



**AUDIT REPORT ON
THE ACCOUNTS OF
GILGIT-BALTISTAN COUNCIL**

AUDIT YEAR 2024-25

AUDITOR-GENERAL OF GILGIT-BALTISTAN

***SERVING THE NATION BY PROMOTING ACCOUNTABILITY,
TRANSPARENCY AND GOOD GOVERNANCE IN THE MANAGEMENT AND
USE OF PUBLIC RESOURCES FOR THE CITIZENS***

PREFACE

Section-9 of the Auditor-General of Gilgit-Baltistan (Functions, Powers and Terms and Conditions of Service) Act, 2012 requires the Auditor-General of Gilgit-Baltistan to conduct audit of receipts and expenditure of Gilgit-Baltistan Council.

The Directorate-General of Audit, Gilgit-Baltistan conducted audit of the accounts of the Gilgit-Baltistan Council and its attached departments for the Financial Year 2023-24 on test check basis with a view to reporting significant findings to the concerned stakeholders. The main body of the Audit Report includes only the systemic issues and audit findings carrying value of rupees one million or more. Relatively less significant issues are listed in Annexure-1 of the audit report. The audit observations listed in the Annexure-1 as MFDAC shall be pursued with the Principal Accounting Officer (PAO) at Departmental Accounts Committee (DAC) level and in all cases where the PAO does not initiate appropriate action, the audit observations will be brought to the notice of the Public Accounts Committee (PAC) through the next year's audit report.

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

The observations included in this report have been finalized in the light of written response and discussion in DAC meeting.

There are certain audit paras which were also reported in last year(s) Audit Report(s) for the financial year(s) 2019-20, 2020-21, 2021-22 and 2022-23. Recurrence of such irregularities is matter of concern and needs to be addressed.

The Audit Report is submitted to the Chairman of the Gilgit-Baltistan Council in pursuance of Section-8 of Auditor-General of Gilgit-Baltistan (Functions, Powers and Terms and Conditions of Service) Act, 2012 for causing it to be laid before the Council.

Islamabad
Dated:

(Muhammad Ajmal Gondal)
Auditor-General of Gilgit-Baltistan

TABLE OF CONTENTS

PREFACE.....	3
ABBREVIATIONS AND ACRONYMS	i
EXECUTIVE SUMMARY	1
CHAPTER-1	5
1. PUBLIC FINANCIAL MANAGEMENT ISSUES	5
1.1 Gilgit-Baltistan Council Public Financial Management 2023-24.....	5
1.2 AUDIT PARAS.....	7
CHAPTER-2.....	11
2. GILGIT-BALTISTAN COUNCIL	11
2.1 Introduction	11
B. Comments on Budget & Accounts (Variance Analysis).....	11
C. Sectoral analysis	12
2.2 Classified Summary of Audit Observations.....	15
2.3 Comments on the status of compliance with PAC directives.....	15
2.4 AUDIT PARAS.....	16
Annexure-I MFDAC Paras	22

ABBREVIATIONS AND ACRONYMS

AGM	Annual General Meeting
AG-GB	Accountant General Gilgit-Baltistan
AGPR	Accountant General of Pakistan Revenue
APPM	Accounting Policies and Procedures Manual
CMA	Civil Miscellaneous Application
CPS	Contingent Paid Staff
DAC	Departmental Accounts Committee
DAO	District Account Officer
DO	Demi Official
DDO	Drawing & Disbursing Officer
FBR	Federal Board of Revenue
FTR	Federal Treasury Rules
GAAP	Generally Accepted Accounting Principles
GB	Gilgit-Baltistan
GBC	Gilgit-Baltistan Council
GFR	General Financial Rules
HBA	House Building Advance
INTOSAI	International Organization of Supreme Audit Institutions
MCA	Motor Car Advance
MFDAC	Memorandum for Departmental Accounts Committee
MoU	Memorandum of Understanding
M/o IT	Ministry of Information Technology
PAC	Public Accounts Committee
PAO	Principal Accounting Officer
PPRA	Public Procurement Regulatory Authority
PTA	Pakistan Telecommunication Authority
SAP	System Application Product
SG	Supplementary Grant
TSG	Technical Supplementary Grant
USF	Universal Services Fund

EXECUTIVE SUMMARY

Section-98(1) of Government of Gilgit-Baltistan Order, 2018 provides that there shall be an Auditor-General of Gilgit-Baltistan who shall be appointed by the Governor on the advice of Prime Minister. Presently, the Auditor-General of Pakistan holds the office of the Auditor-General of Gilgit-Baltistan also. Section-9 of the Auditor-General of Gilgit-Baltistan (Functions, Powers and Terms and Conditions of Service) Act, 2012 mandates the Auditor-General of Gilgit-Baltistan to conduct audit of receipts and expenditure of Gilgit-Baltistan Council.

The Directorate-General of Audit Gilgit-Baltistan is Field Audit Office of the Department of Auditor-General of Gilgit-Baltistan. Sanctioned strength of the office is 55 including 18 officers. For audit activities, 07 officers and 06 senior auditors were available having 2820 man-days. Total budget allocated for the financial year 2023-24 is Rs.166.808 million. This office carries out audit of one PAO having 08 formations of Gilgit-Baltistan Council.

Scope of Audit

The audit universe of the Directorate-General of Audit Gilgit-Baltistan is mandated to consist of 09 formations working under the one PAO of Gilgit-Baltistan Council. Total receipt and expenditure of these formations were Rs.2.065 Billion and Rs.1.802 Billion respectively for the Financial Year 2023-24.

Audit coverage relating to expenditure for the current audit year comprises of 08 formations of one PAO having a total expenditure of Rs.1.802 billion for the financial year 2023-24. In terms of percentage, the audit coverage for expenditure is almost 75% of auditable expenditure.

Audit coverage relating to receipt for the current audit year comprises of 08 formations of 01 PAO having a total receipt of Rs.2.065 Billion for the financial year 2023-24. In terms of percentage, the audit coverage for receipt is 100% of auditable receipts.

In addition to this compliance audit report, DG Audit Gilgit-Baltistan also conducts Financial Attest Audit of Gilgit-Baltistan Council.

Recoveries at the instance of audit

Recovery of Rs.11.334 million has been pointed out in this report and no amount has been recovered till finalization of the report.

Audit Methodology

Audit was conducted in accordance with the International Organization of Supreme Audit Institutions (INTOSAI) Auditing Standards as incorporated in Financial Audit Manual. Desk audit helped auditors in understanding the systems, procedures and environment of the audited entities before starting field activity. This was facilitated by access data, intranet, internet facility, and availability of permanent and planning files. This greatly facilitated in the identification of high-risk areas for substantive testing in the field.

Audit Impact

Major issues pointed out during audit were admitted by the management and corrective & remedial measures were initiated. Strengthening of internal controls in the audited entities was well taken by the management for review and corrective measures.

The most significant examples of review of rules and regulation by the auditee entities and introduction of new policies and initiatives as a result of audit are as under:

- i. The management formulated a policy for grant of HBA/MCA only to the employees of the Gilgit-Baltistan Council.
- ii. A MoU for extension of USF Pakistan to Gilgit-Baltistan region was prepared by the GBC USF Company vetted by the M/o of Law and Justice, which has been sent to M/o IT&Telecom for necessary action.

Comments on internal controls and Internal Audit Department

It was noticed that the internal audit unit was non-existent to the large extent. Instances of internal controls failures were also noted which have been highlighted in the Audit Report.

Key audit findings of the report

- i. Value for money and service delivery issues i.e. non-utilization of USF etc. amounting to Rs.1,044.324 million were highlighted in 04 cases¹
- ii. Non-recovery amounting to Rs.11.334 million was highlighted in 01 case²

¹Paras: 2.4.1, 2.4.3, 2.4.4, 2.4.5

²Paras 2.4.2

Audit paras for the audit year 2023-24 involving procedural violations, including internal control weaknesses and irregularities not considered worth reporting to PAC, have been included in MFDAC and incorporated in the report as **Annexure-1**.

Recommendations

Recommendations in the audit report of the Auditor-General of Gilgit-Baltistan highlight actions that are expected to improve the financial management and overall governance of the audited entities. Appropriate and timely implementation of audit recommendations is an important part to realize full benefit of the audit activity.

Based on the findings of this audit report, the following recommendations are placed before the management of the audited entities and other stakeholders:

- i. Universal fund may be utilized for intended purposes in accordance with provision of the Act. Moreover, budget of the USF may be got approved. Power Development Board may be activated and policies for power generation in GB in collaboration with the private sector based on the national and international best practices be formulated.
- ii. In order to ensure recovery of long-term advances i.e. HBA/MCA a proper mechanism may be developed.

CHAPTER-1

1. PUBLIC FINANCIAL MANAGEMENT ISSUES

1.1 Gilgit-Baltistan Council Public Financial Management 2023-24

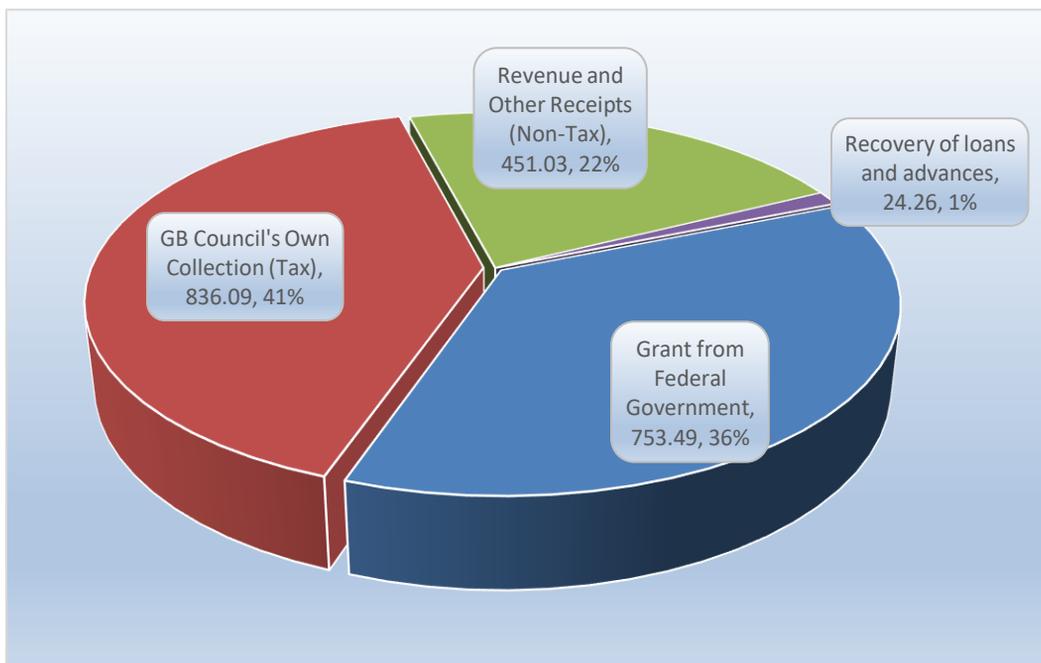
Total receipts of Gilgit-Baltistan Council for the Financial Year 2023-24 were Rs.2,064.870 million, which included Grant of Rs.753.490 million from Federal Government.

Receipts for the Financial Year 2023-24

(Rs. in million)

S. No.	Composition of Receipts	Amount	%age
1	Grant from Federal Government	753.49	36.49
2	GB Council's Own Collection (Tax)	836.09	40.49
3	Revenue and Other Receipts (Non-Tax)	451.03	21.84
4	Recovery of loans and advances	24.26	1.17
Total Receipt		2,064.87	100

Source: Financial Statements for the Financial Year 2023-24



In a total revenue of Rs.2,064.870 million, Gilgit-Baltistan Council received Rs.753.490 million from Federal Government as Grant which was 36.49% of its total receipts.

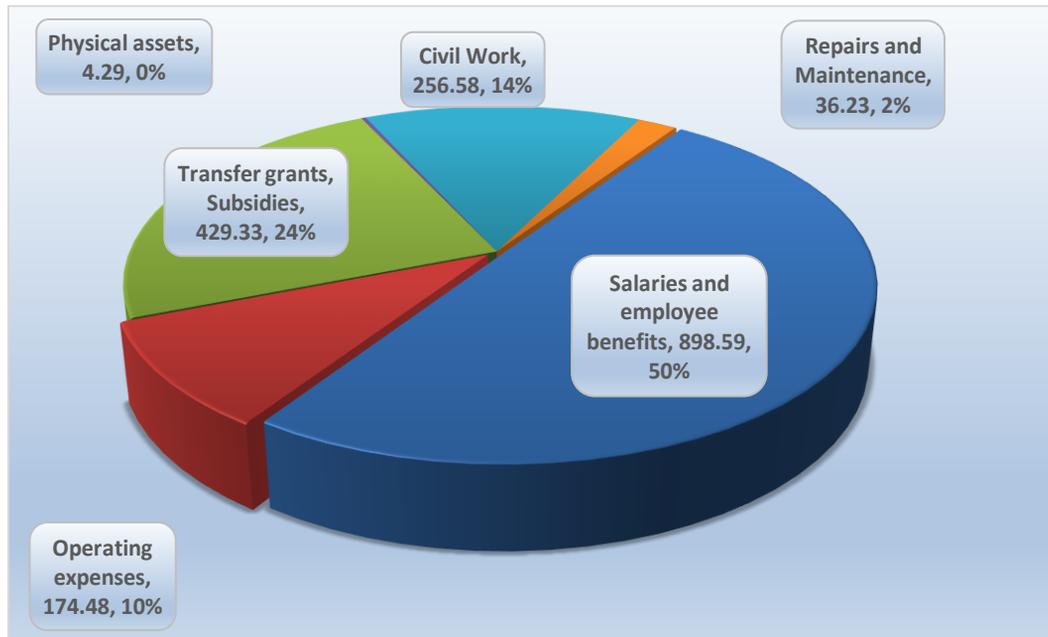
Total expenditure for the Financial Year 2023-24 was Rs.1,802.01 million including development expenditure of Rs.256.580 million during the year. The head wise expenditure is as under:

Expenditure for the Financial Year 2023-24

(Rs. in million)

S. No.	Head	Amount	%age
1	Salaries and employee benefits	898.59	49.87
2	Operating expenses	174.48	9.68
3	Transfer grants, Subsidies	429.33	23.83
4	Physical assets	4.29	0.24
5	Civil Work	256.58	14.24
6	Repairs and Maintenance	36.23	2.01
7	Loans and Advances	2.51	0.14
Total Expenditure		1,802.01	100

Source: Financial Statements for the Financial Year 2023-24



Out of total expenditure of Rs.1,802.010 million, an expenditure of Rs.898.590 million was incurred on salaries, which is 49.87% of the total expenditure. Similarly, an expenditure of Rs.174.480 million which constituted 9.68% of the total expenditure was incurred on operational activities. Besides, an expenditure of Rs.429.330 million was incurred under the head transfer grants and subsidies which is 23.83% of total expenditure. Similarly, an expenditure of Rs.256.580 million was incurred on Civil Work, which is 14.24% of the total expenditure. The management incurred an expenditure of Rs.36.230 million under the head repair and maintenance, which was 2.01% of the expenditure. Moreover, physical assets valuing Rs.4.290 million were created during the year, which was 0.24%.

It is pertinent to mention here that the budget of the Gilgit-Baltistan Council Secretariat was not approved by the Gilgit-Baltistan Council which was serious deficiency. Accordingly, an audit opinion (emphasis of matter) has already been issued to the management.

The audit highlighted certain systemic weaknesses in the budgetary preparation and resource allocation. Audit observations included in the report are indicators of these weaknesses, which arise from lack of implementation of standard operating procedures, weak internal control mechanisms that primarily arise from financial and administrative mismanagement of financial resources.

1.2 AUDIT PARAS

1.2.1 *Non-reconciliation of receipts and difference of Rs.346.340 million*

According to Para-6.3.4.2 of APPM every DAO shall prepare a monthly reconciliation statement for expenditures and receipts.

During certification audit of the Gilgit-Baltistan Council for the Financial Year 2023-24, it was observed that closing balance as per financial statement was Rs.5,903.990 million whereas cash and bank including amount in bank and investments was Rs.6,250.330 million, which resulted in a difference of Rs.346.340 million, details are as under:

	(Rs. in million)
Particular	Amount
Balance as per Bank Statement	114.35
Bank TSA	535.98
Investments	5,600.00
Total balance	6,250.33
Cash and Bank as per Financial Statements	5,903.99
Difference	346.34

Audit is of the view that variation in the closing balance was due to non-reconciliation with the bank.

Differences in book and bank balance question the reliability of financial statements.

The management replied that difference in receipts was pointed out after closing of annual accounts of GB Council and thereafter, this variation has been reported to AG Office for correction/reconciliation. However, periodical reconciliation of receipts is being carried out properly.

The management admitted the point of view of the audit.

DAC in its meeting held on 08.10.2024 directed the management to reconcile the account properly and provide the reconciliation statement to Audit.

Audit recommends that reconciliation of account should be carried out properly.

1.2.2 Non-approval of statement of estimated receipts Rs.2,064.870 million and expenditure –Rs.1,802.010 million

According to Para-3.1.1.3 of Accounting Policies and Procedures Manual (APPM), under the Constitution, the Federal/Provincial Government is required annually to lay before the National/Provincial Assembly, a statement of estimated receipts and expenditure for the forthcoming financial year. This is referred to as the Annual Budget Statement. This statement indicates separately the sums required to meet expenditure charged upon the Federal/Provincial Consolidated Fund and other expenditure to be made from the Federal/Provincial Consolidated Fund”.

During the Financial Year 2023-24, the Gilgit-Baltistan Council collected revenue of Rs.2,064.870 million. Further, the Gilgit-Baltistan Council incurred an expenditure of Rs.1,802.010 million. Audit observed that neither the receipts nor the budget estimates were approved by the Gilgit-Baltistan Council.

Audit is of the view that non-approval of revenue receipts estimates and budget estimates by the Council was violation of the provision of the APPM.

The management replied that the expenditure incurred by GB Council and its attached departments has been met out of federal grant and the remaining shortfall of budget was met out of Council’s consolidated fund with the approval of Hon’ble President of Pakistan. Draft regulation titled “Gilgit-Baltistan Council

(Regulation of Council’s Consolidated Fund, Assets, all Rights, Liabilities and Obligations) Order, 2024” are under approval. It was stated that the Chairman of the Council/Prime Minister of Pakistan shall approve and authenticate by his signature the Annual Budget Statement of Council and its departments on promulgation of new Order of the GB Government.

The management admitted the point of view of the audit.

DAC in its meeting held on 08.10.2024 pended the para till promulgation of the new Order of the GB Government.

Audit recommends that revenue and budget estimates may be got approved from the Chairman of the Council.

1.2.3 Excess expenditure against allocated funds by Federal Government- Rs.1,048.520 million

According to Para-4.2.2.2 of APPM “Officers holding authority to approve expenditure proposals must be held responsible for the exercise of due care and diligence, and should not incur expenditure (or enter into commitment) in excess of the amount appropriated by the National or Provincial Assembly”.

During the Financial Year 2023-24, the funds of Rs.753.490 million were allocated by the Federal Government to the Gilgit-Baltistan Council and the Council incurred an expenditure of Rs.1,802.010 million. Audit observed that an expenditure of Rs.1,048.520 million was incurred in excess of funds allocated by the Federal Government.

Audit is of the view that expenditure over allocated grant of the Federal Government and without the approval of the Council was violation of the provision of APPM.

The management replied that due to insufficient grant provided by the Federal Government the excess expenditure was met out of GB Council Consolidated Fund with the approval of the President. The Chairman of the Council/Prime Minister of Pakistan shall approve and authenticate by his signature the Annual Budget Statement of Council and its departments on promulgation of new order of the GB Government.

The management admitted the point of view of the audit.

DAC in its meeting held on 08.10.2024 pended the para till promulgation of the new Order of the Gilgit-Baltistan Government.

Audit recommends that approval of the Chairman of the Council may be obtained to regularize the expenditure.

1.2.4 Less-deduction of 5% house rent maintenance charges – Rs.1.319 million

According to Rule-26 (1) of Accommodation Allocation Rules, 2002, unless entitled to rent free accommodation the allottee of an accommodation shall be charged normal rent at the rate of five percent of the emoluments as defined in Clause (e) of Rule-2.

The government accommodations have been allotted to various officers/officials of the Council. During the certification audit of the Gilgit-Baltistan Council for the Financial Year 2023-24, it was observed that the management did not deduct normal rent at the rate of five percent of the emoluments as defined in Clause (e) of Rule-2.

Audit is of the view that non-deduction of 5% house rent charges resulted in less receipt of government of Rs.1.319 million.

The management replied that deduction will be made in accordance with provision of rules.

The management admitted the point of view of the audit.

DAC in its meeting held on 08.10.2024 directed the management to recover the amount and deposit it in respective account.

Audit recommends that amount may be recovered alongwith arrear in accordance with provision of Accommodation Rules 2002.

CHAPTER-2

2. GILGIT-BALTISTAN COUNCIL

2.1 Introduction

A. The Gilgit-Baltistan Council has been established under Section-60(A) of the Government of Gilgit-Baltistan Order, 2018. The Council consists of:

- i. The Prime Minister of Pakistan (Chairman of the Council)
- ii. The Governor (Vice Chairman of the Council)
- iii. Six members nominated by the Prime Minister of Pakistan from time to time from amongst Federal Ministers and members of Parliament; provided that the Federal Minister for Kashmir Affairs and Gilgit-Baltistan shall be an ex-officio member and Minister In charge of the Council.
- iv. The Chief Minister of Gilgit-Baltistan
- v. Six members to be elected by the Gilgit-Baltistan Legislative Assembly in accordance with the single non-transferable majority vote.

Audit profile of the Gilgit-Baltistan Council

(Rs. in million)

S. No.	Description	Total Nos.	Audited	Expenditure audited FY 2023-24	Revenue/Receipts FY 2023-24
1.	Formations	9	8	1,635.198	2,064.87

B. Comments on Budget & Accounts (Variance Analysis)

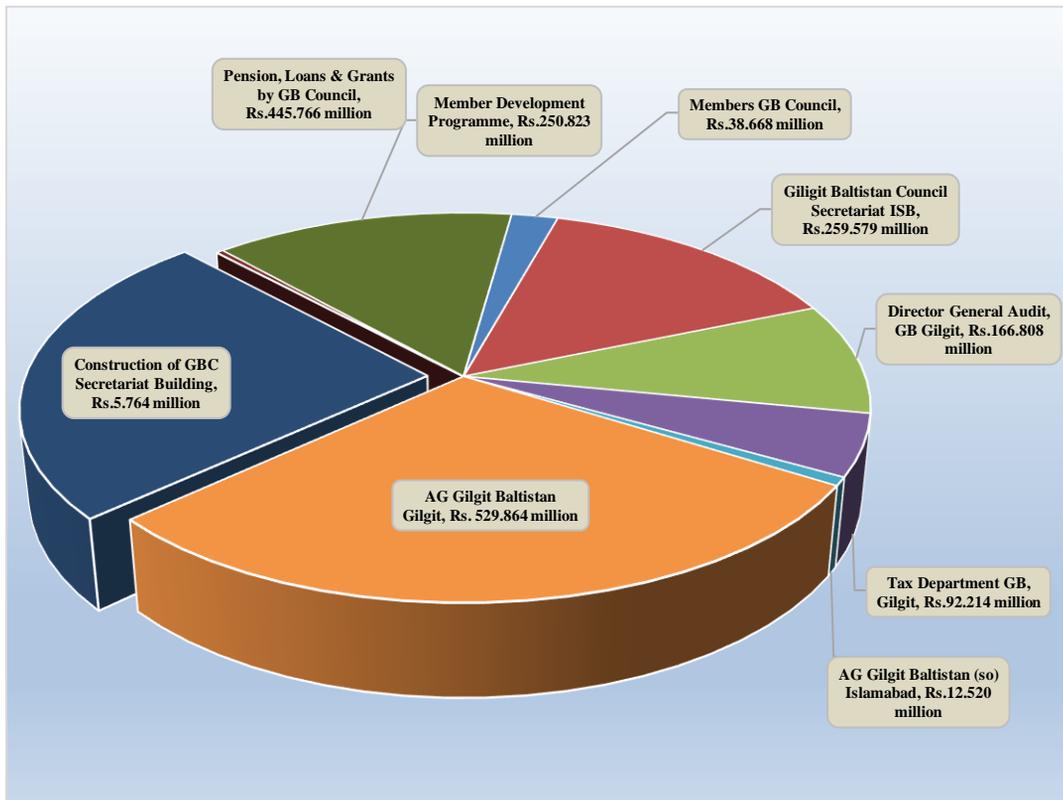
Budget allocation and expenditure of Gilgit-Baltistan Council for the Financial Year 2023-24 was as under:

(Rs. in million)

S. No.	Department	Original Budget	Re-appropriation (+/-)	Final Grant	Actual Expenditure	Saving/excess
1	Members GB Council	35.727	2.941	38.668	38.668	0
2	Gilgit Baltistan Council Secretariat ISB	255.347	4.319	259.666	259.579	0.087
3	Director General Audit, GB Gilgit	175.879	(9.046)	166.832	166.808	0.024
4	Tax Department GB, Gilgit	89.010	(3.208)	92.218	92.214	0.004

5	AG Gilgit-Baltistan (so) ISLAMABAD	13.707	(1.161)	12.546	12.520	0.026
6	AG Gilgit-Baltistan Gilgit	527.950	1.794	529.744	529.864	-0.12
7	Pension, Loans & Grants by GB Council	447.820	(2.054)	445.766	445.766	0
8	Construction of GBC Secretariat Building	5.764	-	5.764	5.764	0
9	Member Development Programme	250.823	-	250.823	250.823	0
Total		1,802.027	-	1,802.027	1,802.006	0.021

Source: Appropriation Account for the Financial Year 2023-24



C. Sectoral analysis

The financial management system of Gilgit-Baltistan Council determines the objectives, formulates the policies, lays out the procedures, implements the programme, and allocates the budgets for all financial activities of Gilgit-Baltistan Council. A streamlined financial management practice, ensure availability of sufficient funds and maintenance of a balance between income and expenses to ensure financial stability.

Total revenue of Gilgit-Baltistan Council for the Financial Year 2023-24 was Rs.2,064.870 million including grant of Rs.753.490 million from Federal Government. Details are as under:

Receipts for the Financial Year 2023-24

(Rs. in million)

S. No.	Head	Amount	% age
1.	Taxation-Council's own collection	836.09	40.49
2.	Grant from Federal Government	753.49	36.49
3.	Non-tax revenue and other receipts	451.03	21.84
4.	Capital receipts	24.26	1.17
Total Receipt		2,064.87	100.000

Source: Financial Statement for the Financial Year 2023-24



In total receipt of Rs.2,064.870 million, Gilgit-Baltistan Council received Rs.836.090 million from taxation-Council's own collection, which was almost 41% of its total receipt. The Gilgit-Baltistan Council also received grant-in-aid of Rs.753.490 million from Federal Government which constitute 37% of the total receipt. The non-tax revenue contribution comes to Rs.451.030 million which is 21.84% of the total receipt followed by capital receipt which is 1.17% of the total receipt.

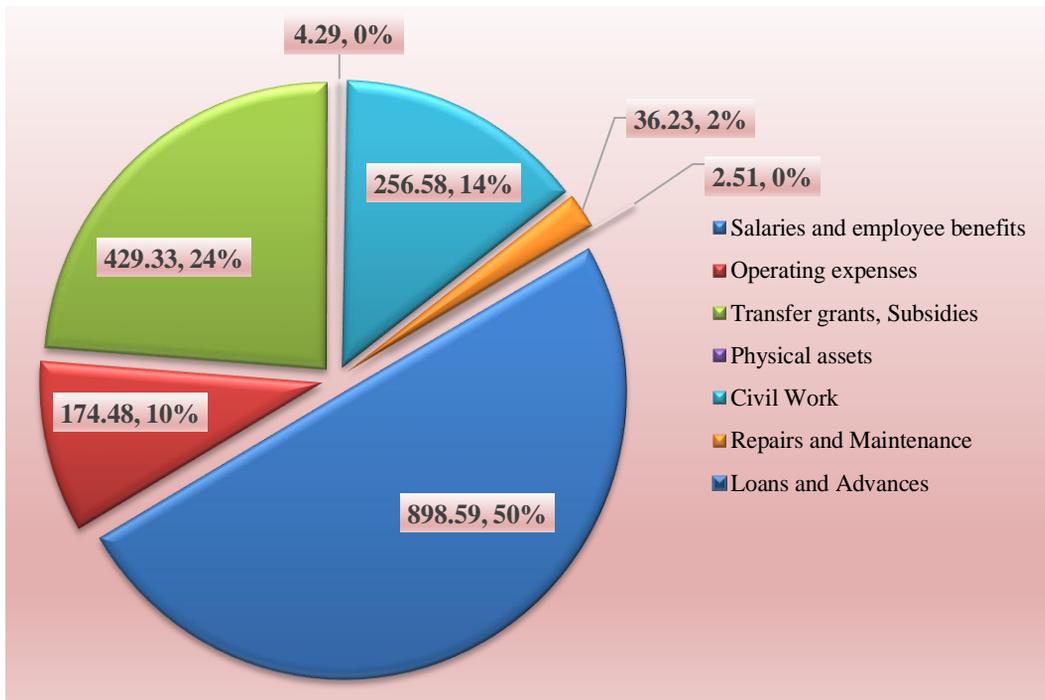
Total expenditure for the Financial Year 2023-24 was Rs.1,802.010 million. The breakup of non-development expenditure is as under:

Head wise Expenditure for the Financial Year 2023-24

(Rs. in million)

S. No.	Head	Amount	%age
1	Salaries and employee benefits	898.59	49.87
2	Operating expenses	174.48	9.68
3	Transfer grants, Subsidies	429.33	23.83
4	Physical assets	4.29	0.24
5	Civil Work	256.58	14.24
6	Repairs and Maintenance	36.23	2.01
7	Loans and Advances	2.51	0.14
Total Expenditure		1,802.01	100.00

Source: Financial Statement for the Financial Year 2023-24



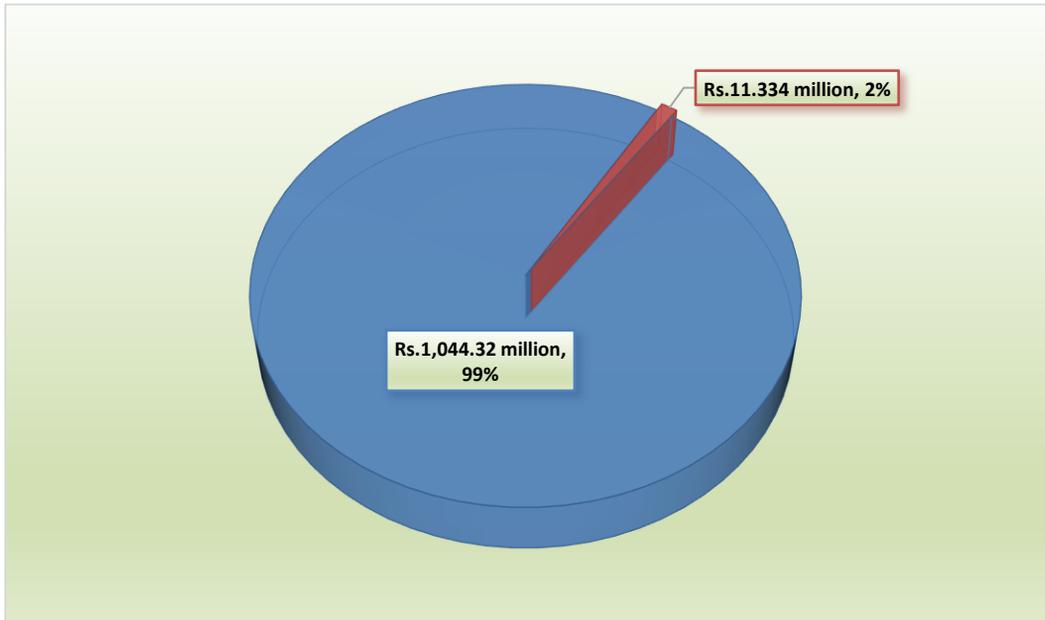
The above table shows that an expenditure of Rs.898.590 million was incurred on salaries and employee related expenditure, which is almost 50% of the total spending. The Council made an expenditure of Rs.174.480 million on operational activities which is 9.68% of the total expenditure. Grants/subsidies amounting to Rs.429.330 million were granted during the year which is 23.83% of the total expenditure. Furthermore, physical assets worth Rs.4.290 million were acquired besides expenditure of Rs.36.230 million on repair and maintenance which is 0.24% and 2.01% respectively of the total expenditure.

Similarly, on development expenditure the Gilgit-Baltistan Council utilized funds of Rs.256.580 million which is 14.24% of the total expenditure.

2.2 Classified Summary of Audit Observations

Audit observations amounting to Rs.548.430 million were raised in this report during current audit of Gilgit-Baltistan Council. This amount also includes recoveries of Rs.10.834 million. Summary of the audit observations classified by nature is as under:

(Rs. in million)		
S. No.	Classification	Amount
1.	Value for money and service delivery issues	1,044.324
2.	Recovery	11.334
Total		548.430



2.3 Comments on the status of compliance with PAC directives

No meeting of Public Accounts Committee (PAC) was held to discuss audit paras of Gilgit-Baltistan Council.

2.4 AUDIT PARAS

2.4.1 *Non-framing of mechanism to determine the Gilgit-Baltistan Council share received from the telecom operators – Rs.421.558 million*

According to Section 33-A(4) of the Pakistan Telecommunication (Re-organization) Act, 1996 adopted by Gilgit-Baltistan Council, USF among other sources shall consist of prescribed contribution by the licensees. Pakistan Telecommunication Authority (PTA) receives the contribution on account of USF from the telecom operators in Gilgit-Baltistan and AJK equivalent to 2% of adjusted gross revenue earned by the operators during a financial year after adjusting inter-operator and PTA/FAB mandatory payments. Before transferring the share to Gilgit-Baltistan and AJK, PTA further charges 10% administrative surcharge on initial license fee and 5% administrative surcharge on all other billings.

The Gilgit-Baltistan Council received funds of Rs.421.558 million on account of fees for licenses & permits/USF contributions from the operators through PTA. During audit of Council for the Financial Year 2023-24, it was observed that the management did not devise any mechanism for ensuring exact share and entirely relied on figures reported by the PTA which was not supported with data to substantiate whether the contribution was actually 2% of adjusted gross revenue earned by the operators or otherwise.

Audit is of the view that under existing arrangement audit could not ascertain the authenticity of the contribution transferred to the Council by the PTA.

The irregularity was pointed out during November 2024. The management replied that it is duty of Pakistan Telecommunication Authority (PTA), being regulatory authority, to collect contributions and levies/fees from all the telecom operators, rendering their services in Gilgit-Baltistan and AJK as per rates/percentages as applicable and agreed at the time of issuance of licenses to telecom operators.

The reply is inconsistent with observation.

DAC in its meeting held on 03-04.12.2024 directed the management to frame a mechanism to authenticate actual share of GB Council's receipts received from PTA / telecom operators and reconciliation of due share with PTA.

Audit recommends that a mechanism may be devised to ensure the due share in accordance with agreed formula.

Note: *The issue was reported earlier also in the Audit Report for the Audit Year 2020-21 vide para number 2.4.2 having financial impact of Rs.144.689 million. Recurrence of same irregularity is a matter of serious concern.*

AP-789/2024-25

2.4.2 Non-recovery of advances -Rs-11.334 million

According to Rule-06(v) of the Gilgit-Baltistan Council System of Financial Control and Budgeting Rule 2010, in the matter of receipts pertaining to the wings, departments and subordinate offices, the PAO is expected to ensure that adequate machinery exists for due collection and bringing to account of all receipts of any kind, connected with functions of the wings, departments and subordinate offices under his control.

The Gilgit-Baltistan Council Secretariat granted House Building Advances and Motor Car Advances amounting to Rs.11.334 million to various officers/officials posted on deputation basis in the Council. During audit of Gilgit-Baltistan Council for the Financial Year 2023-24, it was observed that the concerned officers did not deposit the monthly recovery into Gilgit-Baltistan Consolidated fund after repatriation to their parent offices.

Audit is of the view that non-recovery of advances resulted in to non-realization of revenue.

The irregularity was pointed out during November 2024. The management replied that after DAC decision on similar para in the last year report a policy for grant of HBA/MCA has already been revised with the approval of Secretary and notified accordingly. According to new policy the long-term advances i.e. HBA/MCA shall only be admissible to the regular/permanent employees of Gilgit-Baltistan Council. The GB Council Secretariat has time and again requested Accountant General of Pakistan Revenues (AGPR) and the parent offices for recovery of the outstanding advances.

The management admitted the point of view of the audit.

DAC in its meeting held on 03-04.12.2024 decided to pend the para till the complete recovery of advances.

Audit recommends that remaining amount of House Building Advance and Motor Car advance should be recovered from officers/officers without further delay.

Note: *The issue was reported earlier also in the Audit Reports for the Audit Years 2020-21, 2021-22, 2022-23 and 2023-24 vide para number 2.5.5, 2.4.7, 2.4.6 and 2.4.1 having financial impact of Rs.13.702 million, Rs.14.740 million, Rs.13.740 million and Rs.10.833 million respectively. Recurrence of same irregularity is a matter of serious concern.*

AP-792/2024-25

2.4.3 Non-review of reports of institutions receiving grant-in-aid – Rs.400.000 million

According to Rule-7 (iii) of the Grant in Aid Rules 2021, Ministries and Divisions must implement a review system for public entities every three to five years, depending on the entity's size and activity nature. The administrative division of the Ministry/Division is responsible for these reviews, which should focus on the achievement of objectives, relevance and continuation of activities, necessity of public entity involvement, duplication of functions, staff efficiency, internal resource generation, and appropriate user charges. Review findings must be presented to the Secretary of the division for decisions, and future grant releases should be contingent on the review's conduct and outcomes.

During the Financial Year 2023-24, the Gilgit-Baltistan Council incurred an expenditure of Rs.400.000 million under head A05270 grant-in-aid. Audit observed that the management did not review the conduct and outcomes of the recipient institution to justify the payment of grant-in-aid as no report in this regard was available to substantiate the release grant-in-aid in violation of rules.

Audit is of the view that irregularity occurred due to weak management controls.

The irregularity was pointed out during November 2024. The management replied that the funds amounting to Rs.3,665.830 million including Rs.400.000 million were released from GB Council Consolidated Fund to Gilgit-Baltistan Government with the approval of the President of Pakistan for implementation of PM directives. An amount of Rs.400.000 million was allocated to GB Government for the procurement of 100 digital screens and 200 laptops. In this

regard the Government of GB has been requested to provide progress report of the projects executed out of these funds. Moreover, the Chairman PAC, GB Council and Secretary KA&GB have also requested GB Government through DO letters to provide detailed progress report.

The DAC meeting was held on 03-04.12.2024. The DAC directed the management to peruse the case with government of Gilgit-Baltistan for obtaining the detail of expenditure and projects.

Audit recommends that detail of expenditure and project executed may be obtained from the GB Government.

AP-793/2024-25

2.4.4 Non-achievement of objectives & wasteful expenditure on pay & allowances-Rs.19.850 million

According to Section-8 of the Gilgit-Baltistan Power Development Board Act, 2012 empowered the Board prepare a comprehensive plan for the development and utilization of the power and energy resources of the Gilgit-Baltistan. The Board is also responsible to frame schemes for Gilgit-Baltistan for generation of power besides making policies for power generation in Gilgit-Baltistan in collaboration with the private sector based on the national and international best practices.

The Board prepared a draft policy for installation of captive power generation projects in Gilgit-Baltistan prepared in July, 2015 and Gilgit-Baltistan Power Generation Policy prepared in 2019. During the Financial Year 2023-24, the Power Development Board incurred an expenditure of Rs.19.850 million on account of pay and allowances. During Audit of the Council for the Financial Year 2023-24, it was observed that both policies have not been approved so far. Moreover, the Board did not submit annual report to the Council on the conduct of its affairs.

Audit is of the view that the Board could not achieve the laid down objectives regarding development of power resources of Gilgit-Baltistan.

The irregularity was pointed out during November 2024. The management replied that the policies once approved by the Board shall be submitted to Gilgit-Baltistan Council for the final approval.

The management admitted the point of view of the audit.

The DAC meeting was held on 03-04.12.2024. The DAC directed that the Gilgit-Baltistan Power Development Board (GBPDB) to keep a close liaison with stake holders to expedite the execution of identified projects.

Audit recommends that Board may be activated to make plan for the development and utilization of the energy resources of the GB besides making policies for power generation in GB in collaboration with the private sector based on the national and international best practices.

Note: *The issue was reported earlier also in the Audit Reports for the Audit Years 2020-21, 2021-22, 2022-23 and 2023-24 vide para number 2.5.3, 2.4.3, 2.4.3 and 2.4.4 having financial impact of Rs.4.000 million, Rs.3.453 million, Rs.3.122 million and Rs.4.072 million respectively. Recurrence of same irregularity is a matter of serious concern.*

AP-794/2024-25

2.4.5 Non-execution of schemes for provision of telecom services – Rs.202.916 million

According to Section-33(B-2) of the Pakistan Telecommunication (Re-organization) Act 1996 adopted by Gilgit-Baltistan Council, the Universal Services Fund (USF) shall be utilized exclusively for providing access to the telecommunication services to people in the un-served, under-served, rural and remote areas and other expenditure to be made and incurred by the Federal Government in managing USF.

The Gilgit-Baltistan Council established Universal Service Fund (USF) in pursuance of Section-33(A) of the Pakistan Telecommunication (Re-organization) Act.1-996 vide Notification No.F-I-I(6)/2011-GBC-PTA dated 06.01.2017. The Gilgit-Baltistan Council Secretariat received funds of Rs.202.916 million upto June, 2024 on account of share of USF and Gross Profit earned on National Income Daily Account. During Audit of Council for the Financial Year 2023-24, it was observed that the management has neither identified nor executed any project in the Gilgit-Baltistan despite having mandate, resources and a full-fledged company for provision of telecom services to the people in the un-served, rural and remote areas of the Gilgit-Baltistan. This resulted into non-utilization and non-execution of schemes for provision of telecom services.

Audit is of the view that the purpose for which the USF was established has not been achieved as the management has not identified any project and consequently the people of un-served and rural areas were deprived of the benefits of telecom facilities.

The irregularity was pointed out during November 2024. The management replied that a Memorandum of Understanding (MoU) for extension of USF Pakistan to Gilgit-Baltistan region was prepared by the GBC USF Company vetted by the M/o of Law and Justice, which has been sent to M/o IT&Telecom for necessary action.

The management admitted the point of view of the audit.

The DAC meeting was held on 03-04.12.2024. The management apprised the DAC that hiring of technical team is in process, once the technical team is hired, the MoU will be finalized. The utilization of funds and execution of projects would be initiated accordingly. The DAC directed the management to finalize the MoU and hiring process in order to provide telecom facilities in accordance with provision of the Act.

Audit recommends that the USF may be utilized in accordance with Pakistan Telecommunication (Re-organization) Act, 1996.

Note: *The issue was reported earlier also in the Audit Reports for the Audit Years 2021-22,2022-23 and 2023-24 vide para number 2.4.1, 2.4.1 and 2.4.2 having financial impact of Rs.144.689 million, Rs.398.935 million and Rs.531.902 million respectively. Recurrence of same irregularity is a matter of serious concern.*

AP-795/2024-25

Annexure-I MFDAC Paras

(Rs. in million)

S No.	Para #	Year	Subject	Amount	Formation
1.	790	2024-25	Irregular expenditure without the approval of the Board	2.974	Gilgit-Baltistan Council Secretariat Islamabad
2.	-	2024-25	Non-maintenance of cash book/accounts record	21.960	Gilgit-Baltistan Council Secretariat Islamabad
3.	-	2024-25	Non-Maintenance of Declaration of Assets Record	-	Gilgit-Baltistan Council Secretariat Islamabad
4.	-	2024-25	Non-conducting of physical verification of store/stocks	-	Gilgit-Baltistan Council Secretariat Islamabad
5.	-	2024-25	Non-Maintenance of Fixed Assets Register	-	Gilgit-Baltistan Council Secretariat Islamabad
6.	-	2024-25	Non-maintenance of Annual Confidential Reports for Officers/Officials	-	Gilgit-Baltistan Council Secretariat Islamabad
7.	-	2024-25	Non-Conducting of Internal Audit	-	Gilgit-Baltistan Council Secretariat Islamabad
8.	-	2024-25	Irregular & unjustified expenditure without tendering process	8.634	Inland Revenue Gilgit-Baltistan Gilgit
9.	-	2024-25	Non-appointment of officers / officials on vacant posts	-	Inland Revenue Gilgit-Baltistan Gilgit