of Research in Universities during 2014-17. Details are as under:

S. No	Types of Report	Number of Reviewer	Rate	Amount Paid
01	Reviewed and rejected	1,839	2,000	3,678,000
02	Report reviews on full Performa	2,463	8,000	19,704,000
Total Rupees				**23,382,000**

All the Reviewers were regular employees of HEC/Universities.

Audit observed that management did not recover income tax as per slab rate of 15% amounting to Rs. 3,507,300/-

Audit is of the view that the public exchequer was put to loss.

It was replied that funds were paid to the Professors and Researchers who were full time Professors of the universities. The amount paid was less than the minimum limit of taxable income.

The reply was not accepted as the amount paid was to be included in the salary income of the Professors and tax was to be deducted as per slab rates which were minimum 15 %.

Audit recommends that amount may be recovered and deposited into government account.

Para-40 Duplication in expenditure funds release for national research program for universities Rs. 1146.077 million

GFR-10 states that every officer incurring or authorizing expenditure from public funds should be guided by high standards of financial propriety. Among the principles on which emphasis is generally laid are the following: -

a. Every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public moneys as a person of ordinary prudence would exercise in respect of expenditure of his own money.

Higher Education Commission approved and released funds during the year 2014-17. Details are as under:

Year	No. of Project approved & Started	Fund Released	Project Completed	Completion Cost
2014-15	186	Information not provided	62	181,552,365
2015-16	383	-do-	30	87,073,909
2016-17	502	1,107,717,646	42	119,309,431
Total	**1,071**		**134**	**387,935,705**

Audit observed as under:

1. HEC released funds for PhD Scholars associated with each project @ Rs. 25,000/- per month per project for three years, amount for which comes to Rs. 963.900 million whereas the HEC is already paying scholarship to HEC students from development project MS Leading to PhD indigenes 5000 scholars.
2. The expenditure of the public sector universities are audited regularly by the Pakistan Audit Department whereas in the project management paid Rs. 20,000/- per project amount of which comes to Rs. 21.420 million.
3. The HEC is releasing funds to each public sector university to meet its salaries and operating and development expenditures, the management released funds 15% cost of each project to meet the overhead expenditure of the university in addition to consumables and equipments the amount for which for the year 2016-17 comes to Rs. 160.757 million.
4. Similarly the funds were released for the purchase of equipment and other durable goods in each projects but it was nothing in the record that procedure in purchase was followed and stock entries in the university stock register was made.
5. The scheme was not approved by the HEC Commission who is the competent forum for approving expenditure to meet the function of HEC.
6. The projects were not included in annual ADP.
7. There was no any monitoring report from HEC about the utilization of funds of the current and previous year about which no information was provided to audit.

Audit is of the view that it was duplication of expenditure.

Audit is also of the opinion that management of the universities are concealing these funds from the audit teams of Pakistan Audit Department and unnecessary making payment to private auditors to take the favorable reports.

It was replied:

1. That funds released under the studentship is a fellowship given to PhD/MS students who is not getting any time of scholarship.
2. Rs. 20000/- were paid for one project for maintenance of account.
3. The 15% overhead cost is for research activities.

The reply was not accepted as the accounts of all public sector universities were audited by the Auditor General's office, further HEC released funds to each public sector universities to meet its overhead and salary expenditure. There was not certificate with the management that students not receiving scholarship.

Audit recommends that practice may be stopped, project may be got approved from the commission, included in the ADP, the duplicate payment already made may be recovered/adjusted, the expenditure may be got audited from the Pakistan Audit Department and unspent balances may be retrieved and surrendered to the government.

Para-41 Irregular and unauthorized expenditure on abnormally delayed Startup Research Grant Projects Rs. 522.938 million

Section-10(i) of the HEC Ordinance 2002 states that commission may approve projects within the same ceiling as a specified for the DDWP.

GFR-10 states that every officer incurring or authorizing expenditure from public funds should be guided by high standards of financial propriety. Among the principles on which emphasis is generally laid are the following: -

a. Every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public moneys as a person of ordinary prudence would exercise in respect of expenditure of his own money.

The approved policy of the HEC on the projects of Startup Research Grant Program under ID 5914 states that the execution period of each project will be maximum one year.

Higher Education Commission released funds to different universities for execution of 1698 Research Projects during 2014-17 under Startup Research Grant Program in Universities under ID-5914 Promotion of Research in universities. Details are as under:

Year	**Budget Utilization**	**Project Approved**	**Project completed**
2014-15	136,958,199	430	0
2015-16	167,284,270	600	50
2016-17	218,696,156	668	100
Total	**522,938,625**	**1,698**	**150**

The information for the projects approved and executed prior to June, 14 was not provided.
Audit observed as under:

1. Only 9% projects were completed inspite of the lapse of execution period the time from two to fourteen years after the release of funds whereas the execution period of the projects was maximum one year .
2. The management did not laid down any policy for retrieval of funds lying against the such delayed/ignored projects. Whereas the management may deduct fund for abnormally delayed projects at source from the funds to be released to the universities.
3. There was no any supervisory report with the reason of delay or failure of the projects
4. The proposals were not approved by the HEC commission who is competent forum to approve expenditure on the functions of the HEC.
5. The projects were neither approved by the CDWP nor included in annual ADP of the federal government

Audit is of the view that the projects were delayed either due to ill planning and lack of supervision.
Audit is also of the opinion that the benefit/outcomes of the Research Projects to the general public delayed.

It was replied that the projects were delayed due to non availability of staff and project director resigned or left. Now the HEC is pursing each project for early completion.

The management accepted the delay.

Audit recommends that detail investigation in this regard may be made on the expenditure incurred and utilized funds against all such projects may be retrieved .A strict policy in this regard for retrieval of funds against such projects maybe framed and convey to the all executor.

Parra-42 Duplication of expenditure on abnormally delayed research projects Rs. 16.980 million

GFR-10 states that every officer incurring or authorizing expenditure from public funds should be guided by high standards of financial propriety. Among the principles on which emphasis is generally laid are the following: -

b. Every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public moneys as a person of ordinary prudence would exercise in respect of expenditure of his own money.

The approved policy of the HEC on the projects of Startup Research Grant Program under ID-5914 states that the execution period of each project will be maximum one year.

Higher Education Commission released funds to different universities for execution of 1698 Research Projects during 2014-17 under Startup Research Grant Program in Universities under ID-5914 Promotion of Research in universities. Details are as under:

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2016-17	218,696,156	668	100
Total	**522,938,625**	**1,698**	**150**

The information for the projects approved and executed prior to June, 14 was not provided.
Audit observed that in each project there was expenditure of Rs. 10,000 for audit fee and 15% for the university overhead.

Audit is of the view that when HEC is providing recurring grant to each public sector university to meets its salaries and operating cost then there was no justification of again provision of funds for same purpose in the research projects.

It was replied that the cost of Rs. 10,000/- is part of the project budget and 15% provided cover the overhead cost.
The reply was not acceptable as the expenditure of each public university is audited by the teams of Pakistan Audit Departments and funds for the salary and overhead cost are provided to every public sector university through recurring grant every year.
Audit recommends that practice may be stopped and amount already be paid either be recovered or adjusted in the next recurring grant.

Para-43 Compliance of the HEC Ordinance 2002

Section 9(1) of HEC Ordinance 2002 states that a meeting of the Commission shall be held at least twice in a financial year, on such day, at such time and place as the Chairperson may determine.

Section 10 of HEC Ordinance 2002 states that Commission may :

(b) Cause evaluation of the performance of Institutions;

(e) Set up national or regional evaluation councils or authorize any existing council or similar body to carry out accreditation of Institutions including their department, faculties and disciplines by giving them appropriate rating. The Commission shall help build capacity of existing councils or bodies in order to enhance the reliability of the evaluation carried out by them;

(n) Cause to be set up testing bodies or designate any existing body for the purpose.

(o) Determine the equivalence and recognition of degrees, diplomas and certificates awarded by Institutions within the country and abroad;

(p) Develop guidelines and facilitate the implementation of a system of evaluation of performance of faculty members and Institutions;

(q) Provide guidelines as regards minimum criteria and qualifications for appointment, promotion; salary structure in consultation with the Finance Division and other terms and conditions of service of faculty for adoption by individual Institutions and review its implementation.

(w) Establish an endowment fund for higher education with contributions from government as well as no-governmental resources;

(x) Collect information and statistics on higher education and Institutions as it may deem fit and may cause it published;

Section 14(5) states that commission shall submit to the Controlling Authority (Prime Minister) after the end of every year a report on the state of higher education and on its activities during that year.

The HEC management is requested to provide within 24 hours to audit:

1. The minutes of the HEC Commission held during last three year.
2. Approval of the Commission on the annual/revised budget estimates of HEC.
3. Annual reports on the activities of HEC duly approved by the HEC Commission for last three years.
4. Number of the institutions, departments, faculties and disciplines whose accreditation carried out during last three years and rating issued to them.
5. The amount, the bank account and source of funding of endowment fund and its head wise utilization for last three years.
6. Published reports on information and statistics on higher education and Institutions collected by HEC.
7. Number of the institutions whose performance evaluated and copies of reports thereon for last three years.
8. Provide the notification, manpower deployed and by laws/Sop approved by the commission for testing service.

It was replied that:

1. last meeting of commission was held in February, 2016 and revised estimates for 2015-16 and budget estimates 2016-17 were prepared and recommended for approval of commissioned by the fiancé planning committee.
2. Annual reports were not completed.
3. Total 17 universities have been recommended for grant of charter.
4. No information was provided about establishment of endowment funds.
5. No published report on statistics of Higher Education for last three years was available.
6. Quality assurance review was conducted but reports were not published.

7. Testing service started w.e.f 2017 but manpower not recruited.

Audit observed that HEC did not performed most of its functions as stated above.

Audit recommends that responsibility may be fixed and efforts should be made to make the HEC full functional.

Para-44 Unemployment due to non performing of HEC functions

Section 10(l) of HEC Ordinance, 2002 states that the Commission may, facilitate the introduction of educational programs that meet the needs of the employment market and promote the study of basic and applied science in every field of national and international importance in the Institutions;

(b) Cause evaluation of the performance of Institutions;

(e) Set up national or regional evaluation councils or authorize any existing council or similar body to carry out accreditation of Institutions including their department, faculties and disciplines by giving them appropriate rating. The Commission shall help build capacity of existing councils or bodies in order to enhance the reliability of the evaluation carried out by them;

As pr information provided by the HEC for the period 2009-17, the 4210 PhD Scholars applied for job to the HEC for one year interim placement in the universities out of which 3388 scholars were placed by HEC, 388 got job at their own, whereas the remaining 504 were jobless.

Audit observed that the 12% of the citizen having highest qualification were jobless, whereas the position of master degrees and graduates was worse.

Audit also observed that HEC had neither statistics showing subject wise job requirements in the country and in the world nor they had planned and guided the degree awarding institutions to introduce the educational program to meet the needs of the employment market. The unemployment of the educated youth of the country is increasing day by day in spite of the fact that the requirement s of trained manpower is increasing in the world day by day.

Audit is of the view that the HEC is not making sufficient effort to equip the youth with higher education relevant to the market requirement or there is problem in the quality of the higher education from the institutions.

It was replied that HEC has signed MOU with six professional accreditation councils for quality evaluation. Eighteen capacity building workshops for improvement of accreditation process were held.

The reply was not acceptable as:

1. The point one (section 10(1) of HEC ordinance) was not addressed.
2. The work of evaluation of performance was started thirteen years after the HEC ordinance was in force.

Audit recommends that the statistics collected by the HEC from the national and international market requirement and the relevant programs started in the universities may be intimated to audit.

Para-45 Irregular purchase of furniture by no specifying the quantity in the tender documents Rs. 3.266 million

Para-23 of PPRA Rules States that:

(1) Procuring agencies shall formulate precise and unambiguous bidding documents that shall be made available to the bidders immediately after the publication of the invitation to bid.

(2) For competitive bidding, whether open or limited, the bidding documents shall include the list of goods or bill of quantities (where applicable);

The HEC management purchased furniture items for Rs. 3.266 million during 2016-17 by inviting open tender.

Audit observed that in the tender documents the quantity of the items to be purchased was not specified.

Audit is of the view that the competitive rates are not achieved without mentioning the number of items to be purchased.

It was replied that the list of items to be purchased was mentioned in the tender documents as required in PPRA Rules.

The reply was not acceptable as the economical rates can be obtained only by specifying the quantity to be purchased.

Audit recommends that practice may be stopped and responsibility may be fixed for the miss procurement.

Para-46 Unauthorized Expenditure by HEC on employment of PhD Scholar Private Institution and Universities Rs.47.580 million

HEC Ordinance No.LIII of 2002 states that:

g. Submit to the Federal government the recurring and development budgets for public sector institutions and allocate funds to public sector Institution out of bulk financial provision received from the government and other resources on performance and need basis.

h. Review and examine the financial requirements of public sector Institutions approved and provide funds to these Institutions on the basis of annual recurring needs as well as for development projects and research based on specific proposals and performance and while approving funds for a public sector Institution the commission shall ensure that a significant proportion of the resources of the Institution are allocated to research support and libraries.

As per information provided to audit HEC placed PhD scholars on interim placement for one year in the public and private universities/institutions at the monthly salary of Rs. 130,000 and Rs. 65,000 respectively.

Audit observed that management placed 53 PhD scholars during 2014-17 in the private universities .Details are as under:

Year	**No. of Scholars**	**Salary Paid Rs.**
2014-15	17	13,260,000
2015-16	21	16,380,000
2016-17	15	11,700,000
Total		**41,340,000**

Audit also observed that as per entries in the cash book of Tenure Track System the 23 scholars were paid salary during 2016-17. Thus the amount for additional 8 scholars comes to Rs. 6,240,000/- due to which total amount comes to Rs. 47,580,000/- for the year 2014-17. The information for the previous period was not provided.

Audit is of the view that 7the expenditure incurred in violation of HEC act.

It was replied that the approval was obtained from HEC competent authority.

The reply was not acceptable as the HEC ordinance does not allow any budgetary support through manpower or fund to private universities.

Audit recommends that responsibility may be fixed and the amount may be recovered or the irregularity may be got condoned from the competent forum.

Para-47 Financial loss due to advance drawl of salaries of interim placed faculty members from assignment account Rs. 70.391 million

GFR-7 states that moneys may not be removed from the Public Account for investment or deposit elsewhere without the consent of the Ministry of Finance.

FTR-170-B(8) states that it shall not be permissible to draw the whole amount authorized or part thereof and to place it in a separate account at the treasury or in a commercial bank.

FTR-290 states that no money shall be drawn from the treasury unless it is required for immediate disbursement. It is not permissible to draw money from the treasury in anticipation of demands or to prevent the lapse of budget grants.

HEC is maintaining Assignment Account in NBP main branch Islamabad to make payment against thee recurring expenditure of its secretariat and to make payment to the universities to meet their requirement of recurring and development expenditure. The assignment account is also being used to make the payment of salaries of the faculties of the universities employed on Tenure Track System and PhD Scholars placed on interim placement in the universities. AS per reconciled statement of expenditure for the year 2016-17 expenditure incurred on payment of salaries to the faculty employed on Tenure Track and interim placement was Rs. 4000.00 million.

Audit observed as under:

1. The amounts aggregating to Rs. 773,283,852 was withdrawn from the assignment account one year advance approximately and paid to the universities for payment of salaries to the interim placed faculties instead on monthly basis.
2. The payments aggregating to Rs. 283,733,684 was made in the fourth quarter for the next year to avoid lapsing at the end of financial year in May and June.
3. The management was also maintaining a bank account in which the amount was retained, deposited and disbursed. The position for the year 2016-17 is as under:

Bank A/C No.	Project	O.B	Deposit	Disbursement	Balance
79001464-01 HBL H-9	Tenure Track	106,604,983	44,616,161	22,063,151	129,157,994

4. Audit is of the view that government suffered financial loss due to withdrawal of money unnecessary in advance the amount for which for the payment made from assignment account comes to Rs. 61,862,708/- and amount retained Rs. 106.604 million comes to Rs.8,528,320/- for one year @ 8% per annum.

It was approved by the competent authority that HEC may transfer salary for one year or minimum 6 months in advance to the host universities. The salaries to the employees were paid by universities on monthly basis.

The reply was not accepted as the transfer of funds from government account to bank account in advance before immediate requirements was violation to the provisions of GFR, FTR, Standard of Financial propriety and caused financial loss

Audit recommends that practice may be stopped and responsibility for the financial loss may be fixed and amount may be recovered.

Para-48 Duplication in expenditure of Technology Development Fund on account of payments made for scholarship Audit Fee and Overhead to the universities expenditure Rs.

GFR-10 states that every officer incurring or authorizing expenditure from public funds should be guided by high standards of financial propriety. Among the principles on which emphasis is generally laid are the following: -

i. Every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public moneys as a person of ordinary prudence would exercise in respect of expenditure of his own money.
ii. The expenditure should not be prima facie more than the occasion demands

HEC released funds amounting to Rs. 93.744 million to the twelve universities for execution of development projects during the year 2016-17 under the scheme Establishment of Technology Development Funds which was approved by CDWP on 29.10.15 at the cost of Rs. 2905.00 million.

Audit observed as under:

1. The expenditure of the university is audited regularly by the Pakistan Audit Department whereas in the project management paid Rs. 350,000/- for audit fee.
2. The HEC is releasing funds to each public sector university to meet its salaries and operating and development expenditures, the management released funds to the universities Rs. 12.808 million for operating expenditure and Rs. 56.184 million for development expenditure.
3. There was no any monitoring report from HEC about the utilization of funds of the current and previous year about which no information was provided to audit.

Audit is of the view that it was duplication of expenditure.

It was replied that funds were issued to introduce new technologies to the scholars returning from foreign countries after completion of PhD.

Audit recommends that practice may be stopped, the duplicate payment already made may be recovered/adjusted, the expenditure may be got audited from the Pakistan Audit Department and unspent balances may be retrieved and surrendered to the government.

Para-49 Irregular and unjustified payment to the Pakistan Academy of Science Rs.81.00 million

GFR-10 states that every officer incurring or authorizing expenditure from public funds should be guided by high standards of financial propriety. Among the principles on which emphasis is generally laid are the following:-

i. Every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public moneys as a person of ordinary prudence would exercise in respect of expenditure of his own money.
ii. The expenditure should not be prima facie more than the occasion demands

HEC released funds released Rs. 30.00 million, 21.00 million and 30.00 million to the Pakistan Academy of Science during the year 2014-15, 2015-16 & 2016-17

Audit observed as under:

1. As per utilization statement received
    a. Academy of Science retained Rs. 28.350 million to meet its overhead expenditure whereas the government is releasing funds to the academy separately to meet such expenditure.
    b. The expenditure of Academy is audited regularly by the Pakistan Audit Department whereas in the project management paid Rs. 360,000 (@Rs. 120,000 per year)- for audit fee.
    c. The academy released Rs. 52.65 million to different scientist to execute the research project against which no record about its utilization, completion of projects was in the record. The audit report of the private auditor was only on the utilization of the administrative expenditure which was also silent about the procedure followed to incur expenditure.
    d. The scheme was not approved by the HEC Commission who is the competent forum for approving expenditure to meet the function of HEC.
    e. The projects were not included in annual ADP.
    f. There was no any monitoring report from HEC about the utilization of funds of the current and previous year about which no information was provided to audit.
    g. The status of the organization i.e whether it was government department , autonomous body or company and how it was established and what was its function was not available with the management.

Audit is of the view that duplication of expenditure can be avoided on release of funds directly to the scientist and audit of their accounts by the Pakistan Audit Department.

Audit is also of the opinion that the Academy is concealing these funds from the audit teams of Pakistan Audit Department and unnecessary making payment to private auditors to take the favorable reports.

It was replied that academy does not receive any grant from the government, its account not audited by Pakistan Audit Department. The reports for utilization were submitted to HEC.

The reply was not accepted as the management could not justify that it was the responsibility of the HEC to meet the overhead expenditure of Pakistan Academy of Science. No adjustments accounts were available with the management.

Further in the exit meeting the management could not give any information about status of the Pakistan Academy of Science i.e. it is government office/department/autonomous body/company how it was established/constituted was not cleared.

Audit recommends that further payment may be stopped. The meeting of overhead expenditure may be justified and adjustment accounts for the payment made for research project may be obtained. The detail expenditure accounts may be produced to audit for scrutiny.

Para-50 Duplication in expenditure on payment of conveyance allowance to the employees provided pick and drop facility and on excess vehicle Rs. 43.565 million

GFR-10(ii) states that the expenditure should not be prima facie more than the occasion demands.

As per list of vehicles provided to audit HEC is maintaining 57 vehicles including 5 motorcycles details are as under:

Category	Number	Type	Purpose
70cc/100cc	5	Motorcycle	General Pool
800 cc	4	Car	-do-
800cc	2	Carry van	-do-
100cc	9	Car	-do-

1300cc	16	Car	-do-
1600cc	5	Car	-do-
1800cc	3	Car	-do-
2500cc	5	Hiace	-do-
3000cc	1	Van	-do-
3000cc	1	Hilux	-do-
3660cc	1	Coaster	-do-
4000cc	1	Hino Coach	-do-
4200cc	1	Land crosier	-do-
6500cc	1	Hino Bus	-do-
-	1	Tractor	

Following vehicles were deputed on shift duties:

Vehicle No.	Type	CC	Seating Capacity	POL
GE 908	Toyota Hiace	2500	18	453511
GE 907	Toyota Hiace	2500	18	374951
GP 0954	Coaster	3660	24	418359
GP 4760	Hino Coach	4200	35	418638
GT 306	Hino Coach	4000	35	450895
GF 177	Hino Bus	6500	60	878798
Total			**190**	**2,995,152**

Audit observed as under:

1. The HEC was maintain twenty one 1300/1600cc vehicles but all the 10 regular officers of (BPS-20 & 21) and 05 officers in MP scale, (except one) are not drawing Monetization Allowance. Details are as under:

BPS	No.	Rate	Amount Rs.
20	9	65,960	7,123,680
21	1	77,430	9,329,160
MP Scale	2	77,430	18,658,320
MP Scale	1	65,960	791,520
MP	1	95,910	1,150,920
Total		**382,690**	**37,053,600**

2. There is only one officer i.e chairman entitled for 1800cc vehicle but the HEC three 1800cc vehicles.
3. There are fifteen 800/1000cc vehicles for general duty without any authorization from the vehicle committee.
4. All the employees availing pick and drop facilities or drawing full conveyance allowance the amount at the average rate of Rs. 2856 comes to Rs. 6,511,680/-

Audit is of the view that HEC is maintaining excess vehicles of 1300/1600/1800cc than its requirement without any authorization from the vehicle committee.
Audit is also off the opinion that employees availing pick and drop facility are not entitle for conveyance allowance.

It was replied that the two 1800/cc vehicles are used to protocol duty. HEC is an autonomous body and had framed its own staff car rules which are in process of approval. The officers drawing monetization allowance were not entitled/using vehicles and a fixed amount was being recovered from the employees availing pick and drop facility.

Reply was not acceptable as conveyance allowance was not admissible to the employees availing pick and drop facilities. Further the management could not justify the retention of a large number of vehicles when the officers were being paid monetization allowance.

Audit recommends that conveyance allowance paid to employees availing pick and drop facility may be recovered, the excess vehicles 1300/1600/1800cc may be surrendered to government. The operational and general duty vehicles may be got authorized from the vehicle committee.

Para-51 Irregular appointment on deputation against the post of Member

Establishment division OM 1/13/87-R-1 dated 3.12.90 states that normal period of deputation will be three year which will be extendable maximum two year with the approval of establishment division .

Section 3 of Ordinance No. LIII of 2002 states that the controlling authority of the HEC shall be the Prime Minister of Pakistan.

Section 12 of Ordinance No. LIII of 2002 of HEC states that the Commission may from time to time, appointment such officers, servants, consultants and advisors as it may consider necessary for the efficiency performance of its functions on such terms and condition s as may be prescribed by the Federal Government.

Section 21 of Ordinance No. LIII of 2002 of HEC states that the commission may, with the prior approval of the controlling Authority, by notification in the official Gazette, make rules for carrying out the purpose of this Ordinance.

As per service rule of HEC the post of member is to be filled 100% by direct recruitment.

Dr. Ghulam Raza Bhatti a meritorious professor (BPS-22) of Botany of Shah Abdul Latif University Khairpur applied for deputation to Higher Education Commission against the post of member on 13.04.14. The Chairman of HEC approved his appointment as member in HEC on 23.04.14 on deputation for the period of one year. Later on his services were extended on yearly basis upto 22.04.18.

Audit observed as under:

1. The post was to be filed on open merit basis whereas the same was filled on deputation on the request of one professor of a university.
2. The terms and conditions of deputation were not approved by the Establishment Division.
3. The appointment and extension was not approved by the Prime Minister.
4. The deputation period was extended beyond the maximum period of three year.
5. The deputation was made on own request of employee.
6. The professor had not any experience of such post.

Audit is of the view that filling of post of initial recruitment through deputation was irregular.

It was replied that commission being the appointing authority approved the terms and conditions of the deputation. The HEC followed government rules where its own rules were silent.

The reply was not accepted as it was cleared that post was to be filled on open merit basis instead of deputation. Further the appointment, extension and terms and conditions were to be approved by the Federal government and the PM as the service/recruitment rules of the commission had not been approved by the Federal Government and the controlling authority i.e PM. The HEC did not filled the post even after lifting of ban in 2016 (as stated OS No. 68)

Audit recommends that post may be filled through open advertisement and occupant may be repartitioned to his parent office. The irregularity may be got condoned form the competent forum.

Para-52 Irregular appointment on deputation against the post of Director General

Establishment division OM 1/13/87-R-1 dated 3.12.90 states that normal period of deputation will be three year which will be extendable maximum two year with the approval of establishment division .

Section 3 of Ordinance No. LIII of 2002 states that the controlling authority of the HEC shall be the Prime Minister of Pakistan.

Section 12 of Ordinance No. LIII of 2002 of HEC states that the Commission may from time to time, appointment such officers, servants, consultants and advisors as it may consider necessary for the efficiency performance of its functions on such terms and condition s as may be prescribed by the Federal Government.

Section 21 of Ordinance No. LIII of 2002 of HEC states that the commission may, with the prior approval of the controlling Authority, by notification in the official Gazette, make rules for carrying out the purpose of this Ordinance.

HEC appointed Mr. Muhammad Rafique Director at Sardar Bahadur Khan University Quetta as Director General on deputation for three year w.e.f 05.09.13. The record is silent about the further extension.

Audit observed as under:

1. As per service rule the post of director General is to be filled through promotion or by direct recruitment, whereas the post was filled on deputation without any provision in the rule.
2. The terms and conditions of deputation were not approved by the Establishment Division.
3. The record was silent for extension but the officer was drawing salary from HEC as per payroll of June, 2017 without any approval of extension from the Establishment Division.

Audit also observed that approval of the government/Prime Minister on creation of post and on their terms and conditions was not available in the record.

Audit is of the view that filling of post of initial recruitment/promotion through deputation was irregular.

It was replied that due to ban on fresh recruitment the post was filled on deputation basis and HEC followed the federal government rules where its rules were silent.

The reply was not accepted as there was not provision in the rule for filling the post on deputation. Further the appointment, extension and terms and conditions were to be approved by the Federal government and the Establishment Division as the service/recruitment rules of the commission had not been approved by the Federal Government and the controlling authority i.e PM. The HEC did not filled the post even after lifting of ban in 2016 (as stated OS No. 68)

Audit recommends that post may be filled through open advertisement and occupant may be repartitioned to his parent office. The irregularity may be got condoned form the competent forum.

Para-53 Irregular extension in contract period for seven year of a support engineer and subsequent regularization

Section 12 of Ordinance No. LIII of 2002 of HEC states that the Commission may from time to time, appointment such officers, servants, consultants and advisors as it may consider necessary for the efficiency performance of its functions on such terms and condition s as may be prescribed by the Federal Government.

Section 21 of Ordinance No. LIII of 2002 of HEC states that the commission may, with the prior approval of the controlling Authority, by notification in the official Gazette, make rules for carrying out the purpose of this Ordinance.

HEC management appointed to Mr. Waqas Masood on Contract basis for one year on 01.09.09 in the project PERN-2 Up gradation of Core Network and last mile connectivity.

Audit observed that

1. The contract period was extended on six monthly basis upto 31.12.2011when the life of the project expired.
2. His services were taken on regular post after the expiry of project without advertisement and extended on six monthly basis upot 21.06.17.
3. He was appointed as Assistant director communication BPS-17 on regular basis on 21.06.2017 without advertisement of the post.

Audit also observed that approval of the government/Prime Minister on creation of post and on their terms and conditions was not available in the record.

Audit is of the view that extension in contract period and subsequent appointment on regular post without open competition was irregular.

It was replied that employee was engaged on contract basis in order to maintain the high important activity of PERN and his salary was charged against the regular post.

The management accepted the irregularity.

Audit recommends that responsibility may be fixed, irregularity may be got condoned and post should be filled on merit basis through open competition.

Para-54 Irregular extension in the contract period of consultant for six years of SAP Functional Consultant

Section 12 of Ordinance No. LIII of 2002 of HEC states that the Commission may from time to time, appointment such officers, servants, consultants and advisors as it may consider necessary for the efficiency performance of its functions on such terms and condition s as may be prescribed by the Federal Government.

Section 21 of Ordinance No. LIII of 2002 of HEC states that the commission may, with the prior approval of the controlling Authority, by notification in the official Gazette, make rules for carrying out the purpose of this Ordinance.

HEC management appointed to Syed Bilal Munir on Contract basis for one year on 17.03.2010 as SAP Functional Consultant.

Audit observed that the contract period was extended on yearly basis upto 31.03.2018 instead of filling the post on regular basis.

Audit also observed that approval of the government/Prime Minister on creation of post and on their terms and conditions was not available in the record.

Audit is of the view that extension in contract period was irregular.

Audit is also of the option that when the post was regular it was to be filled on regular basis on open merit through advertisement.

It was replied that contract period was extended after evaluation of performance of the employee on yearly basis.

The reply was not accepted as it was regular function of the HEC, therefore the post was to be filled on regular basis.

Audit recommends that responsibility may be fixed, irregularity may be got condoned and post should be filled on merit basis through open competition.

Para-55 Irregular extension in the contract period of consultant for seven years of Business Automation Program Manager

Section 12 of Ordinance No. LIII of 2002 of HEC states that the Commission may from time to time, appointment such officers, servants, consultants and advisors as it may consider necessary for the efficiency performance of its functions on such terms and condition s as may be prescribed by the Federal Government.

Section 21 of Ordinance No. LIII of 2002 of HEC states that the commission may, with the prior approval of the controlling Authority, by notification in the official Gazette, make rules for carrying out the purpose of this Ordinance.

HEC management appointed to Mr. Adnan Farooq on Contract basis for one year on 17.03.2010 as Business Automation Program Manager.

Audit observed that the contract period was extended on yearly basis upto 01.08.2019 instead of filling the post on regular basis.

Audit is of the view that extension in contract period was irregular.

Audit is also of the option that when the post was regular it was to be filled on regular basis on open merit through advertisement.

It was replied that contract period was extended after evaluation of performance of the employee on yearly basis.

The reply was not accepted as it was regular function of the HEC, therefore the post was to be filled on regular basis.

Audit recommends that responsibility may be fixed, irregularity may be got condoned and post should be filled on merit basis through open competition.

Para-56 Irregular extension in the contract period of consultant for seven years of Support Engineer

Section 12 of Ordinance No. LIII of 2002 of HEC states that the Commission may from time to time, appointment such officers, servants, consultants and advisors as it may consider necessary for the efficiency performance of its functions on such terms and condition s as may be prescribed by the Federal Government.

Section 21 of Ordinance No. LIII of 2002 of HEC states that the commission may, with the prior approval of the controlling Authority, by notification in the official Gazette, make rules for carrying out the purpose of this Ordinance.

HEC management appointed to Mr. Yasir Mehmood on Contract basis for one year on 01.09.2009 as Support Engineer on fix salary of Rs. 20,000/- per month. Similarly Mr. Ali Khan was appointed Support Engineer in the project PERN-2 on 08.04.2010 on the fix salary of Rs. 20,000/- per month. The salaries of the employees were increased from time to time.

Audit observed that after the expiry of project life the employee was paid salary from the regular budget without advertising post and making fresh appointment. The contract period was extended on yearly basis upto 01.07.2017 instead of filling the post on regular basis.

Audit also observed that approval of the government/Prime Minister on creation of post and on their terms and conditions was not available in the record.

Audit is of the view that extension in contract period was irregular.

Audit is also of the option that when the post was regular it was to be filled on regular basis on open merit through advertisement.

It was replied that for smooth and efficient running of the activities of PERN program Mr. Yasir Mehmood and Mr. Ali Khan were engaged w.e.f 02.04.12 in the regular side.

The reply was not accepted as the post was to be filled afresh on open merit basis after conversion on regular side.

Audit recommends that responsibility may be fixed, irregularity may be got condoned and post should be filled on merit basis through open competition.

Para-57 Irregular appointment of a project employee on contract basis and subsequent extension for six year

Section 12 of Ordinance No. LIII of 2002 of HEC states that the Commission may from time to time, appointment such officers, servants, consultants and advisors as it may consider necessary for the efficiency performance of its functions on such terms and condition s as may be prescribed by the Federal Government.

Section 21 of Ordinance No. LIII of 2002 of HEC states that the commission may, with the prior approval of the controlling Authority, by notification in the official Gazette, make rules for carrying out the purpose of this Ordinance.

HEC management appointed Syeda Tamknat as Digital Library Operating officer on Contract basis on fix salary of Rs. 30,000/- per month for one year on 27.01.2007 in the project National Academy of Higher Education.

Audit observed as under:

1. The contract period was extended on yearly basis upto 01.12.2012 upto the project life.
2. After the expiry of project life she was appointed on occasional basis for one year on 2.07.2012 on the fixed salary of 40,250/- per month without advertisement of the post.
3. Her pay was increased upto 46,794/- per month on 04.08.2016 and contract period was extended upto 31.12.2017.

4. Approval of the government/Prime Minister on creation of post and on their terms and conditions was not available in the record.

Audit is of the view that the appointment on the regular side after the expiry of project without the fulfillment of codal formality was irregular.

Audit recommends that responsibility for the irregular appointment may be fixed and post (if sanctioned) may be filled through open competition on regular basis.

Audit is of the view that extension in contract period was irregular.

Audit is also of the option that when the post was regular it was to be filled on regular basis on open merit through advertisement.

It was replied that to continue/maintain the services of digital library, Syeda Tamknat was engaged on regular side

The reply was not accepted as the post was to be filled afresh on open merit basis after conversion on regular side.

Audit recommends that responsibility may be fixed, irregularity may be got condoned and post should be filled on merit basis through open competition.

Para-58 Irregular appointment in the MP Scale and further extension

Section 12 of Ordinance No. LIII of 2002 of HEC states that the Commission may from time to time, appointment such officers, servants, consultants and advisors as it may consider necessary for the efficiency performance of its functions on such terms and condition s as may be prescribed by the Federal Government.

Section 21 of Ordinance No. LIII of 2002 of HEC states that the commission may, with the prior approval of the controlling Authority, by notification in the official Gazette, make rules for carrying out the purpose of this Ordinance.

Establishment Division OM No. 8/10/2000-CP.1 daed 21.03.2000 states that Chief Executive may allow contract appointment on MP Pay package in the public interest and merit.

Finance division OM No. F.3 (7)R-4/98-Vol.11/07(A) dated 11.04.2007 states that extension in contract period of the incumbents of MP scale will be made with the approval of Prime Minister.

HEC appointed Mr. Anwar Amjad as Director General Information Technology in MP-III scale on 18.07.2009 for two year. His contract period was extended every after two years upto 18.07.2017.

Similarly other employees were also working in the MP scale during 2013-17 as per office order No. 1-11/HEC/HRM/2007/4151 dated 24.06.13 and of even No. dated 09.01.2017. Details are as under:

Sr.#	Name	Post	Scale
1	Muhammad Jalil Ahmed	Advisor	MP-II
2	Ms. Noor Amna Malik	DG (LI)	MP-III
3	Mr. Muhammad Anees Sandozai	DG Services	MP-III
4	Ms. Zia Batool	DG (QA)	MP-III

5	Prf. Dr. Arshad Ali	Executive Director	MP-I
6	Mr. Muhammad Latif	Advisor (R&D)	MP-II
7	Mr. Wasim Sohail Hashmi	advisor (HRD)	MP-II
8	Mr. Tahir Abbas Zaidi	DG (A&A)	MP-III

Audit observed that record was silent about the approval of the Prime Minister for appointment and subsequent extension in the contract appointment of the MP Scale incumbents.

Audit is of the view that appointment and subsequent extension without the approval of and Prime Minster was irregular and unauthorized.

It was replied that appointment and extension were made by the commission as commission is empowered to make recruitment of its employee. It was further stated that Supreme court of Pakistan also endorsed that appointment in HEC will be regulated under these rules.

The reply was not accepted as the controlling law of HEC states that commission with the prior approval of controlling authority make notification and make rules. Further the HEC did not provide the record relating to the approval of commission in appointment and extension in MP scales and also the copies of judgment of Supreme Court.

Audit recommends that irregularities may be got condoned from the competent forum.

Para-59 Irregular appointment of Director on deputation

As per service rule of the HEC the appointment to the post of Director is to be made 50% by initial appointment and 50% by promotion.

HEC management appointed Dr. Ishrat Siddiqa Lodhi, Assistant professor Fatima Jinnah University as Director on deputation w.e.f 30.03.2015 for one year. Which was further extended on yearly basis.

Audit observed that there was no provision in the service rule of HEC for appointment on the post of Director on deputation basis.

Audit is of the view that the appointment was irregular.

It was replied that provision of deputation was not available in the HEC rules , therefore HEC follow the government rules as its own rules were not cleared.

The reply was not accepted as it was cleared in the recruitment rules that post was to be filled through promotion or direct recruitment.

Audit recommends that post may be filled as per approved service rules.

Para-60 Over payment on account of Medical allowance Rs. 29.261 million

Section 12 of Ordinance No. LIII of 2002 of HEC states that the Commission may from time to time, appointment such officers, servants, consultants and advisors as it may consider necessary for the efficiency performance of its functions on such terms and condition s as may be prescribed by the Federal Government.

Section 21 of Ordinance No. LIII of 2002 of HEC states that the commission may, with the prior approval of the controlling Authority, by notification in the official Gazette, make rules for carrying out the purpose of this Ordinance.

HEC made payment to its employees on account of Medical Allowance @ 35% of the pay maximum upto Rs. 10,400/ per month.

The total expenditure on the payment of medical allowance for the year was Rs. 51,201,862/-

Audit observed that approval of the Finance Division for payment of Medical Allowance at higher rate was not available.

Audit is of the view that payment at the higher rate resulted into over payment of Rs. 29.261 million for one year.

It was replied that HEC adopted the medical attendance rules 1975 of UGC which states that employees of the commission shall be entitled to the medical allowance as determined time to time.

The reply was not accepted as once the HEC had adopted the government employees pay scale and medical allowance being the part of salary is payable at the rates as admissible to the Federal Government employees. Further the medical attendance regulates the indoor and outdoor of the employees.

Audit recommends that amount overpaid may be recovered from date of payment at higher rates.

Para-61 Irregular appointment on contingent basis

Section 12 of Ordinance No. LIII of 2002 of HEC states that the Commission may from time to time, appointment such officers, servants, consultants and advisors as it may consider necessary for the efficiency performance of its functions on such terms and condition s as may be prescribed by the Federal Government.

Section 21 of Ordinance No. LIII of 2002 of HEC states that the commission may, with the prior approval of the controlling Authority, by notification in the official Gazette, make rules for carrying out the purpose of this Ordinance.

Establishment Division OM No. 53/1/2013-SP dated 06.02.14 states that ban on recruitment process imposed by the Federal Government on direction of Prime Minister, shall also be applicable on following categories of appointment.

1. Appointment of contingent paid staff and its further extension.
2. Appointment of Civil Armed Forces Personnel i.e. Frontier Corps.
3. Appointment by Transfer/Induction.
4. Extension in contract appointment of already recruited contractual employees.

HEC made appointment on contingent basis during ……………….details are as under:

Sr.#	Name	Post	Pay	Date of Appointment	Procedure followed
1	Bushra Anayat	AD (Media)	46,794	04.04.17	Post advertised
2	Friha Armughan	Senior project manager	60,000	28.04.16	Post advertised
3	Muhammad Itifaq	AD	44,236	01.07.15	Without advertisement
4	Nusrat jabin Abbasi	Project Manager	45,000	19.04.16	Post advertised
5	Pervaiz Mustafa Khan	Assistant Technologist	36,000	27.05.13	Reemployment after retirement
6	Shahid Khalid	Law Officer	45,535	29.09.13	Without advertisement
7	Syeda Nosheen Fatima	Project manager	45,000	22.11.11	Post advertised
8	Syed Muhammad Adrees Naqvi	DD	66,584	20.03.17	Reemployment after retirement

Audit observed that the approval of the government for appointment on contingent basis not obtained.

Audit also observed that appointment made for higher scales instead in class-IV.

Audit is of the view that appointments were irregular and unauthorized.

It was replied that Executive Director is competent to make appointment on contingent basis for a period of financial year in the pay scale of the post.

The reply was not accepted as the federal government had imposed ban on the contingent appointment , the service rules were not approved by federal government and controlling authority. Four post was filled without advertisement and six employees were serving more than one year on contingent basis.

Audit recommends that responsibility may be fixed and orders of the government may be followed.

Para-62 Variation in the cash book and bank statement of bank account No . 7060-4 and 550045

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

GFR-16 states that an officer who signs or countersigns a certificate is personally responsible for the facts certified to, so far as it is his duty to know or to the extent to which he may reasonably be expected to be aware of them.

HEC is maintaining bank account No. 7060-4 in NBP main branch to make the local and foreign payments. Similarly a bank account No. 550045 is being maintained in HBL Aabpara branch to make the payments against development expenditure. The management is maintaining cash books on yearly basis on the entries in said bank accounts.

Audit observed that there was an abnormal variation in the figures of opening balance, receipts, payments and closing balances as per bank statement and cash books. Details are as under:

Amount in Rupees

Description	**A/c No**	**Opening Balance**	**Receipt**	**Payment**	**Closing balance**
Cash Book Figure	7060-4 (NBP main branch)	1,343,973	5,565,847,669	5,481,009,707	84837962
Bank Figure	7060-4 (NBP main branch)	23,198,648	6,020,303,202	5,956,843,931	86657919
Variation		**(21,854,675)**	**(454,455,533)**	**(475,834,224)**	**(1819957)**
Cash Book Figure	550045 HBL Aabpara	533,654,583	21,758,270	555,219,379	193474
Bank Figure	550045 HBL Aabpara	551,473,118	30,365,159	581,644,803	193474
Variation		**(17,818,535)**	**(8,606,889)**	**(26,425,424)**	-

Audit also observed that variation in the opening balances; receipts and payments were not explained.

Audit is of the view that probability of wrong entries cannot be ruled out.

It was replied that difference occurs due to previous year outstanding receipts and payments.

The reply was not accepted as the management did not support it with the documentary evidence of previous year cash books and relevant record of receipt and payments.
Audit recommends that matter may be investigated and results may be intimated with facts and figures.

Para-63 Variation in closing balance of bank account No. 4800110 Rs. 446.837 million

GFR-15 states that every officer whose duty it is to prepare and render any accounts or returns in respect of public money or stores is personally responsible for their completeness and strict accuracy and their dispatch within the prescribed date.
GFR-16 states that an officer who signs or countersigns a certificate is personally responsible for the facts certified to, so far as it is his duty to know or to the extent to which he may reasonably be expected to be aware of them.
HEC is maintaining bank account No. 48001-1 in HBL Civic Center to make the foreign payments. The cash book of the bank account is closed on monthly basis. As per cash book the closing balance in the bank account on 30.06.2017 was Rs. 101,063,026/-
Audit observed that when receipts and payments shown in the monthly closing of the bank statement were calculated, the closing balance worked out was Rs. 547,900,643/-. Thus there was variation of Rs. 446837617/-. Details are as under:

Amount in Rupees

Months	Opening Balance	Receipt	Payment	Closing Balance as per Cash Book on 30.06.17	Closing Balance as per Audit Calculation	Variation
July,16	62,049,523	4,344,420	15,200	-	-	-
Aug,16		2,033,109	2,675,727	-	-	-
Sep,16		4,502,017	5,464,885	-	-	-
Oct,16		2,807,908	1,575,497	-	-	-
Nov,16		11,928,901	2,559,910	-	-	-
Dec,16		4,355,966	2,070,284	-	-	-
Jan,17		7,602,859	1,740,321	-	-	-
Feb,17		9,760,276	2,504,500	-	-	-
March,17		2,632,473	6,148,255	-	-	-
April,17		4,284,215	1,260,128	-	-	-
May,17		8,110,024	1,838,891	-	-	-
Jun,17		451,501,496	158,945	-	-	-
Total		**513,863,664**	**28,012,544**	**101,063,026**	**547,900,643**	**(446,837,617)**

It was replied that an amount of Rs. 451,501,496/- was wrongly mentioned in the cash book summary.
The reply was not accepted as the same was not supported with relevant record of cash books and the voucher of deposit and disbursement.

Audit recommends that matter may be clarified to audit.

Para-64 Non Recovery of training cost from the scholars of overseas Phase-II held for breach of agreement Euro. 2644969 + US$ 264889 + GBP 498279+CAD 26845+NZD 552574 +Rs.7,619,411

As per minutes of the 17th meeting of National Scholarship Management Committee dated 11.06.2010, after scholar in breach of agreement category, the following steps will be taken by HEC:

- Scholarship shall be cancelled by the Executive Director, HEC/Chairman, NSMC.
- Expenses incurred on the scholar plus penalty up to 25% may be recovered from the scholar and guarantor.

a. An official letter will be sent to the scholar, supervisor, Pakistan Embassy/High commission in the host country, international office of the university, scholar’s parents, guarantor and the surety informing them about the state of breach. In case of no-response/non-compliance by the scholar or his/her guarantor, within next fifteen days of issue of letter, maximum two reminders will be sent consecutively with seven days deadline.

b. In case of no-compliance within next thirty days of issuance of the above letters and reminders, a formal legal notice will be served by the Law Officer of HE with the approval of Executive Director, HEC or his nominee.

c. In case there is no response/non-compliance to the legal notice within the next fifteen days, the following actions will be taken;

i. The scholar will be declared having committed breach of the agreement and the scholar name and picture shall be placed on the HEC website.

ii. The case of the scholar and guarantor will be officially transferred to the Law Officer of HEC.

iii. Formal legal proceedings will be started against the scholar and guarantor in the court of law with the approval of Executive Director or his nominee.

The HEC sent 1848 scholars abroad for MS Leading to PhD training during 2006-17 out of which 1254 completed degrees and returned Pakistan under project Overseas Scholarship MS/M.phil during PhD Phase-II. Agreements with all the scholars was made that if they are held responsible for breach of agreement, expenses incurred on the scholar plus a penalty upto 25% may be recovered from him. As per information provided to audit 68 scholars were held guilty of breach of contract agreement on which the expenditure amounting to Euro. 2,644,969, US$ 264,889, GBP 498,279,CAD 26,845,NZD 552,574 and Rs.7,619,411had been incurred by HEC. Details are in the statement. Out of 68, twenty one scholars completed PhD but did not returned to Pakistan, whereas the remaining failed to complete the degrees but were held themselves responsible for failures by HEC.

Audit observed as under:

1. Instead of 60 days the management took one to five years to file the case in the court for recovery.
2. No recovery had been made from the 68 scholars instead the cases were started from March, 2008 which means that the cases were not pursued properly.
3. Management did not provide the detail that how many scholars were serving in the government institutions who completed the PhD degree.

Audit is of the view that public exchequer is in loss due to non recovery of dues from defaulters.

It was replied that one scholar paid back the cost along with penalty. It was further stated that 265 scholars were serving in the public sector universities, 101 in strategic organization and 41 in R&D organizations.

The management accepted the irregularity regarding non recovery of training cost, further the list of employees serving was not provided.

Audit recommends that amounts may be recovered from the defaulters.

Para-65 Non Recovery of training cost from the scholars of overseas Phase-I held for breach of agreement Euro. 1,733,491+ US$ 689,328 + GBP 345738+AUD 45,608 +Rs. 2,570,000

As per minutes of the 17th meeting of National Scholarship Management Committee dated 11.06.2010, after scholar in breach of agreement category, the following steps will be taken by HEC:

- Scholarship shall be cancelled by the Executive Director, HEC/Chairman, NSMC.
- Expenses incurred on the scholar plus penalty up to 25% may be recovered from the scholar and guarantor.

a. An official letter will be sent to the scholar, supervisor, Pakistan Embassy/High commission in the host country, international office of the university, scholar's parents, guarantor and the surety informing them about the state of breach. In case of no-response/non-compliance by the scholar or his/her guarantor, within next fifteen days of issue of letter, maximum two reminders will be sent consecutively with seven days deadline.

b. In case of no-compliance within next thirty days of issuance of the above letters and reminders, a formal legal notice will be served by the Law Officer of HE with the approval of Executive Director, HEC or his nominee.

c. In case there is no response/non-compliance to the legal notice within the next fifteen days, the following actions will be taken;

   i. The scholar will be declared having committed breach of the agreement and the scholar name and picture shall be placed on the HEC website.

   ii. The case of the scholar and guarantor will be officially transferred to the Law Officer of HEC.

   iii. Formal legal proceedings will be started against the scholar and guarantor in the court of law with the approval of Executive Director or his nominee.

The HEC sent 744 scholars abroad for MS Leading to PhD training during 2003-17 out of which 617 completed degrees and returned Pakistan. Agreements with all the scholars was made that if they are held responsible for breach of agreement, expenses incurred on the scholar plus a penalty upto 25% may be recovered from him. As per information provided to audit 44 scholars were held guilty of breach of contract agreement on which the expenditure amounting to Euro. 1,733,491+ US$ 689,328 + GBP 345738+AUD 45,608 +Rs. 2,570,000 had been incurred by HEC. Details are in the statement. Out of 44, Four scholars completed PhD but did not returned to Pakistan, whereas the remaining failed to complete the degrees but were held themselves responsible for failures by HEC.

Audit observed as under:

1. Instead of 60 days the management took one to six years to file the case in the court for recovery.

2. No recovery had been made from the 44 scholars instead the cases were started from March, 2005 which means that the cases were not pursued properly.

3. Management did not provided the detail that how many scholars were serving in the government institutions who completed the PhD degree.

Audit is of the view that public exchequer is in loss due to non recovery of dues from defaulters.

It was replied that 13 cases had been decided in favor of HEC and were currently in execution phase for recovery from the guarantor, the remaining were still in the court for decision. It was further stated that 807 employees who completed PhD had joined in the universities.

The reply was not accepted as no recovery had been made from the defaulting scholars, further only 807 joned service out of 1254.

Audit recommends that amounts may be recovered from the defaulter.

Para-66 Non Achievement of Target of the project Overseas PhD Scholarships Rs. 14522.350 million

HEC is executing a development project "Overseas Scholarship for MS Mphil Leading PhD in Selected Fields (Phase-II)" which was approved by ECNEC on 23.08.2006 at the cost of Rs. 14,522.350 million. The original execution of the period was 9 years which was extended upto 30th June, 2022. The cumulated expenditure on the project upto June, 17 was Rs. 12,134.155 million. The objectives of the project are as under:

1. The main objective of this project is to produce 2,000 PhD Scholars in the field of Angering, Science & technology to ensure development of National, Network of good educational institutions with qualified and well informed staff.

2. Inclusion of at least five Pakistani universities, among the top 50 Asian Institutions.

3. Absorption of present state-of-the-art technologies as well as for development of new technologies, products and process required for boosting our agricultural and industrial production.

4. The current scheme would in future be providing manpower for public sector universities.

Audit observed that the achievement of the project against the fixed target was on the lower side. Details are as under:

1. Upto June, 2017 only 1254 scholars completed Ph.D, however total enrollment was 1848 which shoes abnormal delay.

2. It was compulsory that PhD completed scholar served in country for five years. The management did not provide the statement showing the place of posting of PhD scholars of the project in the country.

3. It was mentioned was total requirement of PhD upto 2015 will be 15000 whereas HEC will provide only 7140 scholars till that date. To meet the shortfall the scheme was started. But as per information provided to audit about 12% PhD scholars were jobless as on 30.06.2017 which shows that the scheme was not well thought. Perhaps the HEC had not taken into account the Indigenous PhD scholars being produced by the local universities in routine.

4. The scheme was not started on the basis of study showing national and international market requirement of the manpower.

5. No information was provided that how much universities of Pakistan were included in the top 50 institutions.

6. The management had no data which shows that the scheme had help in industrial and economic growth as the number of jobless people is increasing year by year.

It was replied that:

1. 902 scholars joined back.

2. Six universities had been placed in world ranking at the serial number 501, 651 and at 701(four universities).

3. National Human Resource Development conference was held on 13.10.2015 in HEC and from 2015 onward scholarships were awarded in the strategically important areas which had been identify through national conference.

The management accepted the audit observations in the reply.

Audit is of the view that the project failed to achieve its target due to ill planning first in enrollment and second on deployment on job after completion.

Para-67 Un-authorized retention/utilization of savings Rs. 256.013 million

GFR-95 states that all anticipated savings should be surrendered to Government immediately they are foreseen but not later than 31st March of each year in any case, unless they are required to meet excesses under some other unit or units which are definitely foreseen at the time. However, savings accruing from funds provided after 31st March shall be surrendered to Government immediately they are foreseen but not later than 30th June of each year. No savings should be held in reserve for possible future excesses."
HEC incurred expenditure on development projects under TESP during the year 2016-17. Details are as under:

Name	Amount Rs.
UESTP Scholarship program	30,449,778
Post Doctorship Program Phase-II	4,510,935
Overseas Scholarship scheme Phase-I	20,644,843
Overseas Scholarship scheme Phase-II	159,453,533
PhD Indigenous 5000 scholarship	40,954,308
Total	**256,013,397**

Audit observed that funds were transferred from the assignment account to bank accounts excess than the requirements and saving were not surrendered to the government.
Audit is of the view that government suffered financial loss due to retention of funds into the bank accounts.

The management replied that an amount of Rs.27.275 billion was allocated under PSDP for 122 projects of the public sector universities including HEC for the financial year 2016-17 but only Rs.14.443 billion were released during the first two quarters and no funds were released during the last two quarters. Therefore, due to paucity of funds, the expenditure was incurred only where it was inevitable; keeping in view the urgent needs of the scholarship projects so that the scholars may not financially suffer. Moreover, as per record, the expenditure has not exceeded to the allocated budget.

Reply was not accepted because reply was not addressed the audit observation relating to transfer of funds from Assignment Account to commercial bank account and non surrender of unspent balances.

Audit recommends that responsibility may be fixed, funds may be surrendered to the government along with interest earned and financial loss may be recovered from the responsible.

Para-68 Un-authorized expenditure without budget allocation- Rs 424.188 million

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

HEC incurred expenditure on development projects during the year 2016-17. Details are as under:

Name	Allocation	Exp from saving	Expenditure from allocation	Total Exp	Excess expenditure (Rs)

UESTP Scholarship program	550.00	30,449,778	656,805,200	687,254,978	137,254,978
Post-Doctoral ship Program Phase-II	0	4,510,935	2,630,659	7,141,594	7,141,594
Overseas Scholarship Scheme Phase-I	10.00	20,644,843	172,565	20,817,408	10,817,408
Overseas Scholarship scheme Phase-II	600.00	159,453,533	600,316,413	759,769,946	159,769,946
PhD Indigenous 5000 scholarship	70.00	40,954,308	138,250,077	179,204,385	109,204,385
	Total	**256,013,397**	**1,398,174,914**	**1,654,188,311**	**424,188,311**

Audit observed that management incurred expenditure excess than allocation without the approval of ministry of Finance and the authorization of the National Assembly. The source of fund was also not disclosed.

The management replied that an amount of Rs 27.275 billion was allocated under PSDP for 122 projects of the public sector universities including HEC for the year 2016-7 but only 14.443 billion were released during the first two quarters and no funds were released during the last two quarters. Therefore, due to paucity of funds the expenditure was incurred only where it was inevitable. Keeping in view the urgent needs of the scholarship projects so that the scholars may not financially suffer funds were provided. Moreover, as per record the expenditure has not exceeded to the allocated budget.

Reply was not accepted because it was not relevant to audit observations.

Audit recommends that responsibility may be fixed and irregularity may be got condoned from competent forum.

Para-68 Excess withdrawal of funds from the government account on account of PERN payment Rs. 222.975 million

GFR-7 states that moneys may not be removed from the Public Account for investment or deposit elsewhere without the consent of the Ministry of Finance.

FTR-290 states that no money shall be drawn from the treasury unless it is required for immediate disbursement. It is not permissible to draw money from the treasury in anticipation of demands or to prevent the lapse of budget grants.

Higher Education Commission of Pakistan, Islamabad was running Pakistan Education Research Network to connect public and private universities and institutes all over the country. During the year 2016-17, HEC collected an amount of Rs 726.373 million from the universities on account of IT services provided. In addition Rs. 500.00 Million were allocated from regular budget during the year 2016-17 the total expenditure on the IT service of PERN was Rs. 1,149,652,211/-.

Thus there was saving of Rs. 222.975 million. Details are given as under:

S. No	Year	Opening Balance	Receipt from Universities	Grant	Expenditure	Balance
1.	2016-17	355,875,205	726,373,489	500,000,000	1,149,652,211	222,975,867

Audit observed that management withdrew the whole amount from the government account and retained the savings in the bank account.

Audit is of the view that despite having unspent balances of receipt on account of PERN demand of routing budget from federal government was unjustified and unnecessary retention of public money in commercial bank account was irregular and unauthorized and loss to the public exchequer.

The management replied that the amount was retained to pay the outstanding bill of the service providers.

During the exit meeting audit requested the management to provide the record relating to outstanding payment for the year 2016-17 which was not provided.

Audit recommends that financial loss may be worked out, recovered from the responsible and refunded to the government treasury along with the amount retained.

Para- 69 Irregular provision of connectivity to private university/institutes at discounted rate- Rs. 80.100 million

Section 10(g) HEC Ordinance 2002 states that Commission may submit to the Federal government the recurring and development budgets for public sector institutions and allocate funds to public sector Institution out of bulk financial provision received from the government and other resources on performance and need basis.

Section 10(h) HEC Ordinance 2002 states that Commission may review and examine the financial requirements of public sector Institutions approved and provide funds to these Institutions on the basis of annual recurring needs as well as for development projects and research based on specific proposals and performance and while approving funds for a public sector Institution the commission shall ensure that a significant proportion of the resources of the Institution are allocated to research support and libraries.

The PC-I of the project PERN 2 states that the purpose of the project was to provide thigh speed international bandwidth at Public sector Universities through PERN so as to ensure smooth and efficient link using fiber optics as last mile connectivity.

Audit observed that HEC was providing connectivity under PERN to 126 public universities, institutes, centers, 12 private and 23 W category universities. Total usage of international and intranet bandwidth by the private and W category universities was 1622 and 497 Mbps per month. An amount of Rs 6.675 (1622+497=2119*$30*105)*12 million rebate as an average was granted to the private universities.

Audit observed due to provision of connectivity through PERN to the private universities and institutes at rebate rate unnecessary burden was put on public sector universities budget. Audit further observed that these private universities and institutes charges fees in accordance with their own rules and regulations.

As per PC-I 50-50 cost sharing was to be made with HEC and Public Sector Universities.

Audit is of the view that the expenditure was not admissible and HEC action caused loss to the government account and unnecessary burden on the public exchequer. Audit recommends that HEC should perform its functions in accordance with the HEC, Ordinance, 2002 and in accordance with the PC-I of the project.

The management replied that in pursuant to the decision of 2nd Chancellor Committee Meeting, a Special Committee was constituted to decide the eligibility issues of the private sector institutions of higher education seeking public support. Higher Education Commission is providing up to 50% cost sharing in PERN.

As per international practice PERN has different services subscription slabs as per universities categories and bandwidth and recovered accordingly. Hence no unnecessary burden has been made on public exchequer.

During discussion it was stated by the PERN management that the facility is provided to the private universities but full cost is charged on these universities.

Reply was not accepted because as per HEC Ordinance, HEC is responsible to provide fund from consolidated fund to the public universities. Further HEC management did not provide any document in support of their statement in the exit meeting.

Audit recommends that practice may be stopped and expenditure already incurred on this account may be recovered from the private universities.

Para-70 Irregular expenditure on account of training Rs. 4.524 million

GFR-10(ii) states that the expenditure should not be prima facie more than the occasion demands.

M/s Huawei Telecom was awarded contract of a turnkey based solution fully functional and operational for PERN2 including supply , installation, integration, commissioning, operations and maintenance of Access PoPs at various levels in Islamabad, Lahore, Karachi, Quetta, Hyderabad, Multan and Peshawar Regions. Core Regional Access Point of Presence (cRAPoP) and Small Regional Access/Local Access Point of Presence (sRA/LA-PoP) Equipment along with the collaborative research, knowledge sharing, resource sharing and distance learning by connecting people through the use of intranet and internet resources which will be capable of meeting its current and future requirements of PERN which include but are not limited to IPv4.

The contract was signed on 25.06.2008. Total value of the contact was Rs 354,918,884 while as per comparative statement the M/s Huawei Telecom submitted bid of Rs 350,384,635. The contract was effective from August, 2008 to July, 2013

Audit observed that the cost of Rs 4,534,249 was increased due to participation of 15 additional numbers of trainees for foreign training at the rate Rs 302,283 per trainee equal to Rs 4,534,245.

Audit is of the view that inclusion of additional cost after awarding of the contract was irregular and undue benefit to the firm as imparting training was the responsibility of the contractor.

The management replied that unit price of the training is as per the comparative statement, and the addition of 15 trainees in the final BOQ of the contract agreement was within fifteen percent of the original contract price permissible under PPRA rule.
Reply was not accepted as addition of additional number of employees for foreign training after closing of competitive bid is violation and favor.

Audit recommends that the matter may be inquired at appropriate level and responsibility should be fixed for the irregularity and amount may be recovered.

Para-71 Irregular award of contract of warranty and services and operation & maintenance Rs. 121.890 million

Para 19 (v) of GFR Volume-I states that no contract involving an uncertain or indefinite liability or any condition of an unusual character should be entered into without the previous consent of the Ministry of Finance.

Rule 20 of Public Procurement Regularity Authority, 2004 states that the procuring agencies shall use open competitive bidding as the principal method of procurement for the procurement of goods, services and works.

The contract/agreement for Warranty and Services and Operation and Maintenance for the 15 Point of Presence (PoPs) was renewed with M/s Huawei for another 4 years with effect from August, 2013 to July, 2017 for Rs121,890,258 (Rs 21,401,445+Rs100,488,813).

Audit observed that:

1. Warranty and Services and Operation and Maintenance were awarded without competition.
2. Warranty and Services charges were increased by 25 % as compared to the charges paid during 2008-2013.

3. An amount of Rs 12.533 million was paid to M/s Huawei for foreign and local training of HEC employees during the year 2008-13 but at the end of the contract operation and maintenance of PoPs were renewed to the same company.
4. Life of the equipment was not mentioned to justify heavy cost on warranty and services of the installed equipment.
5. HEC is incurring average Rs. 200.00 million on training of its employees for last many years but the above equipments were still being operated by the contractor.

Audit is of the view that extension of the warranty and services and operation and maintenance of PoPs to the same firm without competition was irregular and unauthorized.

The management replied that the Warranty services and Operation and Maintenance Services were renewed with M/s Huawei as the original Contract was awarded to M/s Huawei after competitive bidding process in 2008. Therefore, the warranty services and Operation and Maintenance were renewed with M/s Huawei Technologies, who is the sole manufacturer and service provider of the equipment installed in PERN 2 Project. A joint technical committee comprises of external members from universities gave their recommendations for the renewal of warranty services and Operations Maintenance on the provision available in the PPRA Rule 42 (c)

In the exit meeting the management stated that the company has not declared the life of the equipment so warranty and services was further extended to the company. Audit was of the opinion that every product has a life and it is always declared by the manufacturers. Audit was of further opinion that operation and maintenance could be obtained through bidding process and a competitive rate could be obtained but the same was not done. Audit also not accepted the reply as this service does not fall under Rule 42 C of PPRA. Furthermore the contract bears unusual conditions and going toward indefinite liability which was executed without previous consent of the Finance Division.

Audit recommends that the matter should be inquired at the appropriate level to dig out the purpose of delivering foreign and local training to the HEC employees and non-takeover of the operation and maintenance by HEC despite lapse of 8 years. Heavy cost on warranty and services without knowing the useful life of the equipment should also be probed.

Para-72 Irregular and unauthorized grant of warranty and services for additional 8 new PoPs- Rs. 64.808 million

GFR-10(ii) states that the expenditure should not be prima facie more than the occasion demands. New Eight PoPs sites O&M on pro-rata basis was singed for Rs 53,594,033 on account of operation and maintenance and Rs 11,414,104 for Warranty and Services of new 8 PoPs

Audit observed that

1. Contract was awarded without competition.

2. These equipment was donated by the Huawei Company
3. Date of manufacturing and useful life of the equipment was not available with the HEC
4. As the equipment is donated by the company so the warranty and services and operation and maintenance cost should also be bear by the company
5. According to the minutes of the meeting Huawei O&M team is also involved in providing technical assistance to new universities/institutes/colleges for the connectivity PERN 2 network. The new routers installed at eight newly established A- PoPs were donated by M/s Huawei as to show their commitment and support to higher education sector. Twenty one routers were received under this donation out of which 13 have been installed at the selected universities/ HEC who are participating in the IPv6 National Research Test Bed and eight have been used to establish the aforementioned A-PoPs. Without ensuring compatibility

Audit is of the view that heavy expenditure on account of warranty and services and operation and maintenance cost is burden on the PERN budget.

The management replied that the Warranty Services and Operation and Maintenance services were renewed with M/s Huawei as the original contract was awarded to M/s Huawei after competitive bidding process in 2008. Therefore the contract was awarded under Rule 42C of PPRA, 2004.

Reply was not accepted because date of installation of additional 8 PoPs donated by Huawei was not provided to Audit.

Audit recommends that the matter should be inquired at appropriate level to dig out the purposes of donation of the equipment without having any agreement with the company for warranty and services and operation and maintenance cost. Acceptance of the equipment without knowing the manufacturing date and warranty of the equipment.

Para-73 Irregular award of contract- Rs 49.000 million

Rule 35 of public procurement rules, 2004 states that **p**rocuring agencies shall announce the results of bid evaluation in the form of a report giving justification for acceptance or rejection of bids at least ten days prior to the award of procurement contract.

Rule 36 d (v&vi) states that the technical proposal shall be discussed with the bidders with reference to the procuring agency’s technical requirements and those bidders willing to meet the requirements of the procuring agency shall be allowed to revise their technical proposals following these discussions.

An advertisement was placed for contract of PERN PoPs Nationwide Electrical, Power, Civil Infrastructure/ Equipment Extended Warranty/Service

Audit observed that two firms M/s Damcon Engineering and M/s Shaheen Foundation participated in the bidding process. Technical committee excluded M/s Shaheen Foundation by stating that the firm was found noncompliance to the qualification criteria. Their bid also failed to comply with the mandatory requirements clauses. The contract was awarded to M/s Damcom

Engineering and contract was signed between HEC and the firm on 06.04.2012 for Rs 49,000,000 at the rate of Rs. 9,800,00 per year for five years.

Audit requested the management to provide the bid documents of M/s Shaheen Foundation to support the technical committee finding regarding exclusion of the firm for not fulfilling the mandatory requirements but it was stated that the document and earnest money was return back to the firm on their request. Further announcement of the results of bid evaluation in the form of a report giving justification for acceptance or rejection of bids at least ten days prior to the award of procurement contract was also not available with HEC.

Audit is of the view that in the absence of the record the fairness in the bidding process cannot be certified.

The management replied that in usual practice results has been announced on PPRA and HEC website 10 days prior to the award of the contract, subsequently the disqualified bidder i.e M/S Shaheen Foundation has requested to release their earnest money and only earnest money was released to the bidder.

To ensure the transparency and fairness in the procurement, Tender was opened by tender committee in presence of the Bidders and after that technical committee evaluated the bid and after evaluation Tender Committee awarded the tender to the qualified bidder.

Reply was not accepted because the management failed to provide the bid submitted by the rejected firm in support of rejecting the bid as non responsive.

Audit recommends that the matter should be inquired at appropriate level to fix responsibility for the irregularity.

Para-74 Irregular execution of contract- Rs 2,341.032 million

Section 10(i) HEC Ordinance 2002 states that Commission may approved project within the same ceiling as are specified for DDWP.

Para 19 (v) of GFR Volume-I states that no contract involving an uncertain or indefinite liability or any condition of an unusual character should be entered into without the previous consent of the Ministry of Finance.

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

An advertisement for establishment of Smart Universities Project was published on April 19, 2015 and tender was opened on 23.06.2015.

The HEC to meet the emerging challenges in higher education sector in Pakistan and to bring Pakistan HEIs at par with the institutions in developed world, HEC intends to transform universities into Smart Universities making conventional university into modern ICT driven and technologically advance university. Moreover, the increasing personal ownership of smart phones, tablets and other Wi-Fi enabled devices means more and more public spaces seeking connectivity at all times and so Wi-Fi is one of the major components of SMART Universities. One of the objectives is to complement the laptops being provided under Prime Ministers Laptops Scheme to have easy and wide access of internet/intranet services to the students to enhance their research and learning skills.

M/s PTCL and M/s Commtel participated in the bidding and the work was awarded to M/s Commtel being lowest bidder Rs 2,015,283,667. In the amendment I, the cost was increased to Rs. 299,349,420 due to increase in BOQ as per actual measurement. An amount of Rs. 26,399,756 was increased due to impact of revised dollar rate. The total cost of the revised contract was Rs 2,341,032,532.

Audit observed that:

1. HEC was not competent to execute such project as the project cost is Rs 2.341 billion which falls under the purview of the ECNEC.
2. By inserting clause 5.17 undue benefit was given to the contactor in case of increase or decrease in the services in term of equipment quantity after site survey, the cost increment or decrement of the equipment shall be calculated at the same rate as mentioned in Schedule I (Rates mentioned in USD in Schedule I shall be converted in PKR) and total amount shall be divided equally on the remained year(s) of contract period)
3. By using this clause the project cost was increased by Rs 299.349 million after award of contract.
4. By utilizing the referred clause of the agreement an amount of Rs 26.400 million was increased to the actual contract due to impact of revised dollar rate up to second amendment dated 09.12.2016. Despite the fact that the bid value was expressed in Pak Rupee an unfavorable clause was included in the agreement to adjust dollar rupee parity.

Audit is of the view that execution of the contract is beyond the power of HEC and government interest was not watch in the agreement.

The management replied that referred expenditure Rs. 2.341 billion is not a capital development expenditure rather it is a long term recurring activity spanning over eight years .Further with reference to HEC ordinance 2002, the Clause 10 define the powers and functions of the Commission. HEC is competent to execute activities.

It is further clarified that in tender document (RFP) clause: Bid Currency, states that “for the purpose of bid comparison, final bid value will be calculated by applying Forex rate of the date of financial bid opening. In subsequent years, however, Forex rate on the date of signing of Amendment as per finalized BoQ shall be considered and applied using the amortization formula".

Reply was not accepted because the project was not fall under the purview of the HEC and the referred clause of the RFP bears of an unusual character which was signed without the previous consent of the Ministry of Finance.

Audit recommends that the matter should be inquired and responsibility should be fixed.

Para-75 Loss due to non-revision of agreement- Rs 4.454 million

Para 19 (x) of GFR Volume-I states that when a contract is likely to endure for a period of more than 5 years, it should wherever feasible, include a provision for an unconditional power of revocation or cancellation by Government at any time on the expiry of six months' notice to that effect.

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

An advertisement for leasing of (Including Laying of Supplementary) Optic Fiber Segments, Managed Capacities in Pakistan's North, Central and South Region (Lahore and Faisalabad, Peshawar and Karachi) was placed in the newspaper on 08.04.2010

M/s PTCL was awarded the contact being lowest bidder in Lahore and Faisalabad for Rs. 2,976,000 at the rate of Rs 48,000/km for 62 Km

Another advertisement for leasing of (Including Laying of Supplementary) Optic Fiber Segments, Managed Capacities in Pakistan's North, Central and South Region (Islamabad Lahore and Faisalabad, Peshawar and Karachi) was placed in newspaper on 14.09.2010

M/s PTCL was awarded the contract being the lowest Rs 18,000/km+ onetime cost for five year and Rs 24,000/km for five years for a total cost of Rs 131,701,000 (including onetime cost of Rs 47,746,000) for 349 km at an average rate of Rs 37,737/km in the Central region.

Audit observed that M/s PTCL was providing leasing facilities to HEC in Northern region with different rate despite the fact that it has lowered the rate in next tender. Details are as under:

S. No	Year	Firm name	Average Rate/Km	Distance (Km)	Difference (Rs)	Total loss for the year 2010-17 (Rs)
1	2010	PTCL	48,000	62	10,263 per km	4,454,142
2	2010	PTCL	37,737			

Audit is of the view that keeping in view the decrease trend in the rate HEC should have revised the agreement with the firm then the loss could be avoided.

The management replied that the agreements under consideration are related to two separate/ independent tenders. Accordingly, one cannot guarantee to have the same price quoted or received in two different/ independent procurement which are conducted to open competitive bidding. Further, there cannot be retrospective effect on later tender/ agreement on earlier tender/ agreement for which negotiation may be required, whereas, PPRA rules 40 does not allow any pre or post award negotiation.

Reply was not accepted because the previous agreement could be terminated and if management obtained fresh rates this loss could be saved.

Audit recommends that HEC being custodian of the public fund should be active to such trends and action should be taken in timely manner to avoid losses.

Para-76 Suspected competition for leasing of optical fiber- Rs 32.076 million

Clause 2(o) of the agreement between HEC and M/s PTCL dated 11.11.2015 proposal shall mean the quotation dated December 11, 2007submitted by PTCL in response to the RFP

Bid for provision of optical fiber for 59 universities was opened on 25.11.2014 and PTCL won the tender being lowest bidder. As per comparative statement two firms i.e. M/s PTCL and Nayatel participated in the competition. Rate of PTCL for North A and B was Rs. 63,600 per km and total length in this region was 123.515 km, Rs. 41,400/km for Central for a length of 78.75km and Rs. 45,600/km for South with a length of 142.201Km

Audit observed that M/s PTCL was not participated in the bid for leasing of optical fiber in the year 2007. Audit requested the management to provide the copy of advertisement and quotation submitted by PTCL in 2007 but the same was not provided. It is also interesting to note that M/s PTCL in the tendering held in 2010 being lowest rate offer win the bid and offering the services with the rate of Rs 37,737 per km in North and Central region while in South Karachi at the rate of Rs. 11,203 per kilometer.

Audit is of the view that in the absence of the advertisement and quotation submitted by PTCL in 2007 the whole process of tendering become suspicious.

The management replied that that in 2007 HEC conducted an open competitive bidding for connecting metro sites on fiber in Islamabad / Rawalpindi Region. In the tender process Multinet, Nayatel, Paknet, and Wateen participated and under PPRA rules, contract was awarded to Nayatel based on lowest offer. It is also clarify that, in 2010 PTCL was prequalified for technical deployments. RFP was floated on March 20, 2012 to all pre bid qualifiers. Bids were opened on April 17, 2012. Contract was awarded to PTCL being lower bidder and agreement was made on

May, 30th 2012. Agreement was signed for 31 sites with a total distance of 349 KM at an average rate of 37,737 per KM. Later on 25th June 2013 additional 6 sites were added with total length of 121 KM of fiber. So referred rate of 37,737 per km in North was received in April 17, 2012.

In the exit meeting the management was requested to provide the bid submitted in the competition to Audit but the same was not provided.

Audit recommends that the matter may be inquired and responsibility should be fixed and complete record may be got scrutinized from audit.

Para-77 Loss on account of repeat order for leasing of optical fiber- Rs 2.658 million

Para 19 (x) of GFR Volume-I states that when a contract is likely to endure for a period of more than 5 years, it should wherever feasible, include a provision for an unconditional power of revocation or cancellation by Government at any time on the expiry of six months' notice to that effect.

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

Higher Education Commission of Pakistan awarded repeat order for leasing of optical fiber for seven universities located in Islamabad/Rawalpindi region for 32.865 km on 15.06.2012 at the rate of Rs 54,000 per kilometer.

The rates of M/s Nayatel for leasing of optical fiber were obtained in 2007.

Audit also observed that in the tender held in 2010 M/s PTCL win the bid by offering Rs 37,737 per kilometer in the same region of Rawalpindi/Islamabad.

The management of HEC despite knowing the fact that PTCL is also performing in the same region with lower rate than M/s Nayatel awarded repeat order to the firm selected in 2007 which resulted in loss of Rs 2.658 million. Details are as under:

S. No	**Year**	**Region**	Rate of Nayatel	**Rate of PTCL**	**Distance**	**Difference of rate/km**	**Total loss for five years**
1	2012	Islamabad/Rawalpindi	54,000	37,737	32.685	16,263	2,657,780

Audit is of the view that award of repeat order at previous rate knowing the fact that other firms are providing leasing with lower rate in the same region was undue favor to the firm.

The management replied that that in 2007 Contract was signed with M/s Nayatel. Initially there were 18 Sites in the contract at an average rate of 54000 per KM for period of 10 years for fiber. Later request for PERN connectivity of additional sites were received in same region which were connected on PERN under PPRA rule within 15 % of the total contract value i.e as Repeat Order. Request of additional sites were not received in one go i.e two sites in early 2009, four in late 2009 and one in 2012. 6 sites were connected on PERN before April 2010. Similarly, Lease start dates for each site is available in contract.

On the other end, PTCL got pre-qualified in 2010 and RFP was floated in March 2012 with prequalifies. Quoted rates in observation were shared by PTCL in April 2012. It is to emphasize that On May, 30th 2012, PTCL signed a contract with HEC for connecting of 31 + 6 RO sites at a rate of 37,737. Whereas, RO sites connected where already connected in 2009, 2010 and last in Jan 2012 before receiving quoted rates of 37,737 from PTCL.

Reply was not accepted because issuance of repeat order despite knowing decreasing trend in the service was irregular and unauthorized.

Audit recommends that responsibility should be fixed for the loss and amount may be recovered.

Para-78 Loss due to non-revision of agreement Rs.27.013 million

Para 19 (x) of GFR Volume-I states that when a contract is likely to endure for a period of more than 5 years, it should wherever feasible, include a provision for an unconditional power of revocation or cancellation by Government at any time on the expiry of six months' notice to that effect.

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

An advertisement for leasing of (Including Laying of Supplementary) Optic Fiber Segments, in Pakistan's North(Islamabad/Rawalpindi) was placed in the newspapers in 2007

As per given comparative statement M/s Nayatel was the lowest bidder for optical fiber one pair for Rs 12,389,370 for 216.7 Km @ rate of Rs 57,000/ km. An agreement with the firm was made on 02.10.2007 and according to the bill of cost, M/s Nayatel was charging Rs 48000/km for first 3years, Rs 54000/km for 4 years and Rs 60,000 for the last 3 years.

Another advertisement for leasing of (Including Laying of Supplementary) Optic Fiber Segments, Managed Capacities in Pakistan's North, Central and South Region (Lahore and Faisalabad, Peshawar and Karachi) was placed in the newspaper on 08.04.2010.

1. The contract was awarded to M/s Multi net being lowest bidder 11.45 KM at the rate of Rs 35,000/ km for first 5 years and Rs 38,000/km for the last five year in the south region (Karachi)
2. M/s PTCL was awarded the contact being lowest bidder in Lahore and Faisalabad for Rs 2976000 at the rate of Rs 48,000/km for 62 km
3. M/s Wateen was awarded the contact being lowest bidder in Peshawar for Rs 1260000 at the rate of Rs 42,000/km for 30 km

Another advertisement for leasing of (Including Laying of Supplementary) Optic Fiber Segments, Managed Capacities in Pakistan's North, Central and South Region (Islamabad Lahore and Faisalabad, Peshawar and Karachi) was placed in newspaper on 14.09.2010

M/s PTCL was awarded the contract being the lowest Rs 18,000/km+ onetime cost for five year and Rs 24,000/km for five years for a total cost of Rs 131,701,000 (including onetime cost of Rs 47,746,000) for 349 Km. An average cost of Rs 37,737/km comes for all regions except South. M/s PTCL provided leasing facility to six universities in South Region for Rs 11,000,000 onetime cost and Rs 350,739 annual cost for 129.5 km at an average rate of Rs 11,203/km.

Audit made a comparison that due to non taken of proactive action by HEC a loss of Rs 27.013 million was occurred. Details are as under:

S. No	**Year**	**Name of firm**	**Region**	**Rate (Rs)**	**Distance (Km)**	**Difference (Rs)**	**Period (Years)**	**Loss (Rs)**
1	2010	Multi Net	South (Karachi)	36,500	11.45	25,297	5	1,448,253
2	2012	PTCL	South (Karachi)	11,203				
3	2010	Wateen	Peshawar	42,000	30	4,263	7	895,230
4	2010	PTCL	Peshawar	37,737				
5	2007	Nayatel	Islamabad/Rawalpindi	54,000	216.7	16,263	7	24,669,344
6	2010	PTCL	Islamabad/Rawalpindi	37,737				
Total								**27,012,827**

Audit is of the view that keeping in view the decrease trend in the rate HEC should have revised the agreement with the firm then the loss could be avoided.

The management replied that that in 2007 Nayatel signed contract with fiber at a rate of 54000 per KM. Tender was carried out as per PPRA rules and it was an open competition and Nayatel offered lowest rates. Contract was signed for a period of 10 years between Nayatel and HEC. Comparison table is between different contracts in different regions and years. Hence they cannot be compared with each other. Every procurement is separate with different dynamics like number of sites, fiber length, region, year, etc.

Reply was not accepted because there was a clause to revoke the agreement if the management had re-advertised the services the losses could be avoided.

Audit recommends that responsibility may be fixed and loss may be recovered.

Para-80 Irregular payment of warranty and services- Rs 18.738 million

M/s Huawei Telecom was awarded contract of a turnkey based solution fully functional and operational for PERN2 including supply , installation, integration, commissioning, operations and maintenance of Access PoPs at various levels in Islamabad, Lahore, Karachi, Quetta, Hyderabad, Multan and Peshawar Regions. Core Regional Access Point of Presence (cRAPoP) and Small Regional Access/Local Access Point of Presence (sRA/LA-PoP) Equipment along with the collaborative research, knowledge sharing, resource sharing and distance learning by connecting people through the use of intranet and internet resources which will be capable of meeting its current and future requirements of PERN which include but are not limited to IPv4.

The contract was signed on 25.06.2008. Total value of the contact was Rs 354,918,884 while as per comparative statement the M/s Huawei Telecom submitted bid of Rs 350,384,635. The contract was effective from August, 2008 to July, 2013

According to the agreement the following Warranty and Services was to be provided by M/s Huawei after completion of one year.

Audit observed that the management signed Service Lever Agreement for Warranty and Services and Operation and Maintenance w.e.f from August, 2009. Audit observed that most of the equipment was received by the universities during November and end of December, 2008. The management paid warranty and service charges before five month of its warranty period on one year after installation which resulted in an overpayment of Rs 18.738 million. Details are as under:

S. No	Particulars	Amount
1	2^{nd} Year Warranty and Services of cRA-PoP	1,024,118.25
2	2^{nd} Year Warranty and Services of sRA/LA-PoP	3,256,110.86
3	2^{nd} Year Warranty and Services of campus equipment	10,643,827.16
4	2^{nd} Year Warranty and Services of Power Equipment	955,159.75
Total		15,879,216
Per month expenditure		1,323,268
Expenditure for five months		6,616,340
25% increase in the renewal of the agreement for the year August 2013 to July 2017		1,654,085
Operation and Maintenance cost for four years		100,488,813
Per year average operation and maintenance cost		25,122,203

Per month expenditure	2,093,517
Expenditure for five months	10,467,585
Grand Total	18,738,010

Audit is of the view that payment of warranty and services charges before one year was irregular and unauthorized.

The management replied that the equipment was received and installed in **December, 2008 in all sites, however the O&M (Operations and Maintenance) of all equipment was started from August 2009.** The first payment of O&M and extended warranty services was made in 2010 which includes Post payment of Operation and Maintenance (i.e. from Aug-2009 to Jul 2010) and advance payment of extended warranty services for period started from August 2010to July 2011.

Reply indicates that the management accepted the audit observation as the equipment was installed in December, 2008 and it Operation and Maintenance after warranty period of one year should be started for December, 2009 in spite of August 2009.

Audit recommends that the matter may be inquired at appropriate level and fix responsibility for the irregular payment. Further agreement should be revised keeping in view the

Para-81 Incurrence of expenditure without assessing utilization of resources- Rs 985 million

Para 11 of GFR Volume-I states that each head of a department is responsible for enforcing financial order and strict economy at every step. He is responsible for observance of all relevant financial rules and regulations both by his own office and by subordinate disbursing officers.

Higher Education Commission of Pakistan incurred an expenditure of Rs 985 million during the year 2016-17 on account of basic and premium resources obtained for Digital Library.

Audit observed that:

1. Usage method and tools were not available with the HEC Digital Library.
2. Usage of the library material by the Faculty, M Phil and PhD students and researchers, etc. was not maintained.
3. More than five hundred universities and institutes were given access to digital library without having any assessment method and tools.

Audit is of the view that in the absence of methods and tools for usage assessment to ascertain how their resources were being used, and the purchasing decision was based on utilization rate of each journal, books and standards by each university and institutes, audit could not gauge the utility of the incurred expenditure.

The management replied that mechanism of usage is quite unique in a sense that e-resources are propriety items based on online access, therefore the conjecture of utilization is established on downloads of articles and also production of knowledge published as articles in the international journals.

Reply was not accepted because the required data was not available with the management regarding audit observations.

Audit recommends that exact data should be provided to Audit to assess the utility of the expenditure incurred by spending a huge amount of foreign reserves to acquire these resources.

Para-82 Irregular payment of Service Level Agreement for video conferencing with M/s Comm Tel Systems for video conferencing- Rs 750,000

Clause 28.3 of the agreement signed between M/s Comm Tell System and HEC, Islamabad for provision of video conferencing equipment states that unless and otherwise specified in the SCC, the warranty shall remain valid for 12 months after the goods or any portion thereof as the case may be, have been delivered to and accepted at the final destination.

Higher Education Commission of Pakistan signed an agreement with M/s Comm Tel System on 26.04.2017 for service and maintenance of video conferencing equipment purchased from the company.

Audit observed that most of the equipment was installed on 10.02.2016 while the service agreement was effective from 10.01.2017 to 09.01.2017 for a cost of Rs 27,000,000. One year warranty of the equipment was already provided by the company. The service agreement should be effective from 10.02.2017 in spite of 10.01.2017.

Audit is of the view that warranty period should be effective from the date of installation and on satisfaction report.

The management replied that the deliveries of equipment were started on September 2015 and most of the equipment was delivered before 10-01-2016 therefore, as per contractual obligation the effective dates of warranty started 10-01-2016.

In the exit meeting it was decided to verify the record relating to delivery and installation of the equipment but the same was not done by the HEC.

Audit recommends that the agreement should be revised and it should be effective from the date of installation.

Para-83 Unnecessary purchase of lamps- Rs 2.086 million

HEC, Islamabad paid an amount of Rs 2.086 million on account of multimedia lamps for universities and colleges vide PV No 1500023209 dated 09.06.2016.

Audit observed that the items were lying in the HEC store while video conferencing equipment were installed in the universities on 01.07.2016 while these items were not supplied to the universities which shows that the items were not urgently required.

Audit is of the view that purchase of lamp item not required urgently is blockage of public money.

The management replied that to protect the Multimedia investment, warranty period of Multimedia has been extended to 4 years and with cost of only 17% of the total multimedia cost, the lamps were purchased to ensure the long run of multimedia equipment. Moreover, the lamps are stored at the central ware house of HEC and will be installed/replaced whenever it will be required at the university / colleges.

Reply was not accepted because the lamps were purchased before need and public fund was blocked for the last two years which was irregular and unauthorized.

Audit recommends that responsibility should be fixed for purchasing lamps without requirement.

Para-84 Non Production of record

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

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

The audit of HEC for the period 2016-17 was started w.e.f 20.09.2017. The following information/record was not provided to audit till date:

1. Authorized strength of vehicles
2. List of equipment/goods received as donations.
3. List of court cases
4. Year wise and university wise annual receipts
5. List of condemned/off road vehicles.
6. Personal files of the employees on contract in development projects.
7. Record of attestation and equivalence.

Audit is of the view that in the absence of the relevant record the authenticity of the accounts of the institute could not be ascertained.

It is once again requested that concerned officers may kindly be directed to produce the above record to Audit.

DIRECTORATE GENERAL AUDIT
FEDERAL GOVERNMENT
BENEVOLENT FUND BUILDING
ZERO POINT
ISLAMABAD

No. A-1II/AIR/HEC/2016-17/ Dated: .12.2017

Copy for information and necessary action to:-

1. Executive Director Higher Education Commission, Islamabad.

Zulfiqar Ali Nasir
Deputy Director