



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

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-98(4) of the Government of Gilgit-Baltistan Order, 2018 read with Section-9 of Auditor-General of Gilgit-Baltistan (Functions, Powers and Terms and Conditions of Services) Act, 2012 mandates the Auditor-General of Gilgit-Baltistan to conduct audit of the accounts of Government of Gilgit-Baltistan.

The Directorate-General of Audit, Gilgit-Baltistan conducted audit during 2024-25 on a test check basis with a view to report significant findings to the concerned stakeholders. The Audit Report is based on audit of the accounts of the Government of Gilgit-Baltistan for the Financial Year 2023-24 and some formations of the previous financial year. The main body of the Audit Report includes only systemic issues and audit findings valuing Rs. one million or more. Relatively less significant issues are listed in Annexure-1 as MFDAC of the audit report and shall be pursued with the Principal Accounting Officers (PAOs) at Departmental Accounts Committee (DAC) level and in all cases where the PAOs do 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.

Impact Audit has been conducted and made part of this report as chapter-31. It is an attempt to evaluate the socio-economic impact of investment made in a particular sector by the Government.

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

Most of the observations included in this report have been finalized in the light of written replies and discussions in DAC meetings. However, in a few cases as mentioned in the report, the departments neither submitted written replies nor convened DAC meetings despite repeated requests by the Audit.

There are certain audit paras which were also reported in the 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 a matter of concern and needs to be addressed.

The Audit Report is submitted to Governor of Gilgit-Baltistan in pursuance of Section-98(6) of Government of Gilgit-Baltistan Order, 2018 for causing it to be laid before the Gilgit-Baltistan Assembly.

(Muhammad Ajmal Gondal)

Auditor-General of Gilgit-Baltistan

Islamabad

Dated:

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ABBREVIATIONS AND ACRONYMS

ADP	Annual Development Program
AG GB	Accountant General (Gilgit-Baltistan)
AJK	Azad Jammu and Kashmir
ARDP	Annual Rural Development Program
B&R	Building and Road
BoG	Board of Governor
BOQ	Bill of Quantities
Cft	Cubic Foot
CGA	Controller General of Accounts
COC	Condition of Contract
CPS	Contingent Paid Staff
CPWA	Central Public Works Account
CPWD	Central Public Works Department
CSD	Canteen Stores Department
CSO	Civil Supply Officer
CSR	Composite Schedule of Rates
C&WD	Communication and Works Department
DAC	Departmental Accounts Committee
DC	Deputy Commissioner
DDO	Drawing & Disbursing Officer
DDWP	Departmental Development Working Party
DFO	Divisional Forest Officer
DHQ	District Headquarters Hospital
DoH	Directorate of Health
DSU	District Support Unit
ECNEC	Executive Committee of the National Economic Council
ETI	Economic Transformation Initiative
FAM	Financial Audit Manual
FAPs	First Aid Posts
FC	Frontier Constabulary
FMR	Farm to Market Road
FRF	Forest Regeneration Fund
FRFC	Forest Regeneration Fund Committee
FTR	Federal Treasury Rules
FW&E	Forest, Wildlife & Environment
FWF	Forest Welfare Fund
GB	Gilgit-Baltistan
GB DDWP	Gilgit-Baltistan Department Development Working Party
GB EPA	Gilgit-Baltistan Environmental Protection Agency
GB HEW	Gilgit-Baltistan Hydro Electric Workshop
GBC	Gilgit-Baltistan Council
GBDMA	Gilgit-Baltistan Disaster Management Authority
GBRSP	Gilgit-Baltistan Rural Support Program

GCC	General Conditions of Contract
GDA	Gilgit Developmental Authority
GFR	General Financial Rules
GP Fund	General Provident Fund
GRC	Grievances Redressal Committee
HDPE	High-density polyethylene pipe
HPP	Hydro Power Project
HRDC	Human Resource Development College
ILD	Irrigation and Land Development
IFAD	International Fund for Agriculture Development
IPEF	Investment Policy for Endowment Fund
IS	Internal Security
KCBL	Karakarum Cooperative Bank Limited
KIU	Karakoram International University
KKH	Karakoram Highway
KP	Khyber Pakhtunkhwa
LAC	Land Acquisition Collector
LD	Liquidated Damages
LEA	Law Enforcing Agency
LG&RDD	Local Government & Rural Development Department
MB	Measurement Book
MFDAC	Memorandum for Departmental Accounts Committee
MoA	Memorandum of Agreement
MoU	Memorandum of Understanding
MW	Mega Watt
NADRA	National Data Base and Registration Authority
NATCO	Northern Areas Transport Corporation
NCP	Non-Custom Paid
NLC	National Logistic Cell
NOC	No Objection Certificate
P&DD	Planning and Development Department
P/L	Providing and lying
PAC	Public Accounts Committee
PAO	Principal Accounting Officer
PASSCO	Pakistan Agriculture Storage Services Corporation
PC-I	Planning Commission Performa-I
PDR	Programme Design Report
PEB	Pre-engineered Building
PEC	Pakistan Engineering Council
PHE	Public Health Engineering
PHQ Hospital	Provincial Headquarters Hospital
PLS	Profit and Loss Sharing
PPHI	Peoples Primary Healthcare Initiative
PPRA	Public Procurement Regulatory Authority

PRO	Public Relation Officer
RCC	Reinforced Cement Concrete
Rft	Running Foot
RHC	Rural Health Centre
S& GAD	Services & General Administration Department
S/F	Supply and fixing
SCO	Special Communication Organization
SE	Superintending Engineer
SMT	Social Mobilization Team
SMT	Scheme Management Team
TSE	Technical Sanction Estimates
ToR	Terms of Reference
TS	Technical Sanction
USD	United States Dollar
VAC	Village Agriculture Cooperative
VCTAT	Value Chain Technical Assistant Team
W&P	Water & Power
XEN	Executive Engineer

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. The Auditor-General of Gilgit-Baltistan has been given mandate under Section-98(4) of the Government of Gilgit-Baltistan Order, 2018 to conduct audit of the accounts of expenditures and receipts of the Government of Gilgit-Baltistan and any authority or body established by it.

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 2,820 man-days. Total budget allocated for the Financial Year 2023-24 is Rs.166,800 million. This report is based on audit of the accounts of 188 formations of the Government of Gilgit-Baltistan.

SCOPE OF AUDIT

The audit universe of the Directorate-General of Audit Gilgit-Baltistan is mandated to consist of audit of 715 formations working under 35 PAOs. Total receipts and expenditures of these formations were Rs.107.020 Billion and Rs.108.634 Billion respectively for the financial year 2023-24.

This Audit Report contains audit of 188 formations in respect of 35 PAOs/Departments having a total expenditure of Rs.362.117 Billion for the financial years 2022-23 and 2023-24.

This audit report includes audit observations emanating from the audit of 188 formations involving expenditures of Rs.362.117 Billion.

- i. Expenditures of Rs.322.068 Billion pertaining to 101 formations of 29 PAOs (out of 35 PAOs) for Financial Year 2023-24.
- ii. Expenditures of Rs.40.049 Billion pertaining to 87 formations of 26 PAOs (out of 35 PAOs) of previous financial year 2022-23.

Moreover, one impact audit i.e. Value Chain Development a component of Economic Transformation Initiative (ETI) Gilgit-Baltistan financed by International Fund for Agriculture Development and Co-Financed by Italian Agency of Development Cooperation is also made part of this report.

This compliance audit report coupled with impact audit, Directorate-General of Audit, Gilgit-Baltistan also conducted audit of one Foreign Aided Project and its audit report has been prepared separately and submitted to the management and donor agency.

Recoveries at the instance of audit

Recovery of Rs.2,637.765 million has been pointed out in this report and an amount of Rs.76.845 million was recovered and verified till finalization of the report. Similarly, recovery of an amount of Rs.663.914 million has been effected on PAC directives during this year in respect of Audit Reports for the period 2012-13 to 2022-23.

Audit Methodology

Audit was conducted in accordance with the International Organization of Supreme Audit Institutions (INTOSAI) Auditing Standards as incorporated in Financial Audit Manual. During audit, desk audit and review of permanent files helped auditors in understanding the systems, procedures and environment of the audited entities before starting field activity. This immensely facilitated identifying 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. The management keenly reviewed strengthening of internal controls and taking corrective measures thereupon.

The most significant examples of review of rules and regulations by the management and introduction of new policies and initiatives as a result of audit are enumerated as under:

- i. The S&GAD with the approval of Finance Department has operationalized the Government of Gilgit-Baltistan Employees Benevolent Fund and Group Insurance during October 2024.
- ii. Dividend on Government shares in KCBL has been made part of Gilgit-Baltistan Consolidated Fund after audit objection, which was earlier utilized by the GBRSP directly.
- iii. Finance Department released an amount of Rs.1,500.000 million to respective departments for payment of compensation to the deceased families.
- iv. Case regarding establishment of environment fund was placed before the Gilgit-Baltistan Cabinet. It directed the Finance Department for devising a policy for collection and utilization of environment fund.
- v. The S&GAD has retrieved luxurious vehicles like V8 from officers in November, 2024 and initiated a case for amendments in staff car rules to determine the engine capacity for entitled officers.
- vi. The Forest and Wildlife Department has raised Forest and Wildlife Force for protection and conservation of forest. Previously, the watch and guard functions were being performed by Frontier Constabulary on payment.

Comments on internal controls

It was noticed that the internal audit units were non-existent to the large extent. Considerable instances of failure of internal control were rampant and have been highlighted in the Audit Report.

Key audit findings of the report

- i. Reported cases of fraud, embezzlement and misappropriation i.e. over writing and counterfeiting figures etc. amounting to Rs.1.498 million was involved in one case¹.
- ii. Irregularities:
 - a. HR/ Employees related irregularities i.e. recruitment rules, open competition etc. amounting to Rs.7,371.249 million were observed in 38 cases².
 - b. Procurement related violations of GFR, FTR, PPRA, CPWD Code, Rules of Business etc. amounting to Rs.59,966.316 million were pointed out in 81 cases³.
 - c. Management of accounts with commercial banks i.e. opening of bank accounts and mismanagement of funds etc. amounting to Rs.30,599.135 million were highlighted in 13 cases⁴.
- iii. Value for money and service delivery issues i.e. misuse of public assets, irregular release of funds, delay in completion of projects, non-obtaining of adjustment account etc. amounting to Rs.22,012.481 million were also observed in 80 cases⁵.
- iv. Non-recovery of Rs.2,637.765 million was pin-pointed in 55 cases⁶.

¹Paras: 5.4.22

²Paras: 3.4.1, 3.4.2, 6.4.5, 7.4.1, 7.4.2, 7.4.3, 9.4.2, 9.4.5, 11.4.8, 12.4.3, 12.4.4, 13.4.3, 13.4.7, 13.4.8, 13.4.9, 14.4.2, 15.4.2, 15.4.3, 15.4.7, 15.4.9, 16.4.3, 16.4.6, 17.4.3, 17.4.5, 17.4.6, 17.4.23, 17.4.24, 17.4.25, 20.4.1, 21.4.8, 21.4.14, 23.4.3, 23.4.4, 23.4.6, 24.4.4, 26.4.5, 26.4.6, 27.4.9.

³Paras: 2.4.1, 5.4.1, 5.4.6, 5.4.7, 5.4.10, 5.4.12, 5.4.13, 5.4.16, 5.4.23, 5.4.25, 5.4.26, 5.4.29, 5.4.31, 6.4.4, 6.4.6, 9.4.6, 9.4.7, 10.4.1, 11.4.2, 11.4.7, 13.4.2, 13.4.4, 13.4.5, 15.4.1, 15.4.6, 15.4.12, 15.4.13, 15.4.16, 15.4.17, 15.4.18, 16.4.5, 17.4.2, 17.4.7, 17.4.8, 17.4.10, 17.4.12, 17.4.18, 17.4.19, 17.4.20, 17.4.29, 19.4.1, 21.4.5, 21.4.10, 21.4.11, 21.4.12, 24.4.1, 24.4.8, 24.4.9, 24.4.10, 24.4.12, 24.4.13, 24.4.15, 24.4.16, 24.4.18, 26.4.3, 26.4.8, 27.4.3, 27.4.7, 27.4.11, 28.4.2, 28.4.4, 29.4.1, 29.4.2, 29.4.9, 29.4.10, 29.4.12, 29.4.13, 29.4.15, 29.4.16, 29.4.18, 29.4.21, 29.4.22, 29.4.24, 29.4.25, 29.4.26, 29.4.28, 29.4.29, 29.4.30, 29.4.31, 29.4.32, 30.4.2.

⁴Paras: 6.4.1, 6.4.2, 6.4.3, 6.4.8, 9.4.3, 11.4.1, 11.4.3, 16.4.4, 17.4.1, 17.4.11, 17.4.15, 17.4.21, 21.4.1.

⁵Paras: 1.4.1, 2.4.2, 2.4.3, 4.4.1, 4.4.2, 4.4.3, 5.4.3, 5.4.5, 5.4.18, 5.4.21, 5.4.24, 5.4.32, 5.4.33, 6.4.7, 8.4.2, 9.4.4, 9.4.8, 9.4.9, 9.4.10, 10.4.3, 11.4.4, 11.4.5, 11.4.6, 11.4.10, 12.4.1, 12.4.2, 14.4.1, 14.4.3, 15.4.4, 15.4.8, 15.4.11, 15.4.14, 15.4.15, 15.4.19, 15.4.21, 16.4.2, 17.4.4, 17.4.9, 17.4.13, 17.4.14, 17.4.16, 17.4.17, 17.4.27, 17.4.28, 17.4.30, 18.4.1, 18.4.2, 20.4.2, 21.4.2, 21.4.3, 21.4.7, 22.4.1, 22.4.2, 22.4.3, 22.4.4, 23.4.1, 23.4.5, 24.4.2, 24.4.3, 24.4.5, 24.4.6, 24.4.11, 24.4.17, 25.4.1, 26.4.1, 26.4.4, 26.4.7, 26.4.9, 26.4.10, 26.4.11, 27.4.1, 27.4.2, 27.4.10, 28.4.1, 28.4.3, 29.4.8, 29.4.17, 29.4.27, 30.4.1, 30.4.3.

⁶Paras: 1.4.2, 5.4.2, 5.4.4, 5.4.8, 5.4.9, 5.4.11, 5.4.14, 5.4.15, 5.4.17, 5.4.19, 5.4.20, 5.4.27, 5.4.28, 5.4.30, 8.4.1, 9.4.1, 10.4.2, 11.4.9, 13.4.1, 13.4.6, 15.4.5, 15.4.10, 15.4.20, 15.4.22, 16.4.1, 17.4.22, 17.4.26, 17.4.31, 21.4.4, 21.4.6, 21.4.9, 21.4.13, 23.4.2, 24.4.7, 24.4.14, 24.4.19, 25.4.2, 26.4.2, 27.4.4, 27.4.5, 27.4.6, 27.4.8, 27.4.12, 27.4.13, 28.4.5, 29.4.3, 29.4.4, 29.4.5, 29.4.6, 29.4.7, 29.4.11, 29.4.14, 29.4.19, 29.4.20, 29.4.23.

Audit paras for the audit year 2024-25 involving procedural violations, including internal controls weaknesses and irregularities not considered worth reporting to PAC, have been included in the Memorandum for Departmental Accounts Committee (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. The issue regarding embezzlement requires special attention for taking preventive measures to control recurrence of such incidents in future besides investigating the highlighted issue(s).
- ii. Irregularities:
 - a. Appointments be made in accordance with recruitment rules on merit through open competition.
 - b. Procurement of goods, services and works contracts be made and executed in the light of provisions of GFR, Public Procurement Rules and instructions of Pakistan Engineering Council.
 - c. All the bank accounts be closed and funds transferred to Gilgit-Baltistan Consolidated Fund.
- iii. Government funds be utilized in most economical and efficient manner to obtain optimum benefits.
- iv. Recovery of overpaid/excess amount be made and deposited into the government treasury.

CHAPTER-1

1. PUBLIC FINANCIAL MANAGEMENT ISSUES

1.1 Sectoral Analysis

The Government of Gilgit-Baltistan conducts its operations under the Government of Gilgit-Baltistan, Order, 2018. The Order provides for a Gilgit-Baltistan Consolidated fund and Public Account. The annual budget statement is authorized by the Provincial Assembly in the form of budgetary grants. The financial statements focus on reporting the budgetary activities of the government for the year.

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

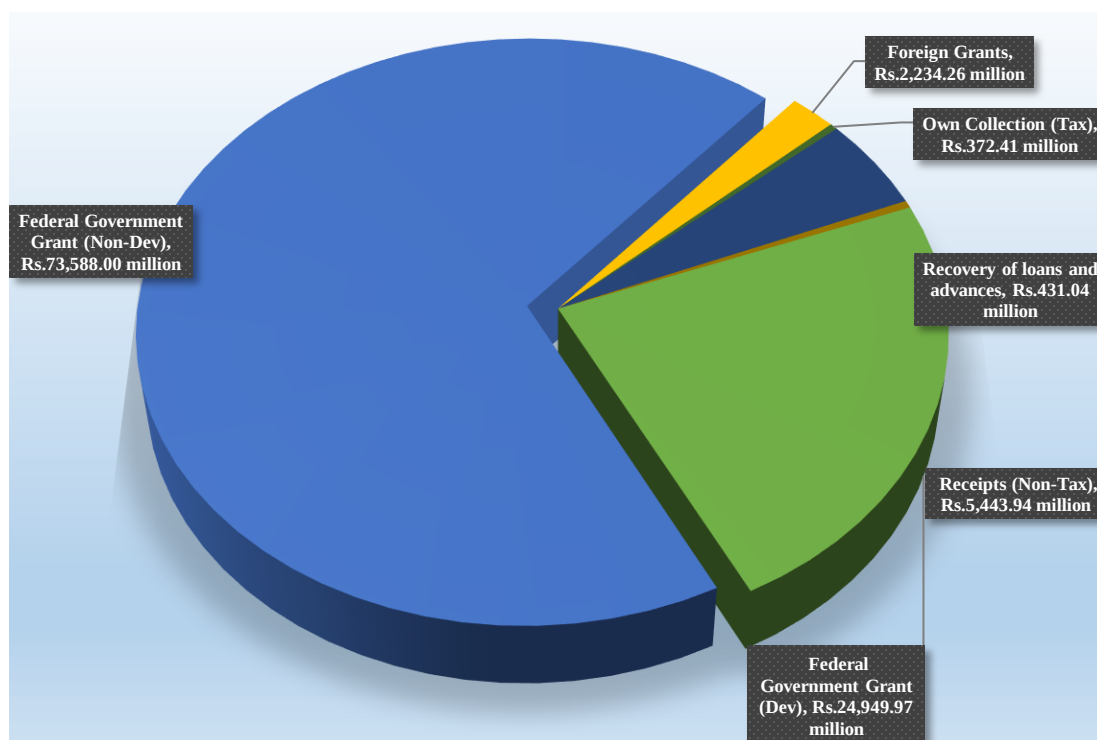
Total receipts of Government of Gilgit-Baltistan for the financial year 2023-24 were Rs.107,019.62 million including grant from Federal Government. Details are as under:

Receipt for the Financial Year 2023-24

(Rs. in million)

S. No.	Composition of Receipts	Amount	%age
1	Grant from Federal Government (Dev)	24,949.97	23.31
2	Grant from Federal Government (Non-Dev)	73,588.00	68.76
3	Foreign Grants	2,234.26	2.09
4	Gilgit-Baltistan Govt.'s Own Collection (Tax)	372.41	0.35
5	Revenue and Other Receipts (Non-Tax) including sale proceeds of wheat (2,866.54)	5,443.94	5.09
6	Recovery of loans and advances	431.04	0.40
Total Receipts		107,019.62	100

Source: Financial Statement for the Financial Year 2023-24



The Federal Government grant of Rs.98,537.97 million, which constitutes 92.07% of the total receipts followed by foreign grants of Rs.2,234.26 which was 2.09% of its total receipts. The tax receipts of the Government were Rs.372.40 million. Similarly, non-tax and other receipts were Rs.5,443.94 million. In non-tax revenue the major contribution was of sales proceeds of wheat i.e.Rs.2,866.54 million.

The original budget estimates for the Financial Year 2023-24 were Rs.116,150.00 million as per following details:

Budget Estimates for the Financial Year 2023-24

(Rs. in million)

S. No.	Description	Original Budget Estimates	%age
1.	Non-Development Budget	74,000.00	63.71
2.	Wheat Subsidy	13,700.00	11.80
3.	Capital (including Development) Budget	28,450.00	24.49
Total		116,150.00	100

Source: Appropriation Accounts for the Financial Year 2023-24

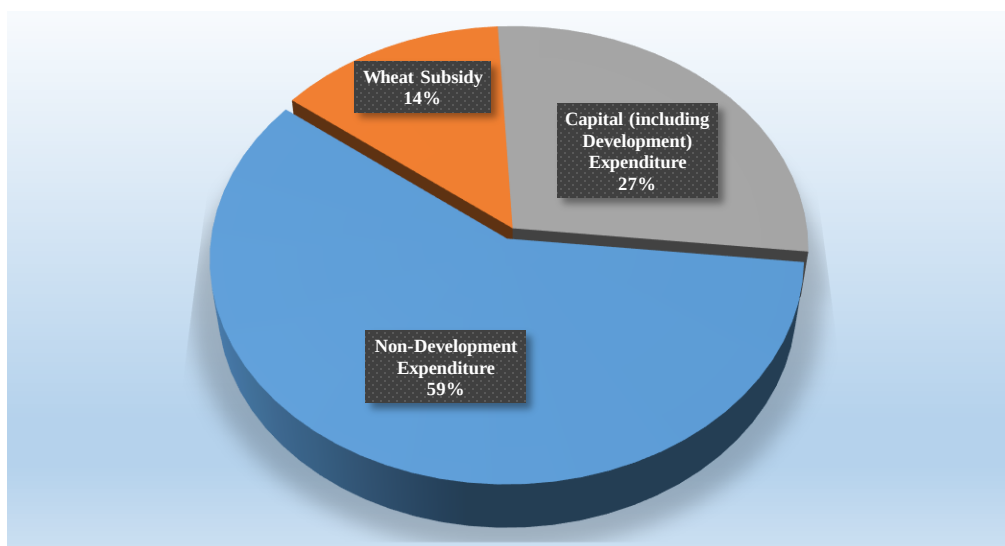
During the financial year 2023-24, the government of Gilgit-Baltistan obtained funds of Rs.30,925.540 million through supplementary grant and surrendered funds of Rs.38,259.576 million. Consequently, the final budget was reduced to Rs.108,815.964 million.

Against final budget the government made an expenditure of Rs.108,634.20 million leaving a saving of Rs.181.76 million which was 0.17% of the original grant. Details are as under:

Expenditure for the Financial Year 2023-24

(Rs. in million)			
S. No.	Description	Expenditure	%age
1.	Non-Development Expenditure	63,902.60	59
2.	Wheat Subsidy	14,807.31	14
3.	Capital (including Development) Expenditure	29,924.28	27
Total		108,634.20	100

Source: Appropriation Account for the Financial Year 2023-24



Analysis of budget and expenditure reveals that on one side the government approved supplementary grant of Rs.30,925.540 million which was almost 26.63% of the original grant and on other side surrendered funds of Rs.38,259.576 million which constitutes almost 32.94% of the original grant.

The major expenditure of Rs.78,709.910 million was on non-development side which was 73% as compared to capital/development expenditure of Rs.29,924.284 million which was 27% of total expenditure.

For Annual Development Program (ADP) 2023-24 initially budget of Rs.28,450.00 million was allocated. The funds of Rs.13.433 were obtained through supplementary grant and funds of Rs.11.919 million were surrendered. Consequently, the development budget was accumulated to Rs.29,964.085 million against funds of Rs.29,924.284 million were utilized.

Sector-wise development expenditure for the Financial Year 2023-24

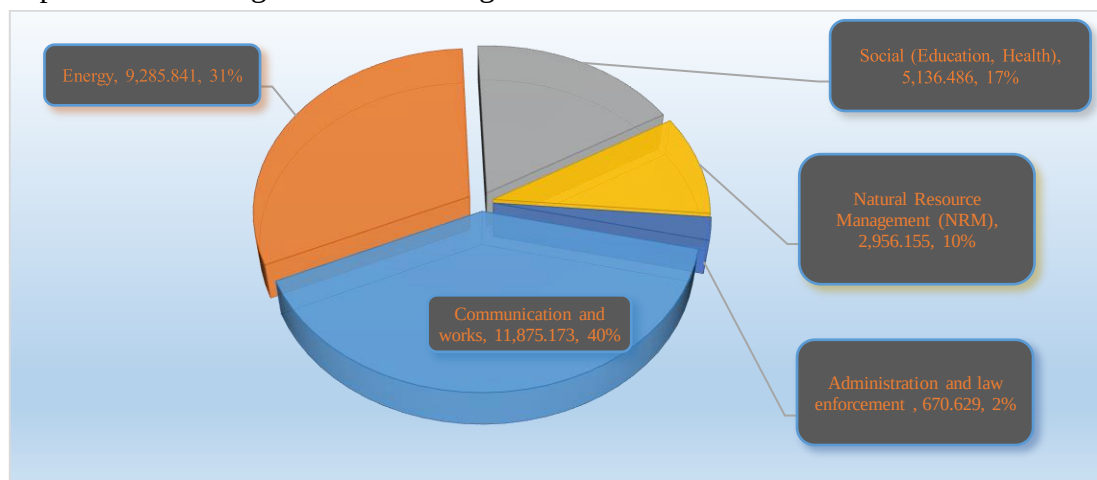
(Rs. in million)			
S. No.	Sector	Development Expenditure	%age
1.	Communication and works	11,875.173	39.68

2.	Energy	9,285.841	31.03
3.	Social (Education, Health)	5,136.486	17.16
4.	Natural Resource Management (NRM)	2,956.155	9.88
5.	Administration and law enforcement	670.629	2.24
Total		29,924.284	100

Source: Appropriation Account for the Financial Year 2023-24

39.68% of development budget was utilized for infrastructure development in the region, followed by energy sector which utilized 31.03% of the total development budget. The Social Sector including Health and Education together utilized 17.16% whereas Natural Resource Management sectors had collectively utilized 9.88% of the total development budget. Similarly, Administration and Law Enforcement sector utilized 2.24% of the development budget.

The following pie chart shows the percentage of sector wise development expenditure of the government during Financial Year 2023-24:



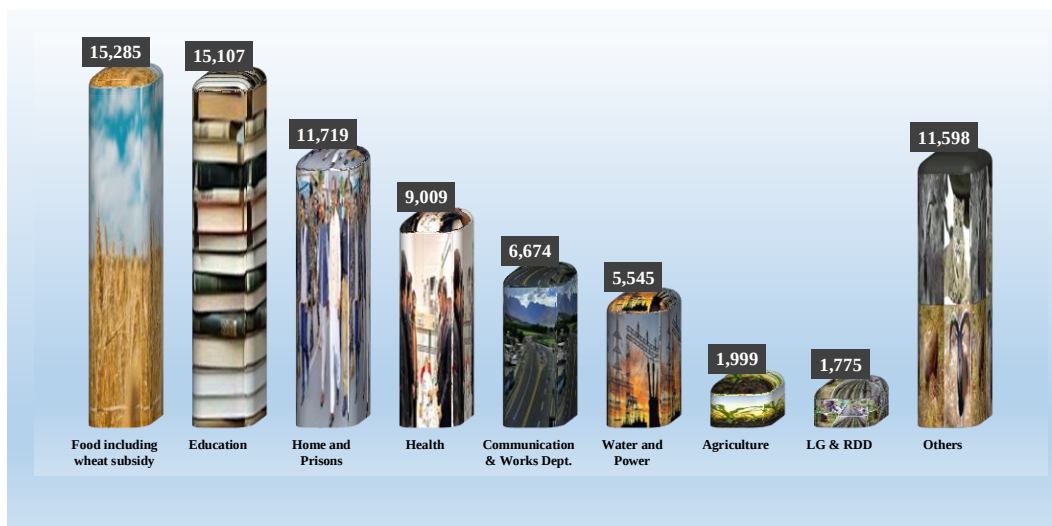
During financial year 2023-24 the Gilgit-Baltistan Government incurred non-development expenditure of Rs.78,709.917 million which also includes the expenditure on wheat subsidy.

Department-wise non-development expenditure

(Rs. in million)

S. No.	Department	Expenditure	%age
1.	Food including wheat subsidy	15,284.568	19.42
2.	Education	15,106.715	19.19
3.	Home and Prisons	11,718.856	14.89
4.	Health	9,009.188	11.45
5.	Public Works Dept.	6,673.998	8.48
6.	Water and Power	5,545.365	7.05
7.	Agriculture	1,998.658	2.54
8.	LG & RDD	1,774.838	2.25
9.	Others	11,597.732	14.73
Total		78,709.918	100

Source: Appropriation Account for the Financial Year 2023-24



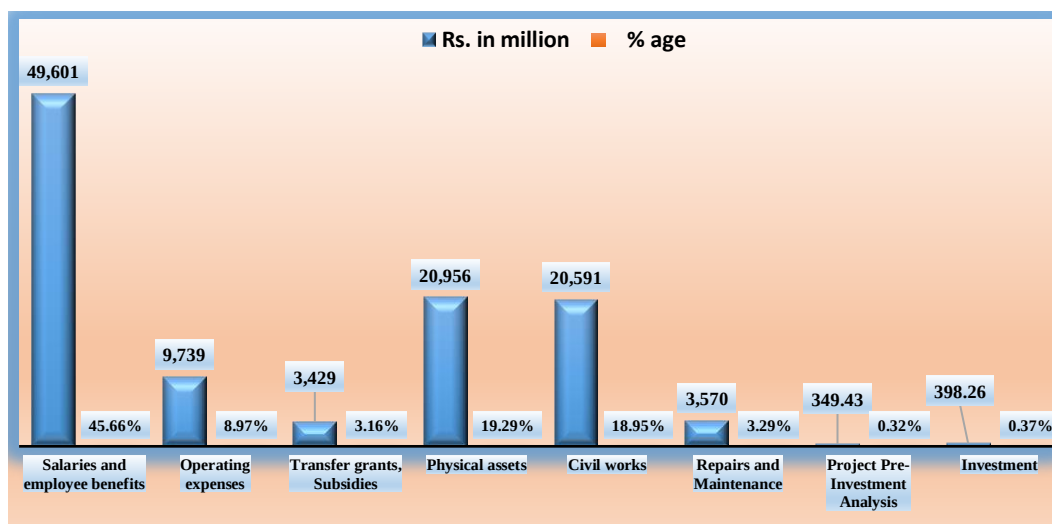
Eight PAOs made expenditure of Rs.67,112.186 million which is 85.27% of the total expenditure. The remaining 26 PAO collectively utilized funds of Rs.11,597.732 million which is 14.73% of the total expenditure.

Head wise detail of expenditure

(Rs. in million)

S. No.	Head	Amount	% age
1.	Salaries and employee benefits	49,601	45.66
2.	Operating expenses	9,739	8.97
3.	Transfer grants, Subsidies	3,429	3.16
5.	Physical assets	20,956	19.29
6.	Civil works	20,591	18.95
7.	Repairs and Maintenance	3,570	3.29
8.	Project Pre-Investment Analysis	349.43	0.32
9.	Investment	398.26	0.37
Total Expenditure		108,634	100

Source: Financial Statements for the Financial Year 2023-24



45.66% expenditure was made on salaries and operational cost, which reduced fiscal space for development. The physical assets worth Rs.20,956 million were acquired.

A broad-based planning is essential for the government to meet its development and non-development needs. Moreover, since the region has been declared as a tax-free zone, the government should focus on other revenue generating areas like tourism, mining, etc. to augment its financial position. The Government of Gilgit-Baltistan has established Gilgit-Baltistan Revenue Authority however the authority has not started its functions with reference to collection of revenue. The Government of Gilgit-Baltistan should make efforts to make it fully functional in accordance with its mandate.

The Gilgit-Baltistan government charges nominal rates from consumers as compared to cost of electricity production. Therefore, the government needs to reconsider the tariff policy to enhance its revenue besides streamlining the revenue collection system. The current financial management system of the government needs to be revisited through an integrated planning in order to maintain a balance between revenue and expenditure.

Unqualified audit opinions on financial statements and appropriation accounts of the Gilgit-Baltistan Government have already been issued.

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

1.2 AUDIT PARAS

1.2.1 Non-maintenance of fixed asset record and non-reporting of losses

According to Para 22 of GFR any serious loss of immovable property, such as buildings, communications or other works, caused by fire, flood, cyclone, earthquake or any other natural cause, should be reported at once by the Departmental officer to the head of the department and by the latter to Government. When a full enquiry as to the cause and extent of the loss has been made, the detailed report should be sent by the departmental officer concerned to the head of the department a copy of the report on an abstract thereof being simultaneously forwarded to the Accountant General.

According to Para 13.4.4.1 of Accounting Policies and Procedures Manual a memorandum account for fixed assets shall be kept by the DAO/AG/AGPR to record transactions relating to fixed assets.

During the certification audit of Government of Gilgit-Baltistan for the Financial Year 2023-24, it was observed that neither the record of fixed assets was maintained by the Accountant General Gilgit-Baltistan nor the departments reported such losses as required under the relevant rules. As development work or improvement, the infrastructure is accumulated under physical assets each year resulting increase in the value of physical assets and also a number of factors like floods, earthquakes etc. are resulting into irreparable damage to these physical assets. The Government departments are obligated to conduct an assessment of losses and write off such losses and reporting written-off values to the Accountant General for appropriate accounting treatment.

Audit is of the view that non-recording and non-reporting of written off losses is not only violation of provisions of FRM and APPM but also result in non-presenting of true and fair picture of the Financial Statements.

The management replied that on the basis of audit observation instructions will be issued to all departments/PAO for compliance and to report all write off cases on account of losses/damages during the year to Accountant General Office at the closure of every financial year.

The DAC in its meeting held on 04.10.2024 directed that all assets record should be maintained as per the provision of APPM.

Audit recommends that decision of DAC may be implemented.

1.2.2 Less deduction of contribution from the allottee - Rs.16.463 million

According to Section 18 of Gilgit-Baltistan Finance Act 2023 contribution @5% of the running pay for repair and maintenance shall be deducted at source from the pay of government employees who are in occupation of official accommodation and will be deposited into Gilgit-Baltistan Consolidated Fund.

During certification audit of the Government of Gilgit-Baltistan for the Financial Year 2023-24, audit observed that the Accountant General Office has deducted 5% contribution from the Government Employees who are in occupation of official accommodation at initial basic pay instead of running basic pay. Details are as under:

(Rs. in million)			
Basic pay of the resident allottee	5% deduction required	Deduction made from employees	Difference
729.833	36.492	20.029	16.463

Audit is of the view that non-deduction of 5% contribution on running basic pay was violation of the provisions of Finance Act 2023 and has decreased the revenue of Government.

The management replied that HRA deduction @5% was made on the initial basic pay from the government employees availing government accommodation as per notification of Services & GAD Gilgit-Baltistan No. SO (G)-135/20221 dated 03.08.2022. In this regard no further notification has been issued by S&GAD for deduction of 5% on running basic pay of government employees.

The reply was not accepted as after promulgation of Finance Act, the notification dated 03.08.2022 became ineffective. Therefore, deduction was required to be made in accordance with provision of the Finance Act.

The DAC in its meeting held on 04.10.2024 directed that the S&GAD will issue notification of 5% deduction on running basic pay as per Finance Act 2023 and AG-GB will start recoveries from the employees concerned with effect from 01-07-2023.

Audit recommends implementation of DAC directives.

CHAPTER-2

2. AGRICULTURE, LIVESTOCK AND FISHERIES DEPARTMENT

2.1 Introduction

A. Agriculture, Livestock and Fisheries Department, Gilgit-Baltistan deals with agricultural education, training and research; experimental and demonstration farms, improvement of agricultural methods like protection against insects, pests and diseases; reclamation of land and research in agricultural engineering, agricultural information and publication of agricultural statistics. It also deals with horticulture, sericulture, marketing of certified seeds; it also deals with conservation and promotion of fisheries in private and public sectors and prevention of illegal fishing. Development of livestock farms and artificial insemination, prevention of animal and poultry disease, veterinary training and diagnosis and treatment of animals' diseases are other responsibilities of the department.



Ram Pump

Source: GetGreen Tech Website, 2021



Barsha Pump

Source: aQysta Website, 2021



Solar-heated Greenhouse Source: UNDP & AKRSP, 2018



Yak Farming

Source: ICDD, 2017

Audit Profile of Agriculture, Livestock and Fisheries Department

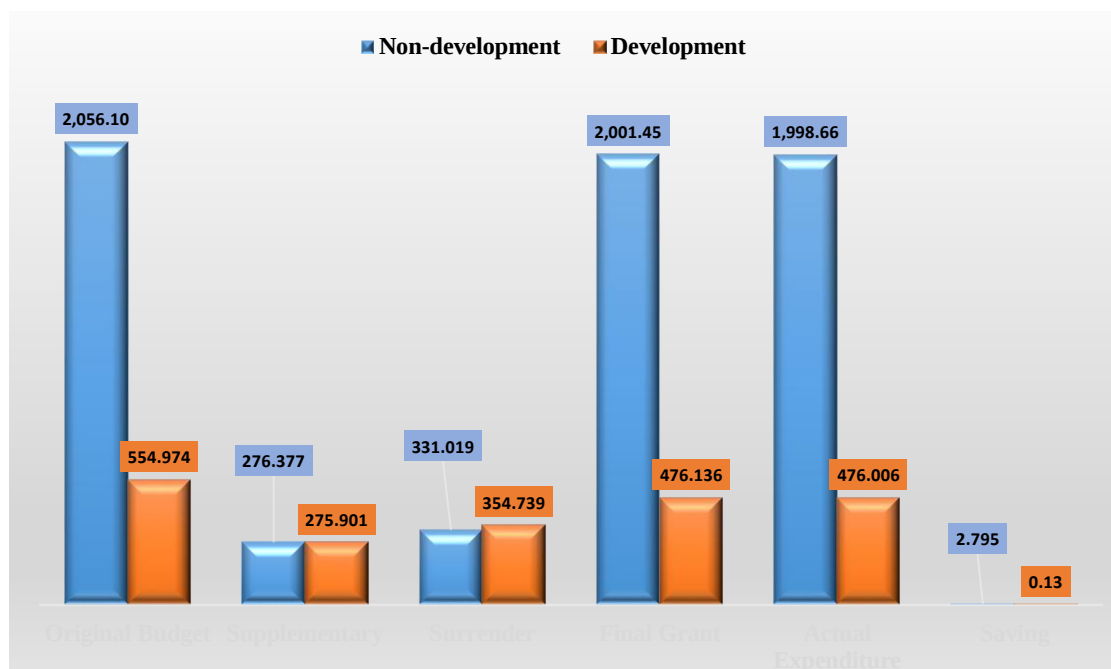
(Rs. in million)

S. No.	Description	Total Nos.	Audited	Expenditure audited FY 2023-24	Revenue/Receipts FY 2023-24
1.	Formations	47	7	1,576.597	153.543

B. Comments on Budget &Accounts (Variance Analysis)

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

(Rs. in million)						
Grant	Original Budget	Supplementary	Surrender	Final Grant	Actual Expenditure	Saving
Non-Dev-10	2,056.095	276.377	(331.019)	2,001.453	1,998.658	2.795
Dev	554.974	275.901	(354.739)	476.136	476.006	0.130
Total	2,611.069	552.278	(685.758)	2,477.589	2,474.664	2.925



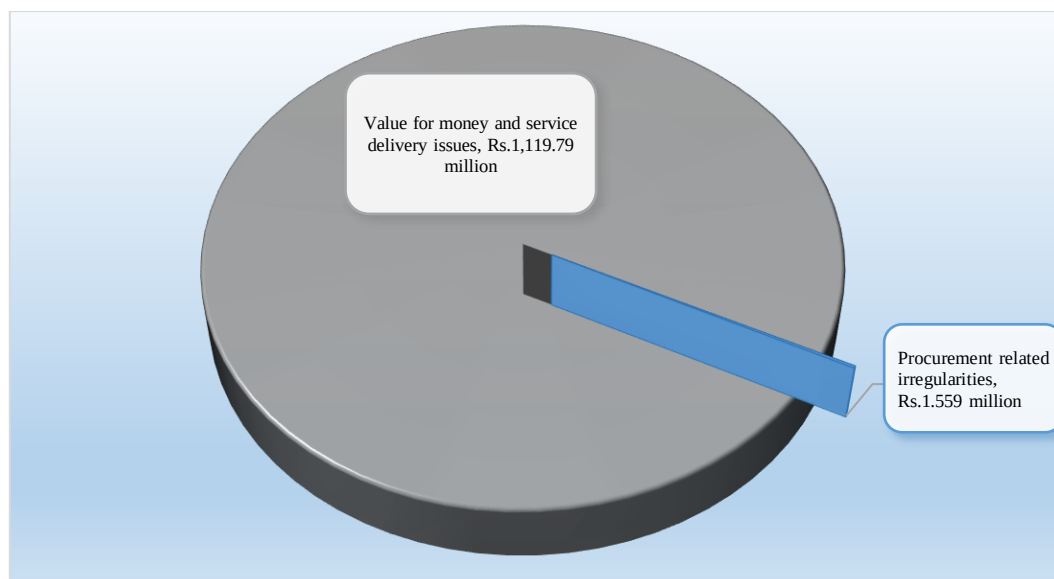
Initially, the department was granted non-development budget of Rs.2,056.095 million. During the year, supplementary grant of Rs.276.377 million was granted which is 13.44% of the original allocation. After surrender of Rs.331.019 million which constituted 16.09% of the total original allocation, the final grant accumulated to Rs.2,001.453 million against which the funds of Rs.1,998.658 million (99.86% of the final grant) were utilized leaving a negligible saving of Rs.2.795 million.

Similarly, under development grant funds of Rs.554.974million were allocated. During the year, supplementary grant of Rs.275.901 million was granted which is 49.72% of the original allocation. After surrender of Rs.354.739 million which constituted 63.92% of the original grant. Against final grant of Rs.476.136 million the department utilized funds of Rs.476.006 million which is 99.97% of the final grant.

2.2 Classified summary of Audit observations

Audit observations amounting to Rs.1,121.347 million were raised in this report during current audit of the department. Summary of the audit observations classified by nature is as under:

(Rs. in million)		
S. No.	Classification	Amount
1.	Procurement related irregularities	1.559
2.	Value for money and service delivery issues	1,119.788
Total		1,121.347



2.3 Comments on the status of compliance with PAC directives

Following PAC meetings were held to discuss the audit paras of the department:

Years	No of audit paras	No of Actionable Points	Compliance	Non-Compliance	% of Compliance
2010-11	1	1	1	0	100%
2011-12	6	6	5	1	83%
2013-14	4	4	2	2	50%
2014-15	26	26	15	11	58%
2015-16	20	20	10	10	50%
2015-16	8	8	5	3	63%
2016-17	7	7	5	2	71%
2017-18	4	4	3	1	75%
2019-20	8	8	3	5	38%

2020-21	2	2	0	2	0%
2021-22	3	3	0	3	0%
2022-23	5	5	0	5	0%

2.4 AUDIT PARAS

2.4.1 Un-authorized execution of civil work – Rs.1.559 million

According to Schedule –II (Rule3(3) Serial No.10 of Gilgit-Baltistan Rules of Business 2009, Gilgit-Baltistan Communication and Works Department is responsible for planning, designing, construction, equipment, maintenance and repairs of all government buildings, residential and non-residential including rest houses, circuit houses.

During the audit of office of the Deputy Director Agriculture Research, Diamer for the Financial Year 2022-2023, it was revealed that a PC-I of the project, “Evaluation of Various Vegetables and Pulses under Climatic conditions of District Diamer” at a cost of Rs.15.00 million was approved and included in the ADP 2019-20 with the completion period of 02 years. The office of the Deputy Director Agriculture Research, Diamer incurred an expenditure of Rs.1.559 million up to June 2023 on account of structure work i.e. construction of boundary and retaining wall of Research Station Babusar. Audit observed that the work was executed without involving C&W in violation of provision of Rules of Business.

Audit is of the view that the work was executed in violation of rules and held irregular.

The irregularity occurred due to non-observance of rules and ineffective internal control.

The irregularity was pointed out during April 2024. The management replied that due to short time the work was executed directly without involving the C&W Gilgit-Baltistan.

The management admitted the point of view of the audit.

The DAC meeting was held on 20.09.2024. The management apprised the DAC that similar paras are already in PAC. Therefore, the decision of the PAC will be implemented on all similar paras.

Audit recommends that responsibility may be fixed for the irregularity.

Note: *The issue was reported earlier also in the Audit Report for the Audit Year 2022-23 vide para number 4.2.3 having financial impact of Rs.11.773 million. Recurrence of same irregularity is a matter of serious concern.*

AP-167/2023-24

2.4.2 Non-monitoring of development schemes-Rs.969.089 million

According to Para 5.2 of guide lines for Project Management the internal monitoring is the responsibility of those sponsoring Ministries/Divisions and executing agencies who are directly involved in project formulation, appraisal/approval and implementation. According to Para 5.4 the methods or techniques adopted for project monitoring should effectively measure the progress of a project, in comparison to its approved cost, scope, time schedule and objectives and be capable of producing the information, according to the requirement of all concerned.

The Agriculture, Livestock & Fisheries Department Gilgit was executing ninety-three development projects/schemes involving cost of Rs.4140.320 million, out of which Rs.969.089 million was incurred on these schemes upto 30.06.2024. During audit for the Financial Year 2023-24, it was observed that the department neither conducted the monitoring of the development schemes nor devised any mechanism / SOP for monitoring and evaluation of the schemes.

Audit is of the view that irregularity occurred due to non-existence of internal controls and monitoring mechanism.

The irregularity was pointed out during July 2024. The management replied that monitoring & evaluation is mandatory to ensure the execution of schemes in accordance with their scope and cost. In this regard, the department formulated a project in 2022 for hiring of the consultant for monitoring of the projects. However, despite repeated bidding process none of the firms qualified. Now the department intends to modify the said development project to address the issue pertaining to M&E of ongoing development project on regular basis and in this regard a committee is being constituted for collection of information about projects/activity characteristics and to determine the outcome, merit or worth of the project. The project will be finalized once the committee submit its recommendations highlighting the administrative, financial and other issues.

The management admitted the point of view of the audit.

The DAC meeting was held on 02.12.2024. The management apprised the DAC that PC-I is being modified to establish a monitoring cell within the department instead of hiring of consultancy firm. The DAC directed the management to expedite the modification of PC-I and its approval from competent forum for establishment of monitoring unit within the department on permanent basis.

Audit recommends that decision of the DAC may be implemented.

AP-680/2024-25

2.4.3 Non-formulation of rules for utilization the receipts - Rs.150.699 million

According to Section 23(2)(f) of the Northern Areas Fisheries Act 1975, the government will make rules to regulate the utilization of receipts recovered under this Act.

During Financial Year 2023-24, the Agriculture, Livestock & Fisheries Department, Gilgit-Baltistan collected revenue of Rs.150.699 million on account of agriculture receipts including receipts from agriculture farms, livestock farms and sale of fish etc. Audit observed that the rules regulating the utilization of receipts were not framed so far and the amount collected was deposited into government treasury.

Audit is of the view that non-framing of rules regarding utilization of receipts is the violation of the provisions of the Act and in absence of rules, the department entirely relied on limited budget provided by the government which hamper the core functions / activities relating to production, management and conservation of different species of fish, agriculture and livestock etc. in addition to research work.

The irregularity occurred due to non-adherence to the rules.

The irregularity was pointed out during July 2024. The management replied that according to the Section 23 (2)(f) under the Gilgit-Baltistan fisheries Act 1975 the government is required to make rules to regulate the utilization of receipts recovered through licensing etc. Now, Gilgit-Baltistan Fisheries Act 1975 has been amended and a draft bill 2024 is submitted for approval of the competent authority. The rules will be finalized once the amended Act is passed by the Gilgit-Baltistan Assembly.

The DAC meeting was held on 02.12.2024. The DAC directed the management to expedite the finalization of Fisheries Act and rules.

Audit recommends that rules as required may be formulated and got approved from competent forum.

AP-683/2024-25

CHAPTER-3

3. CABINET DEPARTMENT

3.1 Introduction

A. As per Gilgit-Baltistan Rules of Business 2009, the Cabinet Secretariat deals with functions relating to the provincial cabinet matters, promulgation and revocation of ordinances, all secretariat works for the cabinet and its committees, follow up and implementation of decisions of all committees, all matters relating to the Governor, Chief Minister, Provincial Ministers, Advisors and Special Assistants and implementation of the directives of the Chief Minister.



Audit Profile of Cabinet Department

(Rs. in million)

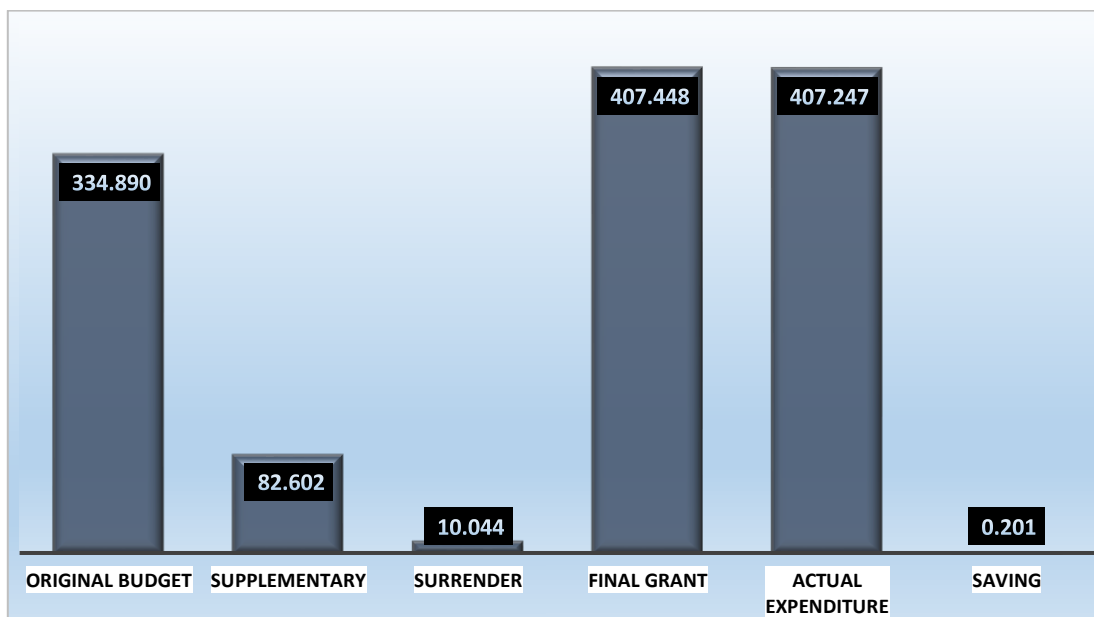
S. No.	Description	Total Nos.	Audited	Expenditure audited FY 2023-24	Receipts FY 2023-24
1.	Formations	1	1	68.157	0.373

B. Comments on Budget & Accounts (Variance Analysis)

Budget allocation and expenditures of department for the Financial Year 2023-24 was as under:

(Rs. in million)

Grant	Original Budget	Supplementary	Surrender	Final Grant	Actual Expenditures	Saving
Non-Dev-05	334.890	82.602	(10.044)	407.448	407.247	0.201



Initially, the department was granted non-development budget of Rs.334.890 million. During the year, supplementary grant of Rs.82.602 million was granted which is 24.66% of the original allocation. After surrender of Rs.10.044 million which constituted 2.99% of the total original allocation, the final grant accumulated to Rs.407.448 million against which the funds of Rs.407.247 million (almost 100% of the final grant) were utilized.

3.2 Classified summary of Audit observations

Audit observations amounting to Rs.86.186 million were raised in this report during current audit of the department. Summary of the audit observations classified by nature is as under:

(Rs. in million)		
S. No.	Classification	Amount
1.	HR/ Employees related irregularities	86.186

3.3 Comments on the status of compliance with PAC directives

Following PAC meetings were held to discuss the audit paras of the department:

Years	No of audit paras	No of Actionable Points	Compliance	Non-Compliance	% of Compliance
2017-18	3	3	2	1	67%
2018-19	3	3	3	0	100%

3.4 AUDIT PARAS

3.4.1 *Un-authorized appointment of Special Assistants and Coordinators–Rs.67.616 million*

According to Section-36 (11) of Gilgit-Baltistan Order 2018 the Chief Minister shall not appoint more than two Advisers.

The Chief Minister Gilgit-Baltistan appointed four Special Assistants to Chief Minister in addition of two Advisors. An expenditure of Rs.40.317 million was made on their salaries, TA/DAs, repair of vehicles besides other perks and privileges equal to a provincial minister upto 30.06.2024. It was further revealed that the Chief Minister Gilgit-Baltistan also appointed fourteen Coordinators to Chief Minister vide notification number DSC-6/2020 (Coor) dated 20.05.2023 with a fixed salary of Rs.150,000 per month. Total expenditure of Rs.25.200 million (150,000x14x12) was incurred on their salaries during 2023-24. During audit for the Financial Year 2023-24, it was observed that there was no provision for appointment of Special Assistants and Coordinators to the Chief Minister in the Gilgit-Baltistan Order 2018.

Audit is of the view that appointment of the Special Assistants and Coordinators was made in violation of Gilgit-Baltistan Order 2018.

The irregularity was pointed out during July 2024. The management replied that the Special Assistants and Coordinators were appointed in accordance with the provision of Gilgit-Baltistan Rule of Business which were approved by the Governor Gilgit-Baltistan.

The reply is not accepted as provision of Special Assistants and Coordinators is inconsistent with the provision of Gilgit-Baltistan Order 2018 as it empowered Chief Minister to appoint only two advisors.

The DAC meeting was held on 31.10.2024. The management apprised the DAC that as per Rules of Business 2009 the Chief Minister Gilgit-Baltistan has discretionary power to appoint the Special Assistants and Coordinators. The issue was raised in previous Audit Report and discussed in PAC meeting held on August 12-13, 2024, wherein it was settled and therefore, the PAO/chairman DAC settled the para. However, audit was of the opinion that Gilgit-Baltistan Rule of Business regulate the business of the government whereas the appointment of Advisers is regulated in accordance with provision of Gilgit-Baltistan Order instead of Rule of Business.

Audit recommends that the appointments of Special Assistants and Coordinators may be made in accordance with Gilgit-Baltistan Order 2018 besides regularizing the expenditure.

AP-550/2024-25

3.4.2 Un-justified expenditure on posting of staff on attachment basis-Rs.18.550 million

According to Section-9 of Gilgit-Baltistan Civil Servants Act 2011 every civil servant is liable to serve anywhere within or outside the Province in any post under the Government of the Gilgit-Baltistan or the Federal Government or any Provincial Government or a local authority or a corporation or a body set up or established by any such Government through posting and transfer.

During the audit of office of the Secretary Cabinet Gilgit for the Financial Year 2023-24, it was revealed that the following staff of the office were working in other offices on attachment basis since long. Detail is at **Annexure-2**:

Audit observed as under:

- i. The existing arrangement of attachment is not covered in Gilgit-Baltistan Civil Servants Act 2011.
- ii. The staff were drawing pay from office of the Secretary Cabinet, Gilgit but working in other offices.

Audit is of the view that the existing arrangement of attachment is in consistent with the provision of Gilgit-Baltistan Civil Servants Act 2011. The irregularity occurred due to non-adherence to the rule and weak internal controls.

The irregularity was pointed out during July 2024. The management replied that the S&GAD has been requested to withdraw all existing attachment orders and repatriate the attached incumbents to their original positions in the Cabinet.

The management admitted the point of view of the audit.

The DAC in its meeting held on 31.10.2024 decided that the matter may be placed before HR rationalization committee for their regularization at the place of attachment and to abolish the post from the parent department.

Audit recommends that decision of the DAC may be implemented.

AP-553/2024-25

CHAPTER-4

4. CHIEF MINISTER'S SECRETARIAT

4.1 Introduction

A. Chief Minister Secretariat deals with Gilgit-Baltistan selection board and its constitution, proposal involving any change in the function or powers of department, recommendation for the grant of honors and awards, all cases relating to matters which are liable to involve Government into controversy with the Government of Pakistan or with another Provincial Government, Annual Budget Statement to be laid before the Gilgit-Baltistan Assembly, Authentication of the Schedule of Authorized Expenditure, Excess Budget statement and Transfer/ posting of officers mentioned in Schedules-III under Rules 18(1).



Audit Profile of Chief Minister's Secretariat

(Rs. in million)

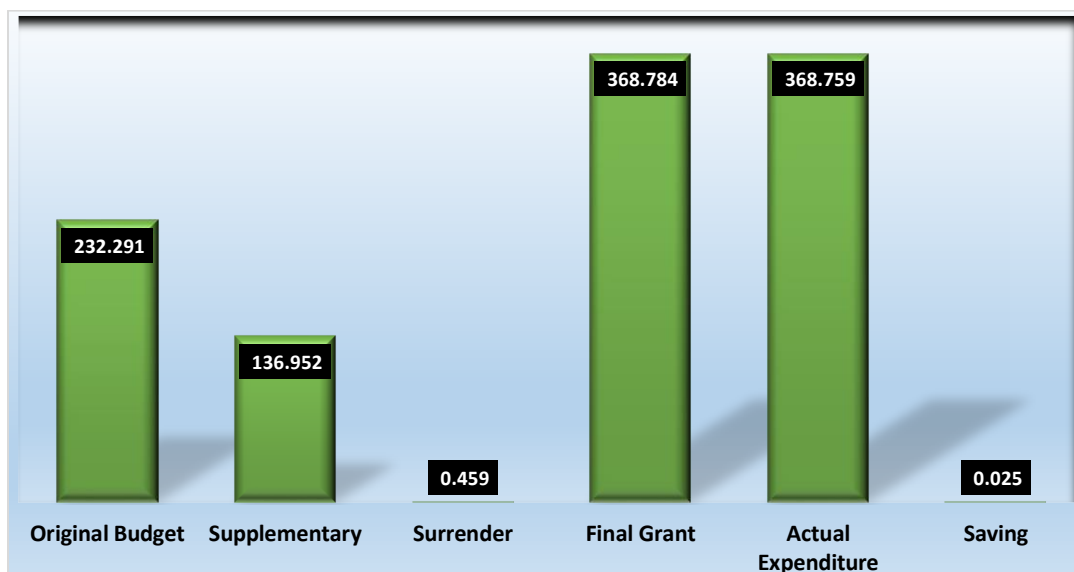
S. No.	Description	Total Nos.	Audited	Expenditure audited FY 2023-24	Receipts FY 2023-24
1.	Formations	2	2	316.987	4.209

B. Comments on Budget & Accounts (Variance Analysis)

Budget allocation and expenditures of Chief Minister's Secretariat for the Financial Year 2023-24 was as under:

(Rs. in million)

Grant	Original Budget	Supplementary	Surrender	Final Grant	Actual Expenditures	Saving
Non-Dev-02	232.291	136.952	(0.459)	368.784	368.759	0.025



Initially, the department was granted non-development budget of Rs.232.291 million. During the year, supplementary grant of Rs.136.952 million was granted which is 58.95% of the original allocation. After surrender of Rs.0.459 million, the final grant accumulated to Rs.368.784 million against which the funds of Rs.368.729 million (99.99% of the final grant) were utilized.

4.2 Classified summary of Audit observations

Audit observations amounting to Rs.27.073 million were raised in this report during current audit of the department. Summary of the audit observations classified by nature is as under:

S. No.	Classification	(Rs. in million)
		Amount
1.	Value for money and service delivery issues	27.073

4.3 Comments on the status of compliance with PAC directives

No meeting of PAC has been held to discuss audit paras of the department.

4.4 AUDIT PARAS

4.4.1 Disbursement of discretionary grant above the ceiling – Rs.2.896 million and irregular disbursement - Rs.4.140 million

According to Section-13 of the Chief Minister Gilgit-Baltistan (Salaries, Allowances & Privileges) Act 2021, a sum of rupees five million per year shall be placed at the disposal of Chief Minister for making discretionary grants to the poor patients, orphan children, school fee of poor students and sports/charity organizations across the Gilgit-Baltistan.

The Chief Minister's Secretariat, Gilgit during the Financial Year 2023-24, disbursed an amount of Rs.7.896 million to 187 individuals, sports and charity organization out of the discretionary grant of Chief Minister. Audit observed that discretionary grant upto the extent of Rs.5.00 million per annum was required to be placed at the disposal of Chief Minister Gilgit-Baltistan whereas, in contrary, an amount of Rs.7.896 million was placed at the disposal of Chief Minister Gilgit-Baltistan and disbursed accordingly, which resulted in excess disbursement of discretionary grant to extent of Rs.2.896 million. Audit further observed that recipients of Rs.4.140 million were not eligible for grant as they were not covered in the scope as provided in the Act. Details are at **Annexure-3**.

Audit is of the view that excess disbursement of discretionary grant amounting to Rs.2.896 million and payment of Rs.4.140 million to ineligible individuals/ organizations was made due to non-adherence to the provision of Act and ineffective implementation of internal controls.

The irregularity was pointed out during September 2024. The management replied that a case for necessary amendments in Section-13 of the Chief Minister, Gilgit-Baltistan (Salaries, Allowances & Privileges) Act 2021, to remove the limitation of the annual budget grant has been taken up with the Law & Prosecution Department Gilgit-Baltistan on 12.10.2023.

The reply was not accepted as the expenditure was made in violation of Section 13 of Chief Minister Gilgit-Baltistan (Salaries, Allowances & Privileges) Act 2021.

The same objection was discussed in DAC meeting held on 09.12.2023 and the DAC directed the management to place the issue before the Gilgit-Baltistan Cabinet for regularization of the expenditure from the Gilgit-Baltistan Assembly through amendment in Section-13 of the Chief Minister Gilgit-Baltistan (Salaries, Allowances & Privileges) Act, 2021.

Audit recommends that discretionary grant may be regulated in accordance with the provision of the Act besides stopping the irregular practice.

Note: *The issue was reported earlier also in the Audit Report for the Audit Year 2023-24 vide para number 5.4.1 and 5.4.2 having financial impact of Rs.5.245 million and Rs.2.40 million. Recurrence of same irregularity is a matter of serious concern.*

AP-888 and 889/2024-25

4.4.2 Un-authorized allotment of vehicles – Rs.3.508 million

According to Rule-11(a) of Government of Gilgit-Baltistan Staff Vehicles (Use & Maintenance) Rules 2021, the officers in BS-18 and above at Chief Minister Secretariat are entitled for use of official vehicles.

The Chief Minister's Secretariat, Gilgit allocated the government vehicles to officers/ officials of BS-17 and below. An expenditure of Rs.3.508 million was incurred on account of POL and repair & maintenance during the Financial Year 2023-24. Audit observed that the vehicles were allocated to officers in BS-17 and below who are not entitled in term of rule-11(a) of Government of Gilgit-Baltistan Staff Vehicles (Use & Maintenance) Rules 2021.

Audit is of the view that irregularity occurred due to non-adherence to rules and ineffective implementation of internal controls.

The irregularity was pointed out during September 2024. The management did not reply.

The same objection was discussed in DAC meeting held on 09.12.2023 and the DAC directed the management to withdraw all the vehicles from non-entitled officers forthwith except to the staff as per nature and scope of their job/responsibilities.

Audit recommends that Government Vehicles may be allocated in accordance with the provision of Gilgit-Baltistan Staff Vehicle Rules 2021 and recovery of POL & maintenance may be effected from non-entitled staff.

Note: *The issue was reported earlier also in the Audit Report for the Audit Year 2023-24 vide para number 5.4.4 having financial impact of Rs.20.364 million. Recurrence of same irregularity is a matter of serious concern.*

AP-890/2024-25

4.4.3 Un-authorized establishment of camp office at Islamabad – Rs.16.529 million

According to Section 10 of the Chief Minister Gilgit-Baltistan (Salaries, Allowances & Privileges) Act 2021, the Chief Minister shall be entitled to be paid Rs.10,000/- per day as daily allowances during attending the government functions/meetings in discharge of official duties undertaken out of his jurisdiction subject to production of an invitation issued by the competent authority. The daily allowance shall be paid for the day of departure and day of meeting.

The Chief Minister's Secretariat, Gilgit incurred an amount of Rs.16.529 million in connection with establishment of Chief Minister camp office at Islamabad during the Finance Year 2023-24. Details are at **Annexure-4**. Audit observed that as per provision of Act, the Chief Minister Gilgit-Baltistan was required to undertake any government assignment out of his jurisdiction subject to an invitation by the competent authority, therefore, establishment of a separate CM Camp out of his jurisdiction and its allied expenditure of Rs.16.529 million was unjustified. Moreover, no such provision exists in the Chief Minister Privileges Act for establishment of separate camp office outside Gilgit-Baltistan.

Audit is of the view that since the movement of Chief Minister Gilgit-Baltistan out of his jurisdiction was subjected to an invitation' therefore, establishment of a separate office at Islamabad was contrary to the provision of Privileges Act.

The irregularity was pointed out during September 2024. The management did not reply.

The PAO was requested to convene a DAC meeting vide letter dated 29.11.2024 followed by reminder dated 09.12.2024 and 19.12.2024. However, the DAC meeting was not convened till finalization of the report.

Audit recommends that the movement of the Chief Minister may be regulated in accordance with the provision of privileges Act besides regularization of expenditure.

AP-892/2024-25

CHAPTER-5

5. COMMUNICATION AND WORKS DEPARTMENT

5.1 Introduction

A. According to Gilgit-Baltistan Rules of Business, 2009 the main functions of the Works Department include planning, designing, construction, machinery and equipment, maintenance and repairs of all government buildings, laying standards of specifications for various types of roads and bridges, planning and designing roads and related works, construction, maintenance, repairs and improvement of roads and bridges and development of integrated communication network for Gilgit-Baltistan.



Audit Profile of Works Department

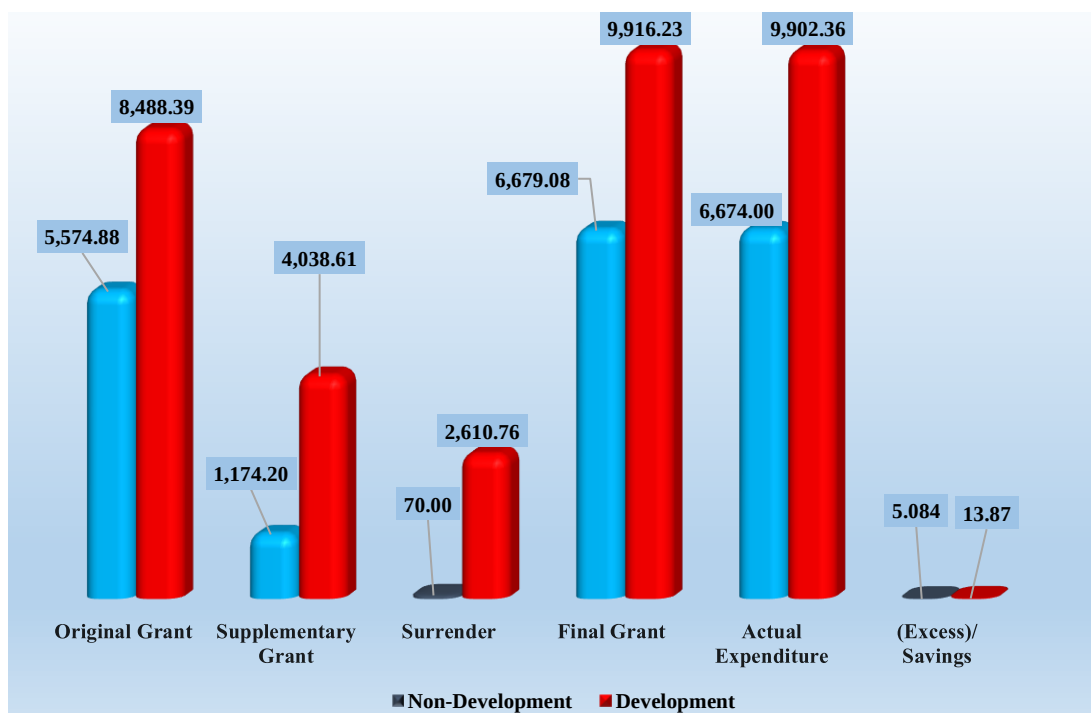
(Rs. in million)

S. No.	Description	Total Nos.	Audited	Expenditures audited FY 2022-23	Receipts FY 2022-23
1.	Formations	21	18	10,077.492	88.793

B. Comments on Budget & Accounts (Variance Analysis)

Budget allocations and expenditures of Works Department for the Financial Year 2023-24 is as under:

(Rs. in million)						
Grant	Original Budget	Supplementary	Surrender	Final Grant	Actual Expenditures	Saving
Non-Dev-23	5,574.883	1,174.199	(70.000)	6,679.082	6,673.998	5.084
Dev	8,488.386	4,038.608	(2,610.763)	9,916.231	9,902.361	13.870
Total	14,063.269	5,212.807	(2,680.763)	16,595.313	16,576.359	18.954



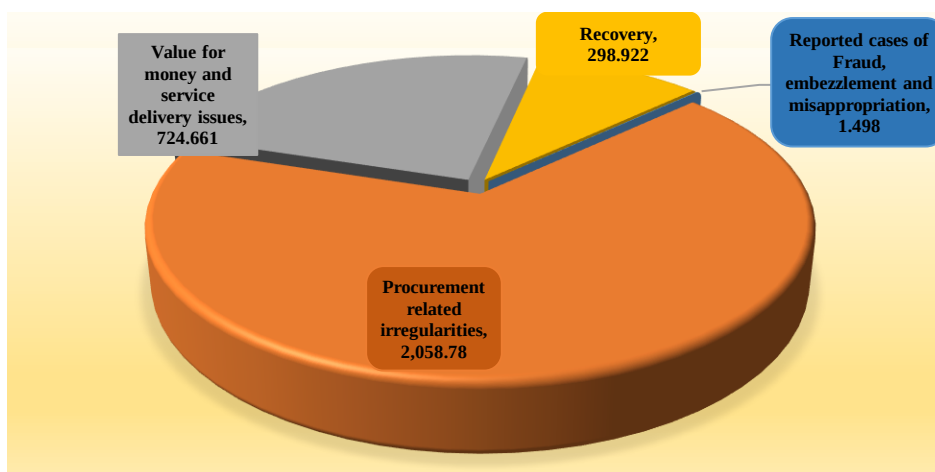
An allocation of Rs.5,574.88 million was made for non-development budget. During the year, supplementary grant of Rs.1,174.20 million was approved which is 21.06% of the original allocation. The department also surrendered an amount of Rs.70.00 million which is 1.25% of the original grant. Against final grant of Rs.6,679.08 million the department utilized funds of Rs.6,674.00 million which is 99.92% of the final grant.

Similarly, allocation of Rs.8,488.9 million was made for development budget. Against the final grant of development budget of Rs.9,916.23 million, the department utilized funds of Rs.9,902.36 million which is 99.86% of the final grant.

5.2 Classified summary of Audit observations

Audit observations amounting to Rs.3,083.863 million were raised in this report during current audit of Works Department. This amount also includes recoveries of Rs.298.922 million. Summary of the audit observations classified by nature is as under:

(Rs. in million)		
S. No.	Classification	Amount
1.	Reported cases of Fraud, embezzlement and misappropriation	1.498
2.	Procurement related irregularities	2,058.782
3.	Value for money and service delivery issues	724.661
4.	Recovery	298.922
Total		3,083.863



5.3 Brief comments on the status of compliance with PAC directives

Following PAC meetings were held to discuss the audit paras of the department:

Years	No of audit paras	No of Actionable Points	Compliance	Non-Compliance	% of Compliance
2010-11	10	3	0	3	0%
2011-12	19	4	1	3	25%
2012-13	34	5	1	4	20%
2015-16	66	5	3	2	60%
2017-18	11	2	1	1	50%
2018-19	15	1	0	1	0%
2019-20	60	1	1	0	100%
2020-21	23	5	1	4	20%
2021-22	18	2	1	1	50%
2022-23	32	7	2	5	29%
2023-24	31	6	0	6	0%

5.4 AUDIT PARAS

5.4.1 *Irregular payment against unexecuted works – Rs.16.588 million*

According to Rule 397 of Federal Treasury Rules such exceptions as may be authorized by the government, no payment can be made to a contractor, except for work actually done or supplies actually received.

According to Para 209 (d) of CPWA code, all the payments for work done or supplies made should be based on the quantities recorded in the measurement book.

The B&R Division, Ghizer awarded different works to various contractors and made payment of Rs.234.529 million during the Financial Year 2022-23. Audit observed that out of Rs.234.529 million an amount of Rs.16.588 million was made against works which were not actually executed. Details are at **Annexure-5**.

Audit is of the view that contractors were extended undue favor of Rs.16.588 million at the cost of public funds by taking fictitious measurement in the relevant measurement books.

The irregularity occurred due to ineffective and inefficient implementation of internal controls.

The irregularity was pointed out during March 2024. The management replied that now all the works have been completed in all respect.

The management admitted the point of view of the audit.

The DAC in its meeting held on 30.10.2024 directed the management to constitute a committee under the Chairmanship of Executive Engineer B&R Division Chilas to visit the site and after physical verification of work done and submit fact finding report to PAO.

Audit recommends that responsibility may be fixed for making payment in violation of rules.

5.4.2 *Non-recovery from contractor on account of non-execution of work-Rs.4.998 million*

According to para 26 of General Financial Rules (Vol-I), it is the duty of controlling officer to see that all sums due to government are regularly and promptly assessed, realized and duly credited to Public Account.

During audit of Executive Engineer B&R Division, Chilas for Financial Year 2022-23, it was observed that in two in completed schemes the recoveries were ordered by the competent authority. However, recoveries have not been effected Details are as under:

(Rs. in million)

S. No	Scheme	Contractor	Date of admin approval	%age of completion	Outstanding Since	Amount
1	Const./widd of link roads in Halqa No. 1 Diamer Ph-II	Mr. Inayatullah	05.07.2007	90%	17.11.2014	1.503
2	Const./Re-alignment of Muthat road at Raikot	Mr. Javed Khan	09.05.2009	45%	15.07.2020	3.495
Total						4.998

The irregularity occurred due to weak internal control which resulted in non-recovery from the contractors.

The irregularity was pointed out during March 2024. The management replied that the recovery pertaining to the work at serial No.1 will be made, however the work at serial No.2 is sub-judice in the court.

The management admitted the point of view of the audit.

The DAC in its meeting held on 30.10.2024 directed the management to peruse the case in the court of law besides making the recovery from another contractor.

Audit recommends that the recovery may be made from the contractors.

AP-128/2023-24

5.4.3 Loss to government due to changes in design - Rs.60.871 million

According to administrative approval issued by Planning and Development Department vide letter No.8(93)PPH/2018-19 dated 25.03.2020 regarding development scheme “Greater Water Supply Scheme, Juglote Sub Division Bonner Dass and Minimarg” in case the scheme is initiated and might affect litigation and recoveries, the works department will solely reasonable for recoveries and approving authority will not be responsible as the issue has been brought into the notice of sponsoring agency.

According to Clause 3.4 of consultancy services agreement, if the client suffers any losses or damages as a result of proven faults, errors or omissions in the design of the project, the consultant shall make good such losses or damages subject to the condition that the maximum liability as aforesaid shall not exceeded twice the total remuneration of the consultants for design phase in accordance with the contract. The liability of consultant expires after one year from the stipulated date of completion of construction or after three years from the date of final completion of the design, whichever is earlier.

The Public Health Engineering Division Gilgit awarded consultancy of the scheme “Greater Water Supply Scheme, Juglote Sub-division Bonner Dass and Minimarg to M/S IGES International (JV) GSK Engineering Pvt Ltd at cost of

Rs.4.525 million on 29.6.2021. The 3rd and final bill amounting to Rs.4.525 million was paid on 14.4.2022. Further, the consultant prepared design along-with estimates/BOQ amounting to Rs.329.088 million. The management vetted the design and approved TS of Rs.322.196 million and awarded the works to three different contractors with total cost of Rs.261.259 million.

During the audit for the Financial Year 2023-24, it was observed that during execution the matter went into litigation due to faulty design. Resultantly, consultant proposed certain changes in the design, which were accepted by the department with extra cost of Rs.60.871 million (Modified Cost Rs.322.130 million - Original Cost Rs.261.259).

Audit is of the view that design of the project was prepared by ignoring the directions of the Gilgit-Baltistan DWP and accepted by the management, therefore, contractor is liable for imposing maximum penalty amounting to Rs.9.050 million due to faulty design and management /sponsoring agency is liable for recovery of extra cost worth Rs.60.871 million as the work was in progress as per modified design.

The irregularity was pointed out during July 2024. The management replied that the matter is under inquiry with CMIT and action will be taken on the receipt of recommendations of inquiry report.

The DAC in its meeting held on 28.11.2024 directed the management to expedite the inquiry process and submit its outcomes to PAO for further decision.

Audit recommends that matter may be investigated for fixating responsibility against the persons at fault besides making recovery and strengthening the internal controls.

AP-480/2024-25

5.4.4 Non-recovery of inbuilt cost/facilities from the contractor–Rs.5.092 million

According to Cluses 15.5, 20.1 and 20.2 of Special Provisions of Contract, the contractors shall provide site office for use of Engineer fully furnished with furniture computer, printer, fax, telephone, internet facility, stationary etc. with the consent of Engineer/ Employer. Contractor will not be paid for such expenses separately. Contractor will quote his item rates keeping in view such expenses. All site facilities provided by the contractor will become the property of Employer after completion of project/successful completion of defect liability period.

The Executive Engineer Building Division Gilgit awarded the works construction of building for shelter home (Darul Aman) in Gilgit-Baltistan Gilgit to M/s Habib-ur-Rehman on 12.09.2017 at agreed cost of Rs.87.775 million. Similarly, the work construction of Police Station at Basin Gilgit was awarded to M/s Shams-ur-Rehman on 01.12.2022 at agreed cost of Rs.61.066 million with provision of same facilities to the Engineers. During the audit for the Financial Year 2023-24, it

was observed that neither the contractors established fully furnished offices along with provision of other site offices facilities for the Engineers and Staff/ Employer nor the management deducted the inbuilt cost of these facilities amounting to Rs.5.092 million. Details are at **Annexure-6**.

Audit is of the view that the non-recovery of inbuilt cost Rs.5.096 million is undue favour to the contractors. The irregularity occurred due to weak internal controls.

The irregularities were pointed out during August 2024. The management replied that notices have been issued to the contractors and recovery will be made in the next bills.

The DAC in its meeting held on 28.11.2024 directed the management to affect the recovery.

Audit recommends recovery be effected at the earliest to safeguard government interest besides strengthening of internal controls.

AP-584 and 585/2024-25

5.4.5 Un-justified release of funds in absence of site - Rs.32.821 million

According to Para 7.1 of Manual of Development the objectives of any effort in project planning and analysis is to have a project that can be implemented to the benefit and socio-economic uplift of the society. The objective of initiating of project is to making it fully functional and getting them fully underway for achieving the goals envisaged without any time and cost over-run, in order that the economic benefits accrue according to the promises made in the scheme.

The Executive Engineer Building Division Gilgit made an advance payment of Rs.32.821 million to the Deputy Commissioner/ Land Acquisition Collector Gilgit for acquiring land for different projects. Details are as under:

(Rs. in million)			
S. No.	Project details	Date of admin approval	Amount paid
1.	Establishment of APNA Ghar (Home for homeless Children) at Gilgit	16.11.2017	7.500
2.	Estb: of E Khidmat Markaz at Gilgit	03.01.2018	12.981
3.	Const: of Regional setup of EPA office at Gilgit	02.02.2022	12.340
	Total		32.821

During the audit for the Financial Year 2023-24, it was observed that despite laps of considerable time the work on project could not be started due to non-availability of land which resulted in blockage of funds.

Audit is of the view that non-provision of site for the execution of projects with the passage of time will increase the cost of the project besides time overrun. The irregularity occurred due to weak planning and internal controls.

The irregularity was pointed out during August 2024. The management replied that due to non-finalization of site of the projects by the concerned departments works on these projects could not be started.

The management admitted the point of view of the audit.

The DAC in its meeting held on 28.11.2024 directed the management to peruse the matter with concerned departments for early acquiring of land in order to avoid cost and time overrun.

Audit recommends that decision of the DAC may be implemented.

AP-588/2024-25

5.4.6 Non-revalidation of performance guarantees Rs.358.285 million

According to Clause 10.1 of CoC Part-II the contractor shall provide performance security to the employer in the prescribed form. The said security shall be furnished or caused to be furnished by the contractor within 28 days after the receipt of the letter of acceptance. The performance security shall be of an amount equal to 10% of the contract price stated in the letter of acceptance. Such security shall, at the option of the bidder, be in the form of either (a) bank guarantee from any scheduled bank in Pakistan or (b) bank guarantee from a bank located outside Pakistan duly counter-guaranteed by a scheduled bank in Pakistan (c) an insurance company having at least AA rating from PACRA/JCR.

The different Divisions of Work and Communication Department Gilgit-Baltistan awarded works involving cost of Rs.3,582.835 million to various contractors. During audit for the Financial Years 2022-23 and 2023-24, it was observed that the performance securities @ 10% provided by the contracts amounting to Rs.358.285 million in shape of insurance bonds were expired and not re-validated by the respective contractors whereas the works have not been completed. Details are at **Annexure-7**.

Audit is of the view that non-revalidation of the performance guarantees occurred due to non-adherence to the provision of contract agreements and ineffective implementation of internal controls.

The irregularities were pointed out during August to November 2024. The management replied that the performance guarantees in most cases have been revalidated, however, in some works notices have been issued to contractors for revalidation of performance guarantees.

The reply was not supported with copies of revalidated guarantees.

The DAC in its meeting held on 28.11.2024 and 10-11.12.2024 directed the management to recover proportionate recovery of unsecured period and also get the performance guarantees revalidated for the remaining period.

Audit recommends that the decision of the DAC may be implemented.

Note: *The issue was reported earlier also in the Audit Reports for the Audit Years 2022-23 and 2023-24 vide para number 19.4.31 and 24.4.3 having financial impact of Rs.4.970 million and Rs.324.088 million. Recurrence of same irregularity is a matter of serious concern.*

5.4.7 Irregular award of work on quotations basis – Rs.80.326 million

According to Para 12(2) of Public Procurement Rules 2004, all procurement opportunities over three million should be advertised on the Authority's website as well as in other print media or newspapers having wide circulation. The advertisement in the newspapers shall principally appear in at least two national dailies, one in English and the other in Urdu.

The Executive Engineer Building Division Gilgit incurred an expenditure of Rs.80.326 million on repair and maintenance work. During the audit for the Financial Year 2023-24, it was observed that the management incurred the expenditure on quotations basis instead of calling open tender in violation of rules.

Audit is of the view that the award of work without open competition deprived the government from the benefit of the competitive rates.

The irregularity was pointed out during August 2024. The management replied that works were awarded to contractors as per the spirit of Public Procurement Rules.

The reply was not accepted as the entire work was executed on quotation basis.

The DAC in its meeting held on 28.11.2024 shown serious concerns and directed the management to issue instructions to all divisions to strictly follow the Gilgit-Baltistan Public Procurement Rules failing which strict disciplinary action will be initiated against the concerned officers.

Audit recommends that responsibility may be fixed for the irregularity besides stopping the irregular practice.

AP-595/2024-25

5.4.8 Non-recovery of insurance premium Rs.88.617 million

According to Clause No. 21.1 to 25 of the agreement, the contractor is required, without limiting his or the employer's obligations and responsibilities

under clause-20 to insure the works together with materials and plant. The bid rates shall be deemed to have included all such obligations required under the clause and no separate payment shall be made to the contractor for such insurance. In case of failure of the contractor to keep enforced any of the insurances required, the employer was to effect and keep enforced the insurances by paying premium and recovery from the payments due to the contractor and the deductible limits in the insurance cover of the works shall not exceed 1% of the contract price.

The different Divisions of Communication and Works Department Gilgit-Baltistan awarded the works to the various contractors at cost of Rs.8,861.696 million. During the audit for the Financial Year 2023-24, it was observed that the respective Divisions has neither obtained insurance policies nor adjusted/deducted inbuilt cost of insurance premium/ insurance cover against uninsured period amounting to Rs.88.617 million from the contractors. Details are as under:

(Rs. in million)				
S No.	AP No.	Office	Cost of Contracts	Premium cost (1%)
1.	596	Building Division Gilgit	788.054	7.881
2.	612	B&R Division Hunza	2,465.140	24.651
3.	805	B&R Division Ghanche	1,295.623	12.956
4.	857	B&R Division Astore	1,163.154	11.632
5.	940	B&R Division Gilgit	3,149.725	31.497
Total			8,861.696	88.617

Audit is of the view that the management extended undue favour to the contractors and did not recover/ deduct premium cost of Rs.88.617 million from the contractors against the uninsured period.

The irregularity was pointed out during July to November 2024. The management replied that notices have been issued to the concerned contractors of ongoing schemes for provision of 1% insurance premium and for new project insurances premium will be taken before issuance of start order.

The reply was not supported with the notices issued to the contractors.

The DAC in its meeting held on 28.11.2024 and 10-11.12.2024 directed the management to recover cost of premium of insurance coverage from the contractors and further directed to issue instructions to all Divisions for strict implementation of provision of contract agreements.

Audit recommends that decision of the DAC may be implemented.

Note: The issue was reported earlier also in the Audit Reports for the Audit Years 2022-23 and 2023-24 vide para number 19.4.22 and 24.4.4 having financial impact of Rs.3.484 million and Rs.35.952 million. Recurrence of same irregularity is a matter of serious concern.

5.4.9 Overpayment due to non-deduction of cost of stone – Rs.1.189 million

According to Pak PWD specification 28.1-11, material obtained from the item excavation or cutting in hard rock by blasting, including sorting and stacking the excavated stuff complete will be close stacked. If any material is un-stackable, payment @ 50% of the quoted rate for hard rock is admissible.

According to rate analysis of Pak PWD Schedule of rates 2012 (item No.6 P-119) the item of P/L dry uncoursed rubble masonry in retaining wall etc. includes amount of Rs.2,075.000 % Cft as cost of stone in rate of Rs.6,917.460 %Cft. Similarly, an item of providing and laying uncoursed rubble masonry in cement mortar 1:6 in foundation, plinth and basement including scaffolding, curing etc. complete provided for Rs.11,146.150 %Cft which includes cost of stone for Rs.1,620 %Cft.

During the audit of Executive Engineer B&R Division Hunza for the Financial Year 2023-24, it was noted that the management awarded various works to different contractors and paid an amount of Rs.7.292 million on account of providing and laying dry uncoursed rubble masonry in retaining wall etc. and uncoursed rubble masonry in cement mortar 1:6 in foundation, plinth and basement including scaffolding, curing etc. complete.

Audit further noted that the formation also excavated hard rock and soft rock by blasting and through hammering & chiseling and did not deduct available stone from the items i.e. P/L dry uncoursed rubble masonry in retaining walls and P/L uncoursed rubble masonry in cement mortar 1:6”.

(Rs. in million)			
Total Amount of R/Stone masonry paid (Rs)	Qty Obtained from excavation Cft	Available stone in Cft	Cost of Stone used as per Criteria (Rs)
7.292	27,994	27,994	1.189

Audit observed that cost of available stone was not deducted from the items of rubble stone masonry. Non-deduction of cost of stone on account of available stone resulted in overpayment of Rs.1.189 million to the contractors.

Audit is of the view that overpayment occurred due to weak financial controls.

The irregularity was pointed out during September 2024. The management replied that calculations are being verified and the amount will be recovered if found overpaid.

The reply is not tenable as the management has not recovered the amount.

The DAC in its meeting held on 28.11.2024 directed the management to affect recovery from the contractors in next running bills.

Audit recommends that overpayment should be recovered from the contractors as well as reviewing all similar works involving recovery of cost of stone from excavated material besides strengthen the internal controls.

AP-599/2024-25

5.4.10 Irregular award of work in violation of rules – Rs.381.867 million

According to Rule 43 (1) of Gilgit-Baltistan Public Procurement Rules 2022, without changing the cost and scope of work or services, the procuring agency may negotiate with the successful bidder (with a view to streamline the work or task execution, at the time of contract finalization) on methodology, work plan, staffing and special conditions of the contract.

The Executive Engineer B&R Division Hunza for the Financial Year 2023-24, it was noted that the management awarded a work “Construction of Road from Khanabad to Nasirabad (Shinaki Road)” at negotiated cost of Rs.107.062 million on 21.06.2024 to M/s Firdous Ahmed against TS Estimates of Rs.95.008 million. Similarly, Executive Engineer, B&R Division, Ghanche during the year 2023-24 also awarded following contracts on negotiated cost in violation of rules:

S. No.	Name of Work	Contractor	PC-I Cost	TS Amount	Tender Amount	Negotiated Tendering
1	Water Supply Khaplu Town, Phase-III	Abdul Jalal Jv Muhammad Nawaz	98.858	105.013	147.323	123.701
2	Construction of Water Supply Chogo Balghar	Abdul Karim Jv Raza Ali & Sons and Fizal Builder	19.977	19.624	22.937	21.167
3	Metaling of Road Daghoni Gone	M/s Abdul Rehman & Sons	79.825	78.189	97.050	88.439
4	Re-Carpeting of Road from Surmo to Dumsum	Muhammad Ali Saltro Jv Muhammad Ibrahim & Sons	38.731	36.916	43.768	41.498
Total			237.391	239.742	311.078	274.805

Audit observed that the contracts were awarded on negotiated basis after opening of bids in violation of Rule 43 (1) of Gilgit-Baltistan Public Procurement Rules 2022.

Audit is of the view that the contracts were awarded in violation of Gilgit-Baltistan Public Procurement Rules 2022 due to weak financial and internal controls.

The irregularity was pointed during September 2024. The management replied that work has been awarded to the most advantageous bid as per the Gilgit-Baltistan Public Procurement Rules.

The DAC meeting was held on 28.11.2024. The DAC did not agree with the stance of department and directed to conduct an inquiry in the matter by including representative from Finance Department.

Audit recommends that the matter may be investigated for fixing the responsibility besides strengthen the internal controls.

AP-601, 602 and 812/2024-25

5.4.11 Non-forfeiture of bid security and irregular award of contract– Rs.3.217 million

According to tender policy issued by Communication and Works Secretariat Gilgit-Baltistan vide Letter No. Sec-SO-D-9(28)/2022-23/3537 dated 26.07.2022 rates quoted below 10% of the technical sanction shall be considered as unworkable, however, the bidder quoting rates below 10% of TS shall be required to provide along with his bids an additional performance guarantee of 50% of the differential amount in shape of CDR/Bank guarantee. In case of failure to produce the required differential amount of the bid by the bidder along with his bid documents, the bid shall be rejected and security of such bidder shall be forfeited.

The Executive Engineer B&R Division Hunza floated tenders for a work “Provision of RCC Bridge Over SOST Nullah Connecting Nazimabad to Hussainabad”. Out of five (05) responsive bidders, 1st and 2nd lowest bidders were rejected on non-submission of additional performance guarantee against their offered rates of 20.069% and 10.856% below the technical sanction estimates.

During the audit for the Financial Year 2023-24, it was observed that bid security of Rs.3.217 million of the rejected bidders were not forfeited as per tendering policy which resulted in non-implementation of tendering policy. Audit further observed that the 3rd lowest bidder M/s. Afzal Usman Associates JV Asif Ahmed Qureshi submitted bid of Rs.61.393 million however, the contract was awarded at negotiated cost of Rs.60.653 million on 03.10.2024. Non-forfeiture of bid security and award of contract to 3rd lowest on negotiated rate was irregular.

Audit is of the view that the irregularity occurred due to non-adherence to the rules.

The irregularity was pointed out during September 2024.

The DAC in its meeting held on 28.11.2024 directed the management to recover the amount of bid security Rs.3.217 million from the bidder and further directed to conduct an inquiry regarding award of contract to 3rd lowest on negotiated basis by including representative from Finance Department.

Audit recommends forfeiture of bid security/recovery of Rs.3.217 million besides fixing the responsibility.

AP-604 and 605/2024-25

5.4.12 Irregular execution of extra work – Rs.2.288 million

According to Rule 15 (2) of Gilgit-Baltistan Public Procurement Rules 2022, all procurement opportunities over three million should be advertised on the Authority’s website as well as in other print media or newspapers having wide circulation. The advertisement in the newspapers shall principally appear in at least two national dailies, one in English and the other in Urdu.

The Executive Engineer B&R Division Hunza awarded a work “Metaling of 500 ft Road from Main KKH to Masjid Quba Aliabad Hunza” to M/s Ahmed Brothers on 06.12.2022 for Rs.3.032 million. The 4th running bill amounting to Rs.5.320 million was paid on dated 21.06.2023. During the audit for the Financial Year 2023-24, it was observed that an additional works amounting to Rs.2.288 million was also executed by the contractor without competitive bidding in violation of public procurement rules as well as without approval of variation statement by the competent authority.

Audit is of the view that execution of additional work occurred due to weak internal controls.

The irregularity was pointed out during September 2024. The management replied that the work was executed in accordance with provision of the agreement.

The DAC meeting was held on 28.11.2024. the DAC did not agree with the stance of department and directed to conduct an inquiry in the matter by including representative from Finance Department.

Audit recommends fixing of responsibility against the person at fault.

AP-617/2024-25

5.4.13 Delay in award of work– Rs.151.061 million

According to Communication and Works Secretariat vide notification No. Sec-SO-D9-(4)/2017-18 dated 11.07.2018, all Divisions are required to complete bidding process for single stage two envelop within twelve weeks which includes five weeks for drawing/design, six weeks for tendering and one week for acceptance of bid and issuance of start order.

The Executive Engineer B&R Ghanche awarded works at agreed cost of Rs.322.144 million to different contractors. During the audit for the Financial Year 2023-24, it was observed that timelines fixed by the secretary office were not observed consequently, the contracts were awarded with delay from 12 to 16 weeks. Details are as under:

S. No.	Name of Work	Bid Opening Date	Bid Acceptance/ Work Order	Bid Cost	Delay
1	Const. of Truckable road from Keris to Gone District Ghanche	11.07.2023	07.11.2023	27.360	16 weeks
2	Const. of Water Supply Khaplu Town	11.03.2024	13.06.2024	123.701	12 weeks
	Total			151.061	

Audit is of the view that delay in award of works occurred due to weak internal controls.

The irregularity was pointed out during October 2024. The management replied that the contracts were awarded after fulfilling due process.

The DAC meeting was held on 10-11.12.2024. The DAC did not agree with the stance of department and directed to conduct an inquiry in the matter by including representative from Finance Department.

Audit recommends that responsibility may be fixed for the irregularity besides strengthening of internal controls.

AP-813/2024-25

5.4.14 Overpayment of price adjustment – Rs.8.449 million

According to revised PC-I approved on 12/01/2012, escalation cost for 2nd year & 3rd year @ Rs.6.5% & 13% on items No.1, 5, 13, 14, 16 & 17 i.e. on Rs.187.656 million. Moreover, according to para 7 of revised PC-I under Capital Cost Estimates and Implementation Phasing, price escalation was to be allowed from the 2nd year and 3rd year i.e. from 01.01.2013 to 31.12.2014.

During the audit of B&R Division Chillas for Financial Year 2023-24, it was noted that the management allowed payment of Rs.33.107 million against price adjustment to M/S Five Star Construction Company, Chillas upto 30th running bill on 27.6.2024. Audit observed that as price adjustment was required to be paid under the provision of revised PC-I with effect from 01.01.2013 to 31.12.2014 whereas, management allowed Rs.8.449 million as price adjustment for the period from 08.08.2007 to 12.12.2012, which was out of the scope of revised PC-I as no provision for price adjustment was made in original PC-I. Moreover, price adjustment from 4th year of the project was allowed without freezing the Pn factors. This resulted into overpayment of Rs.8.449 million.

Audit is of the view that overpayment of Rs.8.449 million was occurred due to non-adherence to the provision of revised PC-I and weak internal controls.

The irregularity was pointed out during October 2024. The management replied that payment was made in accordance with contract agreement.

The reply was not accepted as there was no provision of price adjustment in the contract agreement.

The DAC meeting was held on 10-11.12.2024. After detail discussion, the DAC directed to affect recovery as there is no provision of price adjustment in the PC-I/contract agreement.

Audit recommends that recovery may be effected.

AP-816/2024-25

5.4.15 Overpayment payment against metaling of roads– Rs.20.167 million

According to X-Section of Road, asphalt concrete with 2” thickness at 12 feet width (carriage way) was be provide/laid. Road was to be built at 11-inch thickness (2” asphalt concrete plus 9 9’ of stone soiling) after compaction from the formation level of the road. Further to, according to technical sanctioned estimates (TSE) assigned under T/S No.SED-(04)/2021-22, sub-grade and 6” stone soiling works were to be prepared at 14’ width.

The B&R Divisions Astore and Ghizer made payment of Rs.118.504 million to different contractors against various schemes. During audit for the Financial Year 2023-24, it was observed overpayment of Rs.20.167 million was made under the sub-head work metaling. Details are as under:

(Rs. in million)							
AP No.	Division	Scheme	Contractor	Item	Amount to be paid	Amount paid	Excess
852	B&R Division Astore	Improvement/metaling of existing road from Harcho to Diskin (Halqa-II), Astore	M/S Sardar Hussain	Metaling work	41.297	48.137	6.840
854	B&R Division Astore	Improvement/metaling of existing road from AVR to Doyan – Portion-II, Astore	M/s. Ghulab Khan	Metaling work	29.950	39.687	9.737
955	B&R Division Ghizer	08 KM road at District Ghizer (Metaling of roads HQ gahkuch)	M/s. Murtaza Khan	Metaling work	27.090	30.680	3.590
Total					98.337	118.504	20.167

Audit is of the view that excess payment of Rs.20.167 million was made due to non-compliance with provision of TS and ineffective technical and financial controls.

The irregularities were pointed out during October 2024. The management replied that the payments were made on basis of technical sanctions estimates.

The reply was not accepted as payment was required to be made on basis of actual work done.

The DAC in its meeting held on 10-11.12.2024 directed the management to conduct a fact-finding inquiry and to submit the report to PAO for further decision.

Audit recommends that matter may be investigated besides recovery.

5.4.16 Irregular revision of PC-I by an un-authorized forum – Rs.177.78 million

According to para 7.66 of the Manual, there are two development project approval forums in GB. The Gilgit-Baltistan Development Working Party (GB-DWP), head by the Chief Minister, is empowered to sanction development schemes

from Rs.400 million to Rs.1,000 million. The Gilgit-Baltistan Departmental Development Working Party (GB-DDWP), head by the Chief Secretary, is competent to sanction development schemes up to Rs.400 million.

The GB-DDWP-II in its meeting held 08.06.2024 under the Chairmanship of Additional Chief Secretary (Dev), Gilgit-Baltistan revised the development project “Construction of road from Turbiling to Harcho and RCC Bridge linking village Goriyal” was revised from original cost Rs.59.986 million to Rs.177.778 million. the B&R Division Astor incurred and expenditure of Rs.50.318 million (Rs.28.963 million against construction of road and Rs.21.355 million against construction of RCC Bridge) till the revision of PC-I. During the audit for the Financial Year 2023-24, it was observed that formation of GB-DDWP-II is not included in the forums provided in the manual for approval of development schemes. Therefore, revision of cost of the project and subsequent expenditure is irregular.

Audit is of the view that irregularity occurred due to non-adherence to the provisions of project management guidelines.

The irregularity was pointed out during October 2024. The management replied that the power has been delegated by the Cabinet.

The reply was not accepted as the formation of DDWP-II was not provided in the manual.

The DAC in its meeting held on 10-11.12.2024 pended the para and directed to refer the case to P&DD for comments and guidance.

Audit recommends that instruction of Planning Commission may be followed besides regularizing the irregularity from competent forum.

AP-859/2024-25

5.4.17 Overpayment due to non-deduction of stacking cost - Rs.4.382 million

According to Pak PWD specification 28.1-11, material obtained from the item excavation or cutting in hard rock by blasting, including sorting and stacking the excavated stuff complete will be close stacked. If any material is un-stackable, payment @ 50% of the quoted rate for hard rock is admissible.

The Executive Engineer B&R Division, Nagar during the Financial Year 2023-24, paid an amount of Rs.29.544 million to M/s. Khan Engineering & Construction for execution of works “Conversion of 02 small S/Bridge in to RCC Bridges over Hisper River Nagar I”. The payment included an amount of Rs.5.509 million against quantity of 96,413.11 cft% (55884.37+40528.74) @ Rs.2,285.58 plus 150% premium on account of excavation or cutting hard rock by blasting including sorting and stacking the excavated stuff complete with in a lift of 5 ft. (1.52 m) and lead upto 100ft (30.5m) etc. complete. Audit observed that serviceable material was neither sorted/stacked by the contractor nor the rate was reduced to the extent of 50% i.e. Rs.2.754 million (5,508,997 x 50%). Further, in other payment of Rs.3.427

million to the contractor, the serviceable material was neither sorted/stacked nor the rate was reduced to the extent of 47.5% i.e. Rs.1.628 million (3,427,292 x 47.5%).

The audit is of the view that overpayment of Rs.4.382 million occurred due to non-adherence to the rules.

The irregularity was pointed out during October 2024. The management replied that stones were not stacked.

The reply is not supported with documentary evidence.

The DAC in its meeting held on 10-11.12.2024 directed the management to recover the amount from contractor.

Audit recommends that recovery may be made from the contractor.

AP-860 and 861/2024-25

5.4.18 Delay in completion of scheme - Rs.49.648 million

According to Para 7.1 of Manual of Development the objectives of any effort in project planning and analysis is to have a project that can be implemented to the benefit and socio-economic uplift of the society. The objective of initiating of project is to making it fully functional and getting them fully underway for achieving the goals envisaged without any time and cost over-run, in order that the economic benefits accrue according to the promises made in the scheme.

The Executive Engineer Building & Road Division, Nagar awarded the contract of the scheme “12” dia pipe for irrigation purpose in Nagar” to Ms. BLTB on 23.01.2008 at cost of Rs.47.485 million with completion period of two years and expenditure of Rs.49.648 million has been made on execution of this scheme. During audit of the Division for the Financial Year 2023-24, it was observed that the scheme started in 2008 despite making expenditure of Rs.49.648 million has not been completed so far as evident from the progress report provided by the management.

Audit is of the view that abnormal delay in completion of scheme has made the project ineffective and resulted in wastage of funds. The irregularity occurred due to weak internal control.

The irregularity was pointed out during October 2024. The management replied that an inquiry is already in progress. Moreover, Chief Minister Inspection Team (CMIT) has also conducted an inquiry in the matter and report is awaited.

The DAC in its meeting held on 10-11.12.2024 pended the para till decision on CMIT inquiry.

Audit recommends that responsibility may be fixed for the irregularity.

AP-866/2024-25

5.4.19 Overpayment due to allowing higher rate of hot-mix bituminous– Rs.16.385 million

According to item 77 of PWD schedule of rates 2012 and 2022 providing and laying hot-mix bituminous concrete pavement laid with mechanical paver and mixed in central mixing plant in required thickness and density, rolled hot with different types of rollers complete as per specifications and job-mix formula and design: in single layer up to 1-1/2" (38 mm) thickness including priming coat @20 Lbs per %Sft complete @ Rs.7541.76 and Rs.12858.73 per ton respectively. As per standard method of measurement, when hot-mix bituminous wearing coarse paid in weight (tons), the priming is not paid separately and included in the rate of wearing coarse.

The XEN B&R Gilgit awarded the following works to M/s Hussain Ali & Sons JV Wajahat Hussain & Brothers during the Financial Year 2023-24:

S. No.	Works
01	Construction RCC Bridge Chilmisdass to Sultanabad
02	Construction of Protective Work for Grid G” Construction of Public Channel
03	RCC Culverts at Danyore
04	Metaling of road 7.3 width through mechanical paver

The item of prime coat as well as hot mix-bituminous wearing course with mechanical paver was paid to the contractors. The item of Prime Coat @ Rs.168.88 per sq. m were incorporated in revised PC-I in addition to Asphalt Concrete Wearing Course (ACWC) @ Rs.18,000 analyzed on market rate basis. Details are at **Annexure-8**. Audit observed that inclusion of prime coat of Rs.4.204 million along with ACWC is against the standard method of measurement and the payment at higher rate of Rs.18,800 per ton instead of SR 2022 i.e. Rs. 12,858.73 per ton resulted in an overpayment of Rs.16.385 million.

Audit is of the view that overpayment was made due to weak internal controls.

The irregularity was pointed out during October 2024. The management replied that rate analysis has been made and paid against the item.

The DAC in its meeting held on 10-11.12.2024 directed the management to apply the correct item rate and recover the excess amount from the contractor.

Audit recommends that over paid amount be recovered from the contractor.

AP-936/2024-25

5.4.20 Overpayment due to non-deduction of voids -Rs.6.441 million

According to rate analysis of Rs.6,917.14 per %cft of item No. 6 i.e. “providing and laying dry uncoursed rubble masonry in retaining or compound wall including scaffolding complete etc.”, provided in Pak PWD Schedule of Rate 2012,

135 cft quantity of stone was required to achieve 100 cft finished quantity against the same item.

During the audit of Executive Engineer B&R Division Gilgit for the Financial Year 2023-24, it was revealed that the management awarded the different works to the seven contractors and paid against the 46,227.082 cft. quantity @ Rs.6,917.46 per %cft for providing and laying dry uncoursed rubble masonry in retaining or compound wall including scaffolding complete. Audit observed that the voids @ 35% was not deducted from the total quantity of dry uncoursed rubble masonry which resulted an overpayment of Rs.6.411 million. Details are at **Annexure-9**.

Audit is of the view that overpayment was occurred due to non-adherence to the provision of rate analysis of the item and ineffective implementation of internal controls.

The irregularity was pointed out during October 2024. The management replied that the payment has been made as per the requirement of site.

The reply was not accepted the management was required to adjust the void factor.

The DAC meeting was held on 10-11.12.2024. The DAC did not agree with the view point of department and directed recovery of overpayment from the concerned contractors.

Audit recommends that overpaid amount be recovered from the contractors besides strengthening of technical and financial controls.

AP-937/2024-25

5.4.21 Non-auction of unserviceable machinery & equipment - Rs.26.637 million

According to Para 167 GFR Vol-I the stores which are reported to be obsolete, surplus or unserviceable may be disposed of by sale or otherwise under the orders of the authority competent to sanction the writing off of a loss caused by deficiencies and depreciation equivalent to their value.

During the audit of Executive Engineer B&R Division Gilgit and Ghizer for the Financial Year 2023-24, it was revealed that unserviceable Machinery & Equipment, vehicles and old material valuing Rs.26.637 million (as per assessment of the department) was dumped since 2021 for open auction. Audit observed the despite laps of considerable time the management could not dispose of unserviceable machinery & equipments through open auction. With the passage of time deterioration of unserviceable store items will further reduce the auction value in addition of expenditure involved on security and utilization of space.

Audit is of the view that non-auction of the unserviceable store items occurred due to non-adherence to the government rules and ineffective implementation of the internal controls.

The irregularity was pointed out during October 2024. The management replied that auction of vehicles is mandate of S&GAD, however auction of remaining unserviceable machinery & tools, plants and office equipment will be processed in due course of time.

The DAC in its meeting held on 10-11.12.2024 directed the management to complete auction process within 03 months at regionals level.

Audit recommends that decision of the DAC may be implemented.

AP-945 and 952/2024-25

5.4.22 Doubtful expenditure on installation of steel sign boards – Rs.1.498 million

According to para 148 of GFR Vol-I, all materials received should be examined, counted, measured or weighed as the case may be and recorded them in the appropriate stock register. When materials are issued from stock for departmental use, the officer in charge of the stores should see that an indent in the prescribed form has been made by a properly authorized person and when materials are issued, a written acknowledgement should be obtained from the person to whom they are ordered to be delivered or dispatched, or from his duly authorized agent.

The B&R Division Ghizer awarded a work installation of Sign Boards at Wooden suspension bridges in district Ghizer to M/s. Shan Builders at agreed cost Rs.1.349 million on 08.03.2024 with completion period of 03 months. The 1st running bill was paid to the contractor with a total value of work done Rs.1.498 million on 07.06.2024 during the Financial Year 2023-24. During the audit in October 2024 while visiting the sites, audit observed that signboards of required specifications were not installed for which payment of Rs.1.498 million was made on 07.6.2024. Further, it was observed that even the old signboards were not painted or re-fixed.

Audit is of the view that non-installation of required signboards at the wooden suspension bridges in district Ghizer has not only raises concerns about safety but also made the entire expenditure doubtful. The irregularity occurred due to weak internal controls.

The irregularity was pointed out during October 2024. The management replied that the Sign Boards have been installed at site of bridges.

The reply was not accepted as the work was not executed at the time of making payment to the contractor.

The DAC in its meeting held on 10-11.12.2024 directed the Chief Engineer Gilgit Region to constitute a Board of Officers headed by SE Gilgit to investigate the matter and submit report to PAO.

Audit recommends that the responsibility may be fixed for the irregularity.

AP-948/2024-25

5.4.23 Irregular award of contracts for procurement– Rs.396.076 million

According to Rule-4 of Public Procurement Rules, 2004 the procuring agencies, while engaging in procurements, shall ensure that the procurements are conducted in a fair and transparent manner, the object of procurement brings value for money to the agency and the procurement process is efficient and economical.

The B&R Division Ghizer during the Financial Year 2023-24, invited tenders for the execution of different works valuing Rs.396.076 million. Audit observed as under:

- i. In most cases tender forms/ tender documents were issued to three to five bidders and the same bidders participated in the bidding process which shows that tenders were not invited through wide publicity.
- ii. Call deposits submitted by the contractors were issued by the same bank with consecutive serial numbers whereas participants were from different localities which prove that all CDRs were management by a single bidder on behalf of other just to fulfill the formality. In most cases, the CDRs were prepared from non-scheduled Banks.
- iii. The office neither maintained regular CDRs record nor retained the copies to authenticate the actual receipt and return of CDRs after completion of procurement process.

The above state of affairs proved that tendering process amounting to Rs.396.076 million was impaired leading to non-transparency and mis-procurement.

Audit is of the view that irregularity occurred due to non-adherence to the provision of rules and inefficient implementation of the administrative, technical and financial controls.

The irregularity was pointed out during October 2024. The management replied that the all the procurements were made following the rules.

DAC meeting was held on 10-11.12.2024. The DAC did not accept the view point of department and directed the Chief Engineer Gilgit to constitute a board of officers to inquire the matter and submit report within a month time.

Audit recommends that responsibility may be fixed for the irregularity.

AP-950/2024-25

5.4.24 Non-preparation of PC-IV-Rs. 538.394 million

According to Para 3.33 of guidelines for project management the project is considered to be completed / closed when all the funds have been utilized and objectives achieved, or abandoned due to various reasons. At this stage the project has to be closed formally, and reports to be prepared on its overall level of success, on a proforma PC-IV and forwarded to the Projects Wing of Planning Commission.

During the audit of B&R Division Ghizer for the Financial Year 2023-24, it was noted that 11 development schemes with cost of Rs.538.394 million were completed. Details are at **Annexure-10**. Audit observed that PC-IVs of the projects were not prepared and forwarded to Planning & Development Department in violation of guidelines of the project management.

Audit is of the view that non-preparation of PC-IVs was due to weak management controls.

The irregularity was pointed out during October 2024. The management replied that preparation of PC-IVs of the completed projects is the mandate of concerned departments, while PC-IVs of works & communication are under process for submission to P&DD.

The reply indicates that the management has not prepared the PC-IVs of the completed schemes.

The DAC in its meeting held on 10-11.12.2024 directed to expedite the process of preparation of PC-IVs at the earliest. The DAC further directed that concerned division should complete the PC-IVs of their portion and submit to concerned departments alongwith completion report for further necessary action.

Audit recommends the decision of the DAC may be implemented.

AP-964/2024-25

5.4.25 Non-maintenance of record relating to emergency works and other work schemes-Rs.468.32 million

According to Rule 205 of FTR Vol-I a government officer entrusted with the payment of money shall obtain for every payment he makes, including repayment of sums previously lodged with the Government, a voucher setting forth full and clear particulars of the claim and all information necessary for its proper classification and identification in the accounts. Every voucher must bear, or have attached to it, an acknowledgment of the payment signed by the person by whom, or in whose behalf, the claim is put forward. The acknowledgment shall be taken at the time of payment.

The B&R Division Ghizer during the Financial Year 2023-24, incurred expenditure of Rs.248.535 million on emergency work (flood damages) and

Rs.219.785 million misc. other work schemes. Audit observed that the record i.e. payment vouchers, acknowledgement receipts etc. were not available with the office to substantiate the expenditure.

Audit is of the view that in the absence of record, the authenticity of expenditure amounting to Rs.468.32 million on account of emergency work and other misc. schemes cannot be ascertained.

The irregularity was pointed out during October 2024. The management replied that the record related to emergency works is with Anti-Corruption Department for investigation.

DAC meeting was held on 10-11.12.2024. The DAC pended the para till finalization of inquiry.

Audit recommends that finding of inquiry report alongwith record be provided.

AP-965/2024-25

5.4.26 Loss to government due to acceptance of old model of vehicle and cost of POL and repair – Rs.34.322 million

According to Clause 7(a) of Special Conditions of Contract Agreement the contractor shall supply one number brand new project vehicle with registration in the name of Employer on permanent basis to the Employer free of cost in addition to BOQ provision. No payment shall be made to the contractor against this item.

The Project Director Construction of Road from Pissan to Hopper Nagar during the Financial Year 2023-24 awarded a work “Construction of Road from Pissan to Hopper Nagar to M/s NLC-Alforsan JV at an agreement cost of Rs.3,841.826 million on 09.06.2023. The contractor was paid 4th running bill of Rs.865.659 million. The contractor purchased old model “E” 2021 in the month of March 2021. Audit observed that the management accepted Toyota Hilux Reve “E” instead of latest model “G” which resulted into loss of Rs.6.602 million (Rs.12.549 million -Rs.5.947 million). Further, the contractor neither provided the drivers nor made any arrangement for provision of fuel and repair & maintenance of the said vehicles. The financial impact of the facilities comes to Rs.27.720 million.

Audit is of the view that irregularity occurred due to non-adherence to the provision of contract agreement.

The DAC meeting was held on 10-11.12.2024. The DAC directed the management to replace the vehicle with latest model in accordance with contract clause or otherwise affect recovery of cost difference.

Audit recommends that decision of the DAC be implemented.

AP-969 and 971/2024-25

5.4.27 Excess payment due to disposal of surplus excavated material – Rs.96.106 million

According to item 1 to 4 of BoQs excavation or cutting surplus soft material by mechanical mean and dispose of surplus excavated material up to 10 mile complete as direction of Engineer in Charge were provided @ Rs.518.50, Rs.1130, Rs.850 and Rs.750 per cu.m.

The Project Director Construction of Road from Pissan to Hopper Nagar during the Financial Year 2023-24 awarded a work “Construction of Road from Pissan to Hopper Nagar to M/s NLC-Alforsan JV at an agreement cost of Rs.3,841.826 million on 09.06.2023. The contractor was paid 4th running bill of Rs.865.659 million. The following items of work were paid to the contractor:

(Rs. in million)

S. No.	Item	Qty Paid Cft	Qty to be paid Cft	Difference	Rate of Lead	Excess amount paid
1	Excavation or cutting surplus common material	286114.28	116965	169149	250	42.287
2	Excavation or cutting surplus hard rock	176323	33655	142668	250	35.667
3	Excavation or cutting surplus medium	65638.84	35,090	30,549	250	7.637
4	Excavation or cutting surplus soft rock	93526	51,465	42,061	250	10.515
	Total					96.106

Audit observed that excavated material was not retained for use in other items of work within the nearby road material which resulted in excess payment of Rs.96.107 million.

Audit is of the view that non-retention of excavated material was irregular and violation of provision of BoQs.

The DAC meeting was held on 10-11.12.2024. The DAC constituted a technical committee headed by S.E C&WD Gilgit along with members to review the issue within one month.

Audit recommends that the matter may be investigated for fixing the responsibility.

AP-976/2024-25

5.4.28 Loss to government due to review of design – Rs.14.089 million

According to Para 7.1 of Manual of Development the objectives of any effort in project planning and analysis is to have a project that can be implemented to the benefit and socio-economic uplift of the society. The objective of initiating of project

is to making it fully functional and getting them fully underway for achieving the goals envisaged without any time and cost over-run, in order that the economic benefits accrue according to the promises made in the scheme.

The Project Director Construction of Road from Pissan to Hopper Nagar during the Financial Year 2023-24, awarded “Feasibility Study of Road from Pissan to Hopper Nagar alternate Route of KKH” in October 2019 to M/s NESPAK. The scope of work includes preparation of detail design of all components of structure, detailed drawings of final alignment, BoQ and costing of project and preparation of PC-I at an agreed cost of Rs.19.949 million. Further, management also hired M/s ACE-JV Integrated Services for design review and construction supervision for the project on 02.12.2021 at an agreed cost of Rs.99.635 million and paid Rs.16.089 million on 20.06.2023.

Audit observed that the activities performed by design consultants were also reperformed by Design Review/Construction Supervision Consultants instead of vetting/design review which resulted loss to government Rs.14.089 million (Rs.16.089 – 2.00= Rs.14.089 million, Rs. 20.00 million x 10%=Rs. 2.0 million).

Audit is of the view that one of the above consultants did not perform the required services to the satisfaction of the Engineer Incharge/employer.

The management replied that a case was initiated for blacklisting the NESPAK.

The DAC meeting was held on 10-11.12.2024. The DAC directed the management to recover the remaining consultancy fee besides forfeiting the security of original designer and taking action against the original consultant.

Audit recommends that decision of the DAC be implemented.

AP-980/2024-25

5.4.29 Non-adjustment of the cost of facilities - Rs.15.360 million

According to Cluses 20.1(a)(b)&(e) of special provisions of contract agreement the contractor shall provide fully furnished site office for usage of Engineer not less than 300 Sft covered area, furniture, Transport and office equipment & stationery. The contractor will not be paid for such expanses separately and will quote his rates keeping view of such expenses.

The B&R Division Skardu during the Financial Year 2023-2024, awarded contract of four schemes to different contractors. The contractors were liable to provide various facilities to the Engineers/Employers. Audit observed that the contractors neither provided the required facilities to the Engineers nor the management adjusted the inbuilt cost of the facilities amounting to Rs.15.360 million. Details are at **Annexure-11**.

Audit is of the view non-adjustment of government dues amounting to Rs.15.360 million occurred due to non-adherence to the provision of the contract agreement and inefficient implementation of internal controls.

The irregularity was pointed out during September 2024. The management replied that the out of 4 contractors two have established their offices, and the remaining two projects are small in size and the special provision of contract is unjustified.

The reply is not satisfactory as the contractors were bound to fulfill their contractual obligations.

The DAC meeting was held on 10-11.12.2024. The DAC did not agree the view point of the department and directed to recover the amount being the inbuilt cost. The DAC further directed that inclusion of special provision should be rationalized and restricted to a certain financial limit endorsed by all regional Chief Engineers.

Audit recommends that inbuilt cost may be recovered.

AP-692/2024-25

5.4.30 Irregular payment to contractor against unexecuted works – Rs.5.500 million

According to para 228 & 229 of CPWA Code, advances to the contractors are prohibited and every endeavour should be made to maintain a system under which no payment are made except for actual work done.

The B&R Division Skardu during the Financial Year 2023-2024, paid an amount of Rs.5.500 million to M/S HAK & Sons (JV) Yousuf Ali & Brothers vide 7th running bill on 23.06.2023 against works metaling of road from 411 to Abdullah Hospital Skardu. Audit observed that payment was allowed without recording detail measurement despite the fact that an amount of Rs.10.890 million was already outstanding against the contractor against mobilization advance.

Audit is of the view that payment against unmeasured works was allowed to extend undue financial benefit to the contractor in violation of provision of CPW Account Code and weak internal controls.

The irregularity was pointed out during September 2024. The management replied that payment has been made against work done but not measured at site due to far-flung area and shortage of time and accordingly the work was measured within three months.

The reply is not satisfactory as the work site was within the main city.

The DAC in its meeting held on 10-11.12.2024 directed to constitute a fact-finding inquiry and also directed to take-up the matter with Finance Department for timely release of funds to avoid rush of expenditure in the month of June.

Audit recommends that disciplinary action be taken against the persons for making payment without recording detail measurement.

AP-694/2024-25

5.4.31 Non-formulation of drinking water policy for Gilgit-Baltistan

According to Para-I of National Drinking Water Policy-2009, the policy complements, and will be implemented in coordination with, the National Environment Policy, National Sanitation Policy, National Water Policy and other related policies of the Government of Pakistan for protection and improvement of public health and quality of life. The Federal Government, Provincial Governments, AJK and Federally Administered Territories will devise their own strategies, plans and programme in pursuit of this policy.

During performance audit of the PHE, Gilgit audit observed that the department failed to comply with the National Drinking Water Policy-2009 and could not devise Drinking Water Policy for Gilgit-Baltistan. Whereas, Punjab, Sindh and KP have already devised their drinking water policies in pursuance to National Drinking Water Policy-2009 (*reported vide para 4.1.1 in Performance Audit Report of Public Health Engineering (PHE) for the Audit Year 2021-22*).

The matter was pointed out during April, 2022 and the department replied that currently National Drinking Water Policy 2009 is being observed in GB. The matter has been taken up with Secretary Works for preparation of Drinking Water Policy for GB in line with provision of National Drinking Water Policy-2009.

Audit recommends that the Drinking Water Policy for Gilgit-Baltistan may be formulated in accordance with provisions of National Drinking Water Policy-2009 in order to provide clean and safe drinking water to the people of Gilgit-Baltistan.

Para 4.1.1 of PAR of PHE-2021-22

5.4.32 Non-functioning of water filtration plants -Rs.16.290 million

According to Para 7.1 of Manual of Development the objectives of any effort in project planning and analysis is to have a project that can be implemented to the benefit and socio-economic uplift of the society. The objectives of initiating of project is to making it fully functional and getting it fully underway for achieving the goals envisaged without any time and cost over-run, in order that the economic benefits accrue according to the promises made in the scheme.

During Performance audit of office of the Executive Engineer PHE, Gilgit audit observed that the department installed 75 water filtration plants in Gilgit ***(reported vide para 4.1.1 in Performance Audit Report of Public Health Engineering (PHE) for the Audit Year 2021-22).***

Audit observed that 11 water filtration plants involving installation cost of Rs.16.290 million were non-functional.

Audit is of the view that due to weak management and inefficiency of the department, the objectives of the projects could not be achieved despite completion of the filtration plants and availability of human resources.

The matter was pointed out during April, 2022. The department replied that utmost efforts were made for making plants functional. However, due to some social and other administrative issues a few water filtration plants could not be made functional so far.

Audit recommends that the matter may be investigated for fixing responsibility besides making filtration plants functional without further delay.

Para 4.1.6 of PAR of PHE-2021-22

CHAPTER-6

6. GILGIT-BALTISTAN DISASTER MANAGEMENT AUTHORITY

6.1 Introduction

A. In accordance with Section 9 of the Gilgit-Baltistan Disaster Management Act, 2017, the Gilgit-Baltistan Disaster Management Authority (GBDMA) is responsible and authorized for devising, implementing, coordination and monitoring disaster management plans, policies, and activities in Gilgit-Baltistan. The authority is also mandated to coordinate and monitor the implementation of the provincial policy and plan and to provide necessary technical assistance to the different departments of the government.



Audit Profile of Gilgit-Baltistan Disaster Management Authority

(Rs. in million)

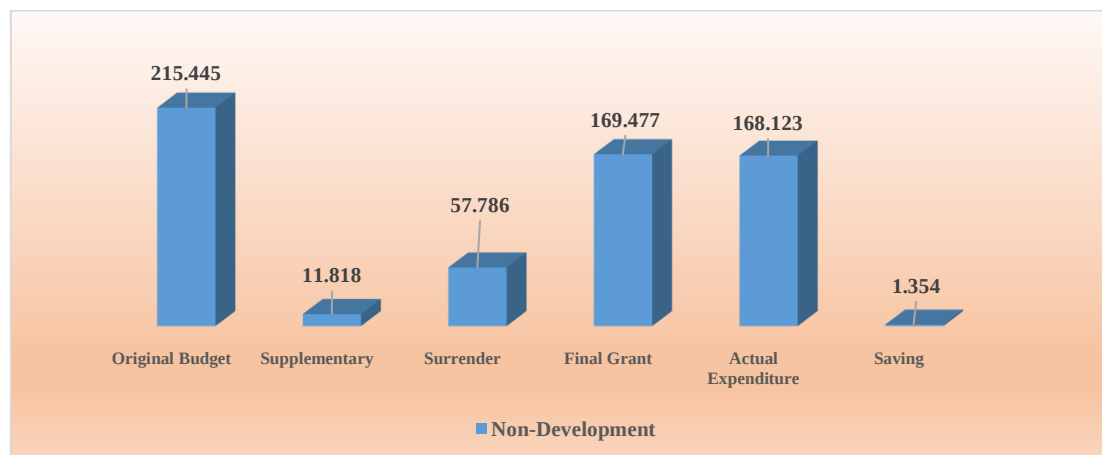
S. No.	Description	Total Nos.	Audited	Expenditures audited FY 2023-24	Receipts FY 2023-24
1.	Formations	11	1	1,809.273	-

B. Comments on Budget & Accounts (Variance Analysis)

Budget allocation and expenditures of Gilgit-Baltistan Disaster Management Authority for the Financial Year 2021-22 is as under:

(Rs. in million)

Grant	Original Budget	Supplementary	Surrender	Final Grant	Actual Expenditures	Saving
Non-Dev-26	215.445	11.818	(57.786)	169.477	168.123	1.354



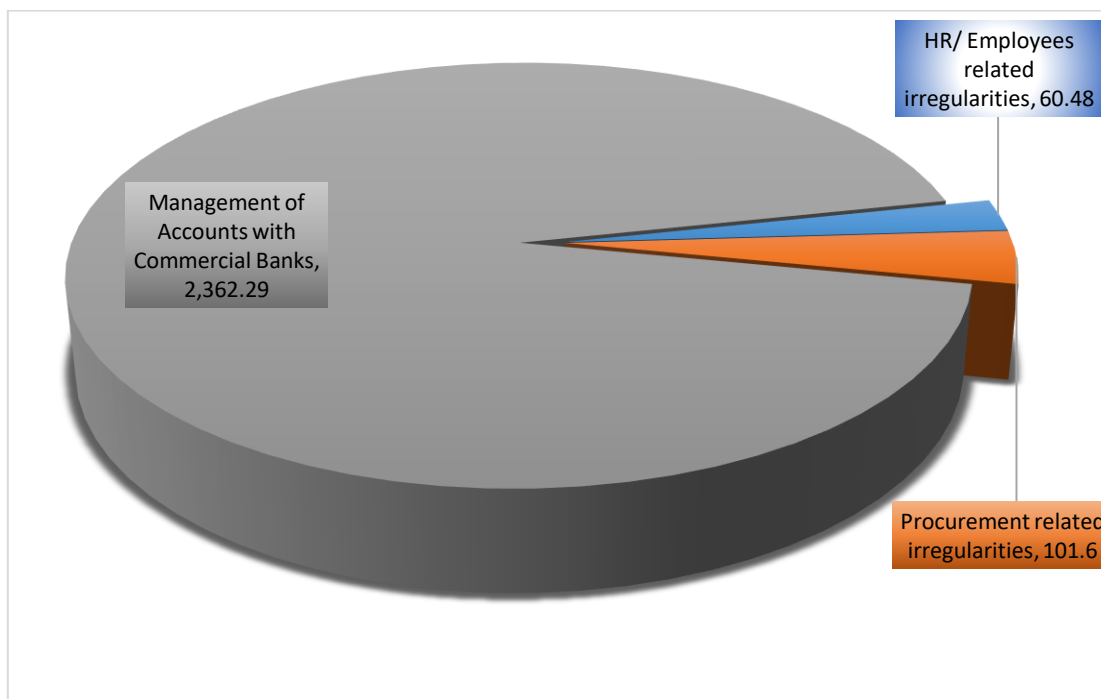
Allocation of Rs.215.445 million was made for non-development budget. During the year, supplementary grant of Rs.11.818 million was granted which 5.48% of the original allocation. The authority also surrendered an amount of Rs.57.786 million which is 26.82%. Against final grant of Rs.169.477 million, the authority utilized funds of Rs.168.125 million which is 99.20% of the final grant leaving a minor saving of Rs.1.354 million.

6.2 Classified summary of Audit observations

Audit observations amounting to Rs.2,524.367 million were raised in this report during current audit of GBDMA. Summary of the audit observations classified by nature is as under:

(Rs. in million)

S. No.	Classification	Amount
1.	HR/ Employees related irregularities	60.480
2.	Procurement related irregularities	101.600
3.	Management of Accounts with Commercial Banks	2,362.287
Total		2,524.367



6.3 Comments on the status of compliance with PAC directives

Following PAC meetings were held to discuss the audit paras of the department:

Years	No of audit paras	No of Actionable Points	Compliance	Non-Compliance	% of Compliance
2020-21	4	4	2	2	50%
2020-21	1	1	1	0	100%
2022-23	4	4	3	1	75%

6.4 AUDIT PARAS

6.4.1 Irregular investment and loss – Rs.468.440 million

According to Section-6 of Gilgit-Baltistan Investment Policy for Endowment Funds 2018, it shall be the discretion of investment Committee of the concerned department to decide the mode for investment of Endowment Funds established under this Policy based on the size of the endowment funds congeniality of investment and considering optimal financial returns. For such mode of investments which include but not restricted to area: Real Estate, National Savings, Insurances, Stock Exchange etc. The modus operandi and other procedures of selections shall be prepared and worked out by the IC. However, till formulation of such methods and procedures and keeping in view the limited scope of safe and secure investment opportunities in Gilgit-Baltistan besides downplaying the risk factors in such kind of investments for the time being only investment in Term Deposit Receipts (TDRs)

with nay Scheduled Bank(s) of Pakistan under SBP Act, 1956 is permissible till revision of this Policy by the Competent Authority.

The Disaster Management Authority invested funds of Rs.1,056.232 million for a period of three years with effect from 02.03.2022 to 01.03.2025 in Karakoram Cooperative Bank Ltd. (KCBL) @12.50% per annual profit.

Audit observed that investment was aligned with the discount rate of State Bank of Pakistan/KIBOR which offers rates for terms only (upto 1 & 2 week, 1, 3, 6 & 9 months and 1 year). KIBOR's offered rates on 17.2.2022, 17.3.2023 & 17.4.2024 for one year were 11.22%, 19.27% & 21.23% respectively, which reflects substantial increase in interest rates for short terms investment instead of long term. Among participated banks, Habib Bank Limited (MFB) offered highest rates i.e. 11.75% for 01 year; whereas, management opted for long term investment at 12.50% for 03 years with a differential impact of 0.75% interest rates for two consecutive years form a non-scheduled and un-rated bank instead of opting for one year for yielding 19.15% profit for two years from 17.2.023 to 16.2.2025 which resulted in a loss of Rs.468.440 million ($1,056.232 \times 19.15\% = 202.268$ & $1,056.232 + 202.268 = 1,258.500 \times 21.15\% = 266.172$) and benefit was extended to the Bank.

Audit is of the view that loss to government amounting to Rs.468.440 million was occurred due to mismanagement and ineffective implementation of internal control.

The irregularity was pointed out during August 2024. The management replied that investment was made after following due process and in accordance with Gilgit-Baltistan Disaster Management Authority investment policy.

The reply was not accepted as the funds were invested for 03 years on basis of KIBOR which is valid upto maximum one year.

The DAC in its meeting held on 04.12.2024 decided to constitute a fact-finding committee comprising of Deputy Director, GBDMA, a representative each from Home and Finance Department. The committee will ascertain facts, why the funds were invested for 03 years as KIBOR is offered bid up to maximum of one year.

Audit recommends investigating the matter for fixing responsibility against the persons at fault.

AP-541/2024-25

6.4.2 Irregular establishment of Gilgit-Baltistan Disaster Management Endowment Fund– Rs.1,056.232 million

According to Section 70(3) of Gilgit-Baltistan Order, 2018 the custody of the Gilgit-Baltistan Consolidated Fund, the payment of money into that Fund and

withdrawal of money therefrom shall be regulated by the Act of the Assembly or, until provision in that behalf is so made by rules made by the Governor.

According to Section 41 of Gilgit-Baltistan Disaster Management Act, 2017 the Government may by notification in the official gazette, make rules for carrying out the purposes of this Act.

The Gilgit-Baltistan Disaster Management Authority established Gilgit-Baltistan Disaster Management Endowment Fund in 2016-17 out of the grant-in-aid provided by the Federal Government and Gilgit-Baltistan Government. The Authority has invested Rs.1,056.232 million in the Funds for a period of three years with effect from 02.03.2022 to 01.03.2025 in KCBL. The Authority incurred an expenditure of Rs.69.250 million on procurement of 2500 tents @Rs.27,700/- per unit cost from disaster management endowment fund. During the audit for the Financial Year 2023-24, it was observed that there was no provision in the Gilgit-Baltistan Disaster Management Act 2017 for establishment of Endowment Fund.

Audit is of the view that establishment of fund in absence of provision in the Act was irregular.

The irregularity was pointed out during August 2024. The management replied that the Endowment Fund was established under the directive of the Prime Minister during his visit to Gilgit-Baltistan in 2015. According to approved policy the profit can be utilized, without effecting the principal amount, for disaster-related activities. Therefore, after fulfilling the necessary procedural requirements outlined in the policy, this office purchased tents for the management of earthquake-affected individuals of Rundu, which falls under the scope of DRM. As the rules for utilization was not framed therefore this office has obtained approval from Chief Minister in this particular case.

The reply was not accepted as the Authority neither framed rules pursuant to Rule-41 of Gilgit-Baltistan Disaster Management Act, 2017 nor any provision exists in the Act for establishment of said fund.

The DAC meeting was held on 04.12.2024. The management apprised the DAC that Ex-Post facto approval will be obtained from the Steering Committee for withdrawal of profit. The DAC directed the management to obtain the approval of the Steering Committee besides framing the rules.

Audit recommends that rules may be formulated to regulate the expenditure.

AP-542 and 546/2024-25

6.4.3 Irregular purchase of relief items– Rs.1.600 million

According to Section-2(a)&(b) of the Gilgit-Baltistan Disaster Management Act, 2017 affected area means an area or part of the Gilgit-Baltistan affected by a disaster and disaster means a catastrophe, or a calamity in an affected area, arising

from natural or man-made causes, or by accident which results in a substantial loss of life or human suffering or damage to, and destruction of, property.

The Disaster Management Authority during the Financial Year 2023-24, purchased tents at cost of Rs.1.600 million (20 tents @ Rs.80,000/- per unit) from M/S Muhammad Nawaz with the approval of Chief Secretary for schools on immediate basis keeping in view of upcoming weather pattern. Audit observed that neither ground for procurement of tents come within the meaning of definition of affected area and disaster nor any emergency to this effect was declared by the Government of Gilgit-Baltistan. Furthermore, the Finance Department did not support the proposal submitted by GBDMA for purchase of tent for schools.

Audit is of the view that irregularity occurred due to non-adherence to the proviso of Act and weak internal controls.

The irregularity was pointed out during August 2024. The management replied that this department does not have the mandate to supply tents to schools, as a specific department exists to handle such matters. However, in compliance with directives of executive, this department obtained approval from higher authorities and purchased tents as instructed.

The management admitted the point of view of the audit.

The DAC meeting was held on 04.12. 2024. The DAC did not agree with the stance of management and decided to refer the para to PAC for its directives.

Audit recommends that matter may be investigated for taking appropriate action against the persons at fault besides strengthening internal controls.

AP-547/2024-25

6.4.4 Irregular appointment and regularization of officers – Rs.60.480 million

According to Rule 3 of FPSC (Functions) Rules 1987, all posts in BPS 16 and above which are filled by direct recruitment shall be filled through the Federal Public Service Commission.

The Disaster Management Authority appointed 09 Assistant Director (BS-17) on contract basis with effect from 14.06.2016 for a period of one year further extendable to another two years or till the arrival of regular incumbent through a process plan, whichever is earlier. Details are at **Annexure-12**. The Authority paid an amount of Rs.60.480 million on account of salaries @ Rs.80,000/- per month (Avg) with effect from 01.07.2017 to 30.06.2024. During the audit for the Financial Year 2023-24, it was observed that:

- i. Appointments were made by the Authority without framing recruitment rules of posts instead appointment through FPSC.

- ii. All the extensions in contract period were granted by the department upto regularization of employees instead of seeking extension from FPSC and placing requisition for filling of said posts on regular basis by the Commission.
- iii. 10% quota of women and 5% quota of minority against 09 posts were not observed.
- iv. 80% posts of Assistant Director are required to be filled by initial appointment and 20% by promotion. Therefore, regularization of two employees against promotion quota is irregular.
- v. As per Section-9 of the Gilgit-Baltistan Employees (Regularization of Services) Act 2020, an overriding effect to FPSC (Functions) Rules, 1987 has been given; whereas, as per legislative list subject of Federal Public Service Commission comes within the purview of Prime Minister; hence, overriding effect upto the extent of FPSC rules does not cease.

Audit is of the view that initial appointment on contract basis and further extension in contract periods and subsequent regularization of 9 Assistant Director was made in violation FPSC rules and standing instructions of the Establishment Division.

The irregularity was pointed out during August 2024. The management replied that the Chief Secretary of Gilgit-Baltistan is empowered to make appointments on contractual posts after fulfilling the required formalities, such as advertising the posts, conducting tests, and holding interviews. These positions were filled after completing all the necessary procedures.

The reply was not accepted as the Chief Secretary was not competent to make appointment against the rule as the appointments fall within the purview of FPSC.

DAC meeting was held on 04.12.2024. The management apprised the DAC that the employees have already been regularized through Act of Gilgit-Baltistan Assembly and matter is out of purview of DAC. Hence, the Para referred to PAC.

Audit recommends that matter may be investigated for taking appropriate action against the persons at fault besides strengthening the internal controls.

AP-549/2024-25

6.4.5 Non-completion of key components of project costing Rs.100.000 million

The ECNEC in its meeting held on 18.02.2004 directed each executing Division/ Ministry of establish Planning & Monitoring Cells to plan, appraise, monitor & evaluate development projects.

According to Para 3.6 of the Guidelines for Project Management, a comprehensive project appraisal is carried out in the Planning Commission at approval stage. The rationale behind the project appraisal is to provide the decision-makers financial and economic yardsticks for the selection/rejection of projects from

among competing alternative proposals for investment. If the project is found technically sound, financially & economically viable and socially desirable only then the project is approved.

During performance audit of GBDMA for the Financial Years 2017-18 to 2021-22, it was noted that the management of GBDMA, Gilgit was executing a project titled “Establishment of Comprehensive Disaster Management System in Gilgit-Baltistan” (Phase-II). The project was approved at a cost of Rs.100 million on 09.01.2018 with completion period of 05 years (***reported vide para 4.5.1 in Performance Audit Report for the Audit Year 2022-23***).

The project consisted of three components i.e. Hazard Vulnerability Risk Assessment (HVRA), Command Control Communication and Operational & Staff Salary. The main component of the project was HVRA. Its main purpose was to conduct hazard analysis in order to classify the regions into hazard zones which could be utilized to assess the vulnerability of communities and estimate the risks. Second component was designed to establish a state-of-the-art command, control and communication center for emergency response system to deal with large scale catastrophes in the region.

Audit observed that major component relating to HVRA and Command Control Communication were not executed so far which has made the project ineffective as the objectives for which the project was visualized have not been achieved.

Audit is of the view that despite availability of all the resources the progress of the projects as elucidated above questions the performance of the Institute.

The DAC meeting was held on 09.06.2023. The management apprised that the major component i.e. HVRA was designed for assessment of risk of vulnerable hazards at four districts and at the same time another project was also executed by NDMA with foreign donors for similar activity at six districts. Hence, in order to achieve maximum coverage at all ten districts the first two components along-with funds were attached with that project of NDMA. Later on, entire funds were utilized on COVID-19 Pandemic by NDMA and therefore, work could not be started on both components.

DAC directed the management to prepare a revised PC-I for consideration/approval of competent forum.

Audit recommends that the matter may be probed to fix responsibility for non-execution of essential components.

Para 4.5.1 of PAR of GBDMA-2022-23

6.4.6 Non-establishment of Gilgit-Baltistan Institute of Disaster Management

According to Section 20(1) of Chapter-VI of Gilgit-Baltistan Disaster Management Act, 2017 with effect from such date as the government may by notification in the official Gazette appoint in this behalf, there shall be established an institute to be called the Gilgit-Baltistan Institute of Disaster Management.

During performance audit of GBDMA for the FYs 2017-18 to 2021-22, it revealed that the management of GBDMA was required to establish Gilgit-Baltistan Institute of Disaster Management for accomplishment of functions of the institute i.e. planning and promoting training & research and developing core competencies in the area of disaster management, documentation and development of national level information base relating to disaster management policies, prevention mechanism and mitigation measures(**reported vide para 4.6.1.1 in Performance Audit Report for the Audit Year 2022-23**).

Audit observed that the management of GBDMA did not take any effort for the establishment of Gilgit-Baltistan Institute of Disaster Management during the period under audit.

Audit is of the view that non-establishment of Gilgit-Baltistan Institute of Disaster Management is violation of Act.

The DAC meeting was held on 09.06.2023. The management replied that the establishment of the Gilgit-Baltistan Institute of Disaster Management was the responsibility of the Government. GBDMA could not establish the Institute due to the financial constraints. However, the DG NIDM has signed an MOU with KIU for establishment of Gilgit-Baltistan Institute for Disaster Management.

The reply was not accepted as the GBDMA has not taken-up case with government for establishment of Gilgit-Baltistan institute of Disaster Management in accordance with provision of Act.

DAC directed the management to pursue the matter with concerned departments and latest status be shared with Audit.

Audit recommends that Disaster Management Institute may be established in accordance with provision of Act.

Para 4.6.1.1 of PAR of GBDMA-2022-23

6.4.7 Non-framing of rules/operating procedure and non-submission of adjustment accounts - Rs.738.439 million

According to Section 5(e) of the Controller General of Accounts Ordinance, 2001, the CGA should render advice on accounting procedure for new schemes, programs or activities undertaken by the Government concerned.

In terms of Rule 668 of Federal Treasury Rules Volume-I advances granted under special orders of competent authority to Government officers for departmental or allied purposes may be drawn on the responsibility and receipt of the officers for whom they are sanctioned, subject to adjustment by submission of detailed accounts supported by vouchers or by refund, as may be necessary.

During performance audit of GBDMA for the Financial Years 2017-18 to 2021-22, it revealed that the management of GBDMA, Gilgit maintained following two banks accounts ***(reported vide para 4.8.1 in Performance Audit Report for the Audit Year 2022-23)***.

Title of Accounts	Accounts Number	Bank & Branch
GB Disaster Management Fund	3057898282	National Bank of Pakistan, Main Branch Gilgit
Gilgit-Baltistan Endowment Fund	0425-3137	

The Gilgit-Baltistan Endowment Fund was created in January 2017 with initial grant of Rs.190.000 million. The Finance Department, GB released an amount of Rs.738.439 million i.e. (621.939 + 116.500) in regular budget to DG, GBDMA for maintenance of Gilgit-Baltistan Disaster Management Authority Endowment Fund and Disaster Management Fund during the Financial Years 2017-18 to 2021-22, as detailed below. The management had withdrawn in advance entire released amount and deposited into the relevant Fund Accounts for establishment and further disbursement on need basis. Details are at **Annexure-13**.

Audit observed that the management did not frame any rules and regulations for operating of Gilgit-Baltistan Endowment Fund with the approval of CGA. Further, the management did not submit the adjustment accounts of both funds to Accountant General office as required under Rule 668 of Federal Treasury Rules Volume-I

Audit is of the view that non-preparation of accounting procedure and non-submission of adjustment accounts was violation of rules.

The DAC meeting was held on 09.06.2023. The management apprised that SOPs had been devised for Gilgit-Baltistan Endowment Fund. However, Audit was of the view that accounting procedures for GBDMA Endowment Fund needs to be prepared with the approval of CGA.

The DAC directed the management to formulate accounting procedures with the approval of CGA, preparation of rules for Disaster Management Fund and approval of the same from competent forum besides fixing responsibility for non-maintenance of record.

Audit recommends that accounting procedures may be prepared and got approved from CGA besides submission of adjustment accounts to AG office.

Para 4.8.1 of PAR of GBDMA-2022-23

CHAPTER-7

7. DIRECTOR GENERAL CHAIRMAN INSPECTION TEAM

7.1 Introduction

A. Director General Chairman Inspection Team deals with Inspection of development projects throughout Gilgit-Baltistan with the objectives that development projects are properly planned and are executed efficiently, expeditiously and economically with effective quality controls and to recommended appropriate action against the defaulting officials/departments and directives/orders of the Government regarding development projects are being fully implemented. It is also mandated to review the progress on ADP twice a year of all Government Departments to see whether or not these departments/agencies discharge their duties/functions efficiently and expeditiously and to bring serious observations to the notice of the Government together with recommendations for improvement. It is further mandated to take cognizance of any important matter affecting Government/public interest and draw attention of the authorities concerned for appropriate action.

Audit Profile of Director General Chairman Inspection Team

(Rs. in million)

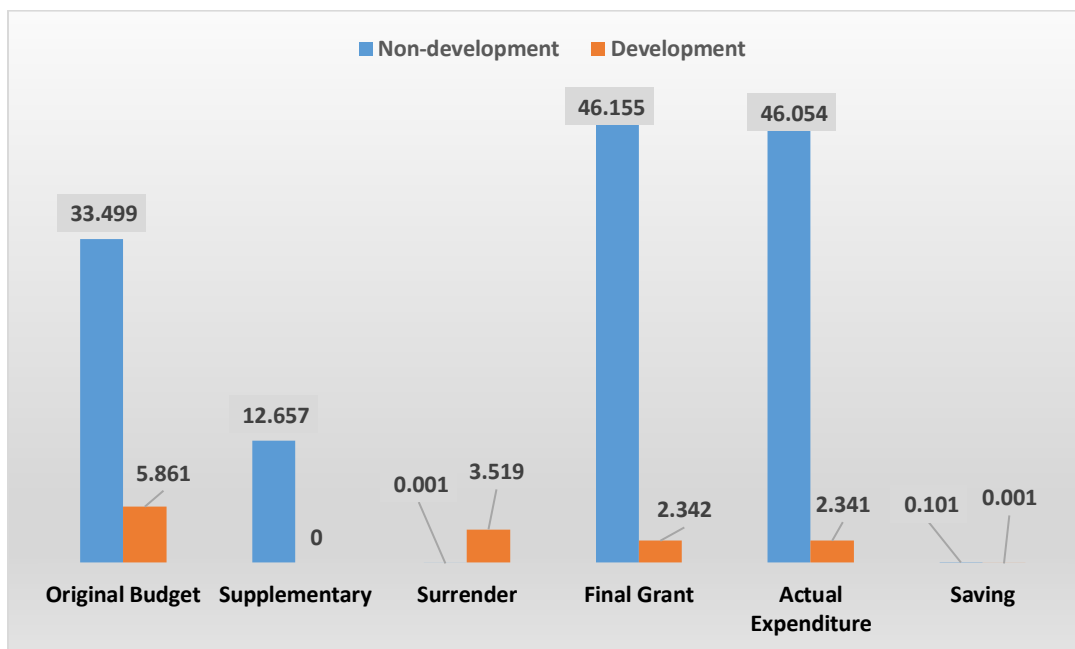
S. No.	Description	Total Nos.	Audited	Expenditures audited FY 2023-24	Revenue/Receipts FY 2023-24
1.	Formations	1	1	75.791	-

B. Comments on Budget & Accounts (Variance Analysis)

Budget allocation and expenditures of department for the Financial Year 2023-24 was as under:

(Rs. in million)

Grant	Original Budget	Supplementary	Surrender	Final Grant	Actual Expenditures	Saving
Non-Dev-03	33.499	12.657	(0.001)	46.155	46.054	0.101
Dev	5.861	-	(3.519)	2.342	2.341	0.001
Total	39.360	12.657	(3.520)	48.497	48.395	0.102



Initially, the department was granted non-development budget of Rs.33.499 million. During the year, supplementary grant of Rs.12.657 million was granted which is 37.78% of the original allocation. After surrender of Rs.0.001 million, the final grant accumulated to Rs.46.155 million against which the funds of Rs.46.054 million (99.78% of the final grant) were utilized.

Similarly, under development grant funds of Rs.5.861 million were allocated. Against final grant of Rs.2.342 million the department utilized funds of Rs.2.341 million which is 99.95% of the final grant.

7.2 Classified summary of Audit observations

Audit observations amounting to Rs.3.168 million were raised in this report during current audit. Summary of the audit observations classified by nature is as under:

(Rs. in million)		
S. No.	Classification	Amount
1.	HR/ Employees related irregularities	3.168

7.3 Comments on the status of compliance with PAC directives

No meeting of PAC has been held to discuss audit paras of the department.

7.4 AUDIT PARAS

7.4.1 *Non-Performance of mandatory functions*

According to SRO No. (1)/2009 dated 23.12.2009 the Chairman Inspection Team is assigned the responsibilities including inspection of development projects, to recommend appropriate action against the defaulting officials/departments, implementation of government directives and biannual review of ADP for improvement.

During Audit of the office of the Chairman Inspection Team Gilgit-Baltistan, Gilgit for the Financial Year 2022-23, it was observed that the department did not perform its assigned core functions relating to inspection of development projects and biannual review of ADP. Audit is of the view that the irregularity occurred due to non-adherence to the statutory orders.

The irregularity was pointed out during March 2024. The management replied that a full-fledged set-up is imperative to establish to deal with the wide range of development as well as non-development activities in the area. This office complies orders of the government of the day and schedule all activities as per the assignment given by the authorities.

The reply was not accepted as the office did not perform its core functions.

The DAC meeting was held on 17.12.2024. The department admitted the audit point of view. The DAC directed the management to comply with the provision of SRO in true letter and spirit.

Audit recommends that provisions of SRO may be implemented in true letter and spirit as directed by the DAC.

Note: *The issue was reported earlier also in the Audit Report for the Audit Year 2023-24 vide para number 6.4.1. Recurrence of same irregularity is a matter of serious concern.*

AP-140/2023-24 and 741/2024-25

7.4.2 *Irregular attachment of staff - Rs.3.168 million*

According to Section-9 of Gilgit-Baltistan Civil Servants Act 2011 every civil servant is liable to serve anywhere within or outside the Province in any post under the Government of the Gilgit-Baltistan or the Federal Government or any Provincial Government or a local authority or a corporation or a body set up or established by any such Government through posting and transfer.

During Audit of the office of the DG, Chairman Inspection Team Gilgit-Baltistan, Gilgit for the Financial Year 2022-23, it was observed that Member Technical was attached with Gilgit-Development Authority and drawing pay from

the office of the DG Chairman Inspection Team. The Financial impact of salary comes to Rs.3.168 million @ Rs.264,055/ per month.

Audit is of the view that the existing arrangement of attachment is in consistent with the provision of Gilgit-Baltistan Civil Servants Act 2011. The irregularity occurred due to non-adherence to the rule and week internal controls.

The irregularity was pointed out during April 2024. The management replied that the officer was attached with GDA w.e.f. 01.07.2022 after the approval of Chief Secretary Gilgit-Baltistan.

The reply was not accepted as the attachment is not covered in Gilgit-Baltistan Civil Servants Act 2011 as the officer is liable to serve on posting basis instead of attachment.

The DAC in its meeting held on 17.12.2024 directed the management to take up the case for repatriation/ de-attachment of the officer.

Audit recommends that decision of the DAC may be implemented.

AP-141/2023-24

7.4.3 Submission of inquiry cases to irrelevant forum

According to Para-8 of the business assigned to the department, the DG Chairman Inspection Team shall submit his reports to the Governor directly with endorsement of copies to the concerned departments / officials which may be of confidential nature.

The Director General, Chairman Inspection Team Gilgit-Baltistan, Gilgit during the Financial Year 2023-24, conducted sixteen inquiries. Audit observed that instead of submitting the reports to Governor the reports were directly submitted to other authorities in violation of rules. Details are at **Annexure-14**.

Audit is of the view that the irregularity occurred due to non-observance of provision of Gilgit-Baltistan Rules of Business 2009.

The irregularity was pointed out during October 2024. The management replied that the office of Chairman Inspection Team has been working under administrative control Chief Secretary Gilgit-Baltistan. The audit rightly pointed out that under Gilgit-Baltistan Rule of Business 2009 reports should have been submitted to Governor Gilgit-Baltistan. However, this office followed instructions given in the order of the inquiry and all inquiries reports are submitted to concerned authority accordingly with the approval of competent authority.

The reply was not accepted as the reports were required to be submitted to Governor with endorsement of copies to the respective department.

The DAC in its meeting held on 17.12.2024 directed the management to submit remaining inquiries to the Governor as per SRO.

Audit recommends that provision of Rules of Business 2009 may be implemented in true letter and spirit.

AP-742/2024-25

CHAPTER-8

8. EXCISE & TAXATION, ZAKAT, USHER AND COOPERATIVE DEPARTMENT

8.1 Introduction

A. Excise & Taxation, Zakat, Usher and Cooperative Department, Gilgit-Baltistan deals with registration of motor vehicles, collection of token tax, administration of district excise and taxation offices; registration of deeds and documents including registration fees. It also supervises and guides local, tehsil and district zakat committees and distribution of zakat funds to local zakat committees, deeni madrasas and welfare institutions. It ensures completion and collection of data regarding number of beneficiaries and the amount utilized. The department is also responsible for making arrangements for training of chairman and members of zakat committees and officers associated with zakat work, valuation of ushr, cooperative societies, banks and development funds and projects.



Audit Profile of Excise & Taxation, Zakat, Usher and Cooperative Department

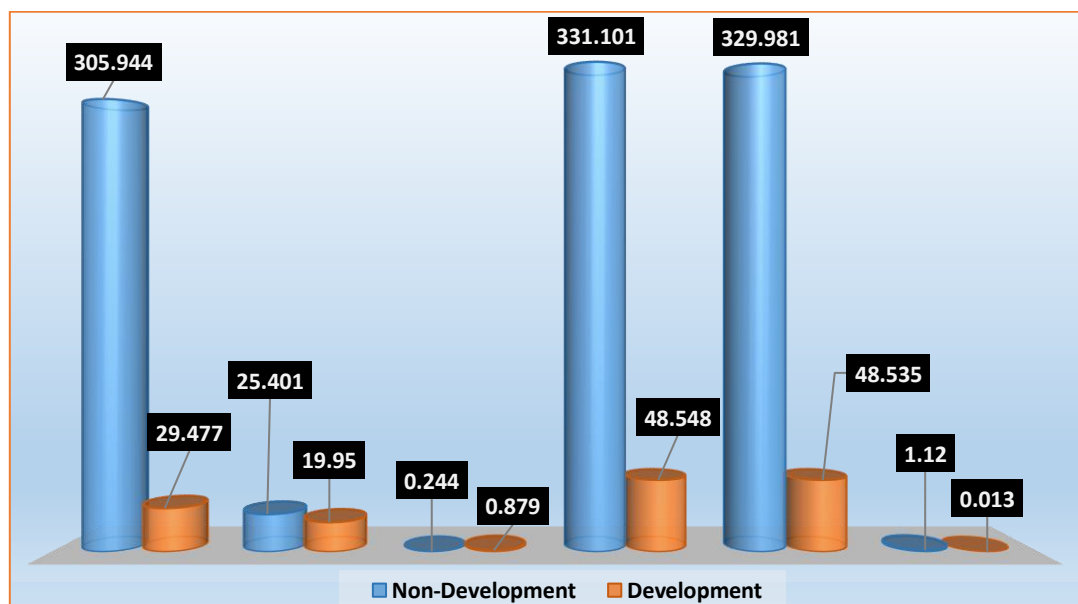
(Rs. in million)					
S. No.	Description	Total Nos.	Audited	Expenditures audited FY 2023-24	Receipts FY 2023-24
1.	Formations	17	4	510.395	226.595

B. Comments on Budget & Accounts (Variance Analysis)

Budget allocation and expenditures of department for the Financial Year 2023-24 is as under:

(Rs. in million)

Grant	Original Budget	Supplementary	Surrender	Final Grant	Actual Expenditures	Saving
Non-Dev-21	305.944	25.401	(0.244)	331.101	329.981	1.120
Dev	29.477	19.950	(0.879)	48.548	48.535	0.013
Total	335.421	45.351	(1.123)	379.649	378.516	1.133



Initially, the department was granted non-development budget of Rs.305.944 million. During the year, supplementary grant of Rs.25.401 million was granted which is 8.30% of the original allocation. The final grant comes to Rs.331.101 million against which the department utilized Rs.329.981 million.

Similarly, under development grant funds of Rs.48.548 million were allocated during the year. The department utilized funds of Rs.48.535 million which is 99.97% of the final grant.

8.2 Classified summary of Audit observations

Audit observations amounting to Rs.44.234 million were raised in this report during current audit. 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	44.234

8.3 Comments on the status of compliance with PAC directives

Following PAC meetings were held to discuss the audit paras of the department:

Years	No of audit paras	No of Actionable Points	Compliance	Non-Compliance	% of Compliance
2014-15	6	6	2	4	33%
2016-17	3	3	2	1	67%
2019-20	3	3	0	3	0%

8.4 AUDIT PARAS

8.4.1 *Non-collection of levies and duties*

According to Section-5 of Gilgit-Baltistan Hotel Regulation and Levy Act 2020, there shall be levied and collected every year a levy on hotel, motels, camping sites, porter service, glimpse, tour operators, tour guides, marriage hall and boats to be charged to the customers by the owner or management, thereof at the rate of five percent of total charged/fee.

Pursuant to the provision of the Act the Excise and Taxation offices were mandated to collect levies and duties on hotels, motels, camping sites, porter service, glimpse, tour operators, tour guides, marriage hall and boats. During the audit of office of the Excise and Taxation Officer, Skardu and Hunza for the Financial Years 2022-23 and 2023-24, it was observed that the offices did not collect the levies and duties from hotels, motels, camping sites, porter service, glimpse, tour operators, tour guides, marriage hall and boats in violation of the Gilgit-Baltistan Hotel Regulation and Levy Act 2020.

Audit is of the view that non-collection of levies and duties is violation of provisions of Act and resultantly government was deprived from its due revenue.

The irregularity was pointed out during September 2024. The management replied that implementation of the Act requires prior approval of the Gilgit-Baltistan Cabinet. The case was submitted to Cabinet Department for approval of Cabinet however, approval is still awaited.

The reply was not accepted as the Act has already been passed by the Assembly and approved by the Governor. Therefore, approval of the Cabinet is not required.

The DAC in its meeting held on 18.12.2024 directed the management to pursue the case for enforcement of the Act.

Audit recommends that levies and duties may be collected.

AP-159/2023-24 and 649/2024-25

8.4.2 Un-necessary procurement of vehicles –Rs.44.234 million

According to Rule-9(1) of the Government of Gilgit-Baltistan Staff Vehicles (Use and Maintenance) Rules 2021, there shall be vigilance Committees at provincial and district level to monitor the official transport system and to control the misuse of the Government vehicles.

The Excise & Taxation Department Gilgit purchased eight vehicles Toyota Hilux along with eight motorbikes at cost of Rs.44.234 million for development projects. Details are as under:

(Rs. in million)				
S. No	Description	Quantity	Unit Price	Value of procured vehicles
1.	Double Cabin Revo-G M.T 2755 CC (Toyota)	05	6.381	31.905
2.	Single Cabin 2494 CC	03	3.787	11.361
3.	Honda-125 Motorcycle	08	0.121	0.968
Total				44.234

During the audit for the Financial Year 2023-24, it was observed that instead of using these vehicles for field operational activities the vehicles were placed at the disposal of different officers of secretariate as staff car.

Audit is of the view that in fact the vehicles were not the actual requirement of the project these were purchased to accommodate the officers as the government imposed the ban on purchase of vehicles from non-development budget.

The irregularity was pointed out in August 2024. The management replied that being a law enforcement agency the department deals with the collection of excise duties, prevention and recovery of illegal/stolen vehicles, narcotics control and monitoring and public transport related matters. The vehicles were purchased from development project after obtaining NOC.

The reply was not accepted as the vehicles are actually not used in field activities.

The DAC meeting was held on 18.12.2024. The management apprised the DAC that the vehicles were purchased from the development projects as per scope of PC-I for field operational duties. After detailed discussion the DAC decided to refer the para to PAC.

Audit recommends that vehicles be surrendered to S&GAD besides fixing the responsibility.

AP-714/2024-25

CHAPTER-9

9. FINANCE DEPARTMENT

9.1 Introduction

A. The Finance Department, Gilgit-Baltistan comprises of Secretary Office and 10 district treasuries. This department deals with management of public funds, framing of financial rules for guidance of the departments and supervision of maintenance of accounts, monitoring of receipts and expenditure and creation of new posts etc.



Audit Profile of Finance Department

(Rs. in million)

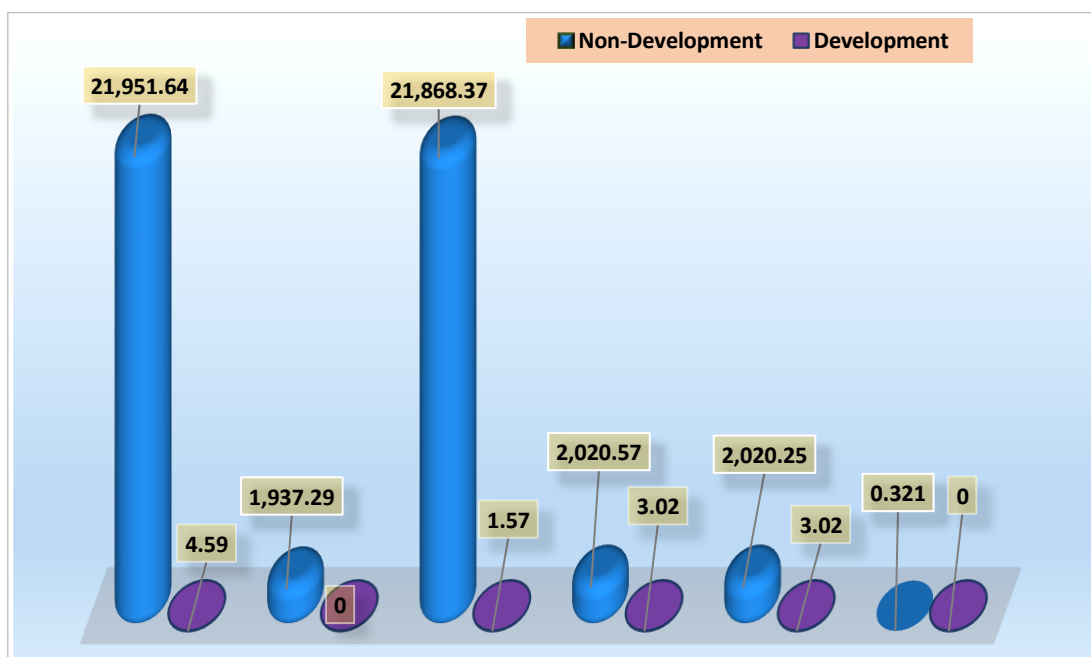
S. No.	Description	Total Nos.	Audited	Expenditures audited FY 2023-24	Receipts FY 2023-24
1.	Formations	12	3	4,377.614	137.199

B. Comments on Budget & Accounts (Variance Analysis)

Budget allocation and expenditures of the department for the financial year 2023-24 is as under:

(Rs. in million)

Grant	Original Budget	Supplementary	Surrender	Final Grant	Actual Expenditures	Saving
Non-Dev-14	21,951.641	1,937.293	(21,868.368)	2,020.566	2,020.245	0.321
Dev	4.590	-	(1.570)	3.020	3.020	-
Total	21,956.231	1,937.293	(21,869.938)	2,023.586	2,023.265	0.321



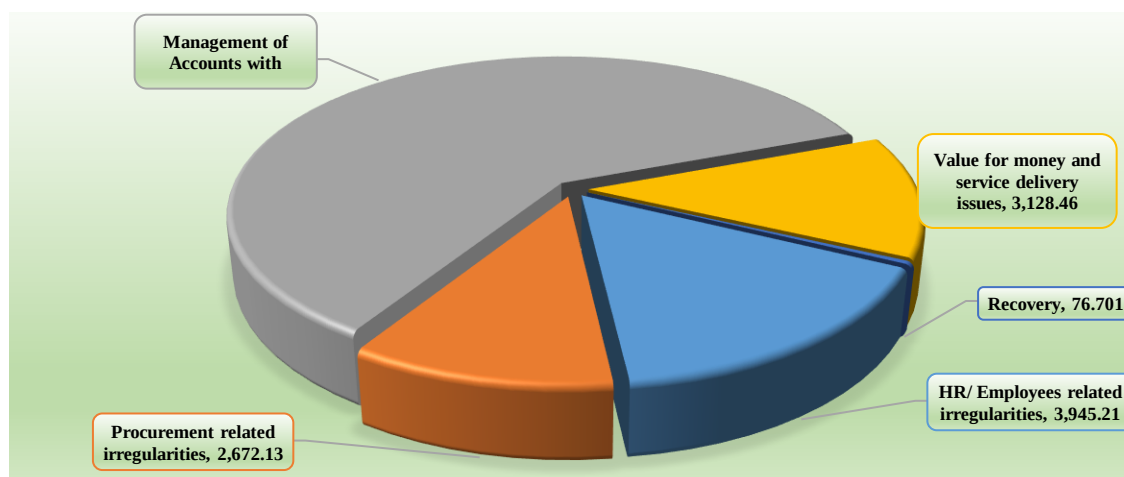
Initially, the department was granted non-development budget of Rs.21,951.641 million. During the year, supplementary grant of Rs.1,937.293 million was granted which is 8.83% of the original grant. The department surrendered an amount of Rs.21,868.368 million which is almost equal to original grant. Against final grant of Rs.2,020.566 million the department utilized funds of Rs.2,020.245 million which is 99.98% of the total allocation.

Similarly, development funds of Rs.3.020 million were allocated during the year against which the department utilized Rs.3.020 million which constitute 100% of the final grant.

9.2 Classified summary of Audit observations

An audit observation amounting to Rs.24,730.836 million was raised in this report during current audit of the department. This amount also includes recoveries of Rs.76.701 million. Summary of the audit observations classified by nature is as under:

(Rs. in million)		
S. No.	Classification	Amount
1.	HR/ Employees related irregularities	3,945.205
2.	Procurement related irregularities	2,672.134
3.	Management of Accounts with Commercial Banks	14,908.341
4.	Value for money and service delivery issues	3,128.455
5.	Recovery	76.701
Total		24,730.836



9.3 Brief comments on the status of compliance with PAC directives

Following PAC meeting was held to discuss the audit paras of the department:

Years	No of audit paras	No of Actionable Points	Compliance	Non-Compliance	% of Compliance
2013-14	5	5	1	4	20%

9.4 AUDIT PARAS

9.4.1 *Non-recovery/ adjustment of bridge finance granted to NATCO –Rs.76.701 million*

According to Section-70 (3) of the Government of Gilgit-Baltistan Order, 2018 the payment of money into that Fund, the withdrawal of money there from, the custody of other moneys received by or on behalf of the Government, their payment into, and withdrawal from the Public Account of the Government, and all matters connected with or ancillary to the matters aforesaid, shall be regulated by the Act of the Assembly or, until provision in that behalf is so made, by rules made by the Governor.

The Finance Department Gilgit-Baltistan released an amount of Rs.76.701 million to NATCO as Bridge Financing on recoupment basis through Technical Supplementary grant during 2021-22. The grant was recoverable/adjustable from recurring grant-in-aid from the subsequent financial years. During the audit for the Financial Year 2023-24, it was observed that despite lapse of two years no recovery/adjustment was made by the Finance Department from the grant of NATCO.

Audit is of the view that non-recovery of bridge financing resulted in loss to government.

The irregularity was pointed during July 2024. The management replied that keeping in view of financial constraints/crises faced by the NATCO, the released amount was not deducted at source from the recurring grant-in-aid of Financial Year 2022-23.

The management admitted the point of view of the audit.

The DAC in its meeting held on 22.11.2024 directed the management to make adjustment of bridge financing against annual recurring grant of NATCO.

Audit recommends that the amount of bridge financing may be adjusted against grant-in-aid of NATCO.

Note: *The issue was reported earlier also in the Audit Report for the Audit Year 2023-24 vide para number 9.4.4 having financial impact of Rs.76.701 million. Recurrence of same irregularity is a matter of serious concern.*

AP-432/2024-25

9.4.2 Irregular release of funds on account of long-term advances-Rs.445.205 million

According to Section-70 (3) of the Government of Gilgit-Baltistan Order, 2018 the payment of money into that Fund, the withdrawal of money there from, the custody of other moneys received by or on behalf of the Government, their payment into, and withdrawal from the Public Account of the Government, and all matters connected with or ancillary to the matters aforesaid, shall be regulated by the Act of the Assembly or, until provision in that behalf is so made, by rules made by the Governor.

The Finance Department Gilgit-Baltistan during the Financial Year 2023-24, transferred an amount of Rs.445.205 million through supplementary grant to Federal consolidated fund. Audit observed as under:

- i. The loans and advances to the employees of Gilgit-Baltistan Government are paid out of Federal budget whereas the recoveries are credited to Gilgit-Baltistan consolidated fund despite the fact that the Gilgit-Baltistan government has its own financial procedure as stipulated in PART- IX of the Government of Gilgit-Baltistan Order, 2018, but no provision in this regard is made in the budget.
- ii. The release of funds as supplementary grant was not approved by the Cabinet in violation of the provision of Section 70 of the Government of Gilgit-Baltistan Order, 2018 as well as provisions of Gilgit-Baltistan Rules of Business.

- iii. The release of funds from Gilgit-Baltistan consolidated fund to Federal Consolidated fund is regular feature however, the department neither made any provision in budget under revenue and expenditure heads.

Audit is of the view that existing arrangement is inconsistent with the provision of financial procedure stipulated in PART- IX of the Government of Gilgit-Baltistan Order, 2018 and Gilgit-Baltistan Rules of Business.

The irregularity was pointed out during July 2024. The management replied that recoveries of long-term advances are credited into Gilgit-Baltistan Consolidated Fund Account which are further transferred to Federal Government upon submission of actual calculation by the office of Accountant General Gilgit-Baltistan. After approval of Chief Minister Gilgit-Baltistan, the amount was transferred to Federal Government.

The management admitted the point of view of the audit.

The DAC meeting was held on 22.11.2024. The DAC did not agree with the justification and directed the management to take-up the case with Finance Division for release of funds to Gilgit-Baltistan Government for long-term advances for which proper allocation may be made in the annual budget estimates of Gilgit-Baltistan Government.

Audit recommends that provision of funds may be made in the budget for long term advances in order to make it consistent with rules.

Note: *The issue was reported earlier also in the Audit Report for the Audit Year 2023-24 vide para number 9.4.1 having financial impact of Rs.408.055 million. Recurrence of same irregularity is a matter of serious concern.*

AP-434/2024-25

9.4.3 Unauthorized opening of bank account and retention of funds outside consolidated fund- Rs.14,908.341 million

According to Finance Department of the Gilgit-Baltistan vide letter No.F.2(3)-BR-II/2000-1254 dated 08.11.2013 followed by letter No F.A&A-2(20)/2017 dated 27.09.2018 all departments are required to close all the bank accounts maintained in various scheduled and non-scheduled bank and further directed that head of department to maintain only one bank account if required in the National Bank of Pakistan with the approval of Finance Department.

According to data provided by the Finance Department during audit for the Financial Year 2023-24, it was noted that 715 bank accounts maintained by different departments having consolidated balance of Rs.14,908.341 million as on 30.06.2022. Audit observed as under:

- i. As per report 108 bank accounts with balance Rs.10,871.043 million are maintained in various Schedule and Non-schedule banks by Deputy Commissioner's offices throughout the region.
- ii. Similarly, 53 accounts are maintained by different courts with available balance of Rs.3,692.213 million.
- iii. According to findings of Finance department no transaction was made for the last three years almost in 390 current bank accounts having balance of Rs.1,558.277 million which prove that these accounts are dormant.
- iv. All bank accounts as identified by the Finance Department were opened without the approval of the Finance Department and even without the permission of the PAO and Controlling Officers.
- v. Funds retained in commercial banks are frequently transferred from one bank to other without assigning any justification, and written approval of DCs/ACs as noticed during audit of different formations of Home and Prisons department.

Audit is of the view that opening of bank accounts without the approval of Finance Department was not only violation of rules but it also reflects weak control of Finance Department. The existing arrangement is most favorable for misuse of public funds as the respective offices frequently transfer funds from one bank to another without assigning any reason.

The irregularity was pointed during July 2024. The management replied that all Principal Accounting Officers (PAOs) have directed to close all the unauthorized bank accounts. Unfortunately, none of PAO had taken any positive action.

The management admitted the point of view of the audit.

The DAC meeting was held on 22.11.2024. The management apprised the DAC that recovery of prolong unutilized funds in respect of sick projects, deleted projects, slow pace projects, and under litigation projects has been hampered due to writ petition filed by Bankers into Chief Court Gilgit-Baltistan. Once, the case is decided by the court then the recovery strategy of unutilized retained funds will be formulated accordingly. The DAC directed the management to pursue the case with court.

Audit recommends that a mechanism may be formulated for transferring the funds into Gilgit-Baltistan consolidated funds besides closing all such bank accounts and strengthening of internal controls in the government department/organizations.

Note: *The issue was reported earlier also in the Audit Report for the Audit Year 2023-24 vide para number 9.4.7 having financial impact of Rs.11,289 million. Recurrence of same irregularity is a matter of serious concern.*

AP-436/2024-25

9.4.4 Irregular release of grants-in-aid and advance drawl –Rs.2,187.319 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.

According to Para 4.12.1.4 of Accounting Policies and Procedures Manual, before approval of a grant, the delegated authority must obtain an audited financial statement from the recipient body, to justify the requirement for the grant and to ensure any previous grants have been spent for the purpose intended.

The Finance Department Gilgit-Baltistan during the Financial Year 2023-24, released an amount of Rs.2,187.319 million to Public Bodies, Cooperation, Education Institutions, Welfare Bodies and Health Institutions as grant-in-aid. The Finance Department also sanctioned the advance drawl of grant in respect of these institutes. Audit observed as under:

- i. No exercise was carried out to review the conduct and outcomes of the recipients of grant-in-aid in accordance with provision of grant-in-aid rules.
- ii. Audited financial statements and adjustment accounts were not obtained by the Finance Department from the respective institutions, bodies and cooperation to verify whether the released grant-in-aid was utilized for the intended purpose or otherwise.
- iii. As per instruction of the Finance Department administrative secretary was required to submit adjustment accounts after fulfilment of all formalities. However, no adjustment accounts were submitted by the recipient institutions.

Audit is of the view that payment of grant-in-aid without observing the provision of grant-in-aid rules and APPM is irregular.

The irregularity was pointed during July 2024. The management replied that grants are being provided with the approval of Gilgit-Baltistan Cabinet on case-to-case basis with certain terms and conditions. The PAOs/institutions concerned are responsible to fulfill rules/terms & conditions issued by Finance Department and responsible to utilize the grant-in-aid for the specified purpose(s).

The reply is inconsistent with rules as the department was required to fulfill the conditions as laid down in the rules before sanctioning the grant-in-aid.

The DAC in its meeting held on 22.11.2024 directed the management to obtain necessary adjustments from concerned entities to substantiate the utilization of the grant.

Audit recommends that decision of the DAC be implemented.

AP-440/2024-25

9.4.5 Non-payment of financial assistance package –Rs.3,500.00 million

The Chief Minister Gilgit-Baltistan accorded the approval for extension of revised Prime Minister's Assistance Package for the families of deceased employees of Gilgit-Baltistan Government, who died during service and adopted the Establishment Division, O.M No.8/10/2013-E-2 (Pt) dated 04.12.2015 in toto vide No. SO(s)-I-1(49)/2016 dated 19.04.2016.

The Finance Department Gilgit-Baltistan made a provision of Rs.3,500.000 million in statement of expenditure in Finance Act 2023 for payment of deceased family under Financial Assistance Package for the period 2016-17 to onward. Audit observed that no payment was made to deceased families during the Financial Year 2023-24, resultantly, a huge liability was created.

Audit is of the view that due to non-addressing such important issues in preceding year's budget deprived the deceased family from their legal rights and did not fulfil the intended purpose of assistance package.

The irregularity was pointed during July 2024. The management replied that an amount of Rs.3,500.000 million was made part of deficit budget for the Financial Year 2023-24, however, no additional funds were provided by the Federal Government. Now Finance Department has started to release funds from within available resources and accordingly an amount of Rs.1,501.00 million has been released during 2024-25 to the families of employees who died prior to 30.06.2019.

The management admitted the point of view of the audit.

The DAC meeting was held on 22.11.2024. The management apprised the DAC that after audit observation an amount of Rs.1,500 million has been released to respective departments for payment of compensation to the deceased families and the remaining amount shall be released as and when financial space is available. The DAC reduced the para to the extent of Rs.2,000 million.

Audit recommends that payments to the remaining families of deceased employees be made at the earliest in order to ease their financial difficulties.

AP-441/2024-25

9.4.6 Irregular creation of liabilities –Rs.2,488.134 million

According to Section-4 of Finance Acts 2021 and 2022 of Gilgit-Baltistan, under regular grants, administrative secretaries of works and water & power departments shall not issue Administrative Approval without securing prior funds or without seeking written permission from Finance Department in order to carry out repair and maintenance works, as the case may be. In case, Engineers execute work before Administrative Approval is issued, the liability shall be deemed as an illegal liability and they shall be penalized under E&D Rules and cost involved shall be recovered from their salary at source.

The Finance Department Gilgit-Baltistan during the Financial Year 2023-24, made a provision of Rs.5,385.134 million in the budget for clearing the liabilities created by different departments. Details are as under:

(Rs. in million)		
S. No.	Description	Amount
01	Flood Damages Compensation	1,397.000
02	Water & Power Liabilities 2013-14 to 2016-17	423.000
03	Water & Power Liabilities 2019-20	625.000
04	Health Endowment Fund	400.000
05	Emergency Works 2021-22 to 2023-24	1,500.000
06	Liabilities of Routine Operational Expenses	690.134
07	Hiring of 1000 Teachers in Education	350.000
Total		5,385.134

Audit observed that acceptance of liabilities for inclusion in budget was violation of preceding years Finance Act and rules.

Audit is of the view that irregularity occurred due to weak monitoring and financial control over the government departments by the Finance Department.

The irregularity was pointed out during July 2024. The management replied that in compliance of Gilgit-Baltistan Cabinet decision, provision of Rs.500.000 million was made for Health Endowment Fund. Meager funds were provided to departments under operational expenditure accordingly liabilities were created. An amount of Rs.350.000 million has been earmarked against the deficit budget to hire 1000 teachers in School Education Department, however, due to non-provision of any additional grant by the Federal Government, same has not been implemented.

The DAC meeting was held on 22.11.2024. The management apprised the DAC that major liabilities related to damages of property and infrastructure during heavy rains and flash floods. The DAC decided to reduce the para to extent of emergency works and flood damages and directed to verify the remaining claims Rs.2,488.134 million.

Audit recommends that responsibility may be fixed for creation of liability in anticipation of funds besides stopping such practice.

AP-442/2024-25

9.4.7 Irregular purchase of vehicles –Rs.184.00 million

According to Section-26 (i) of Finance Act 2023, there shall be complete ban on purchase all type of vehicles both from current and development expenditures except utilities vehicles such as ambulances, buses for educational institutions, solid waste vehicles etc.

The Finance Department Gilgit-Baltistan during the Financial Year 2023-24, released funds of Rs.252.101 million to different departments of government purchased vehicles under development projects. Audit observed that the Finance Department only issued NOC to Home & Prison Department for purchase of Vehicles involving cost of Rs.68.102 million. Whereas, the remaining vehicles involving cost of Rs.184.00 million were purchased without the approval of Government of Gilgit-Baltistan in violation of provision of Finance Act.

Audit is of the view that irregularity occurred due to weak monitoring and financial control over the government departments by the Finance Department.

The irregularity was pointed during July 2024. The management replied that the Finance Department shall examine all the cases reported by audit in light of austerity measures issued by Federal Government as well as Gilgit-Baltistan Government.

The management admitted the point of view of the audit.

DAC meeting was held on 22.11.2024. The management informed the DAC that NOC in respect of vehicles identified by audit will be examined with record and audit will be informed regarding vehicles purchased by Departments accordingly. The DAC directed the management to provide the detail of NOC issued for purchase of vehicles to audit.

Audit recommends that decision of the DAC may be implemented.

AP-443/2024-25

9.4.8 Un-authorized expenditure out of secret service fund-Rs.19.700 million

According to Schedule -II (Rule-3(3) Serial No.4 (3) of Gilgit-Baltistan Rules of Business, 2009, Gilgit-Baltistan Finance Department is responsible framing of financial rules for guidance of departments and supervision of maintenance of accounts.

According to S.No.37 of appendix-8 of General Financial Rules Vol-II, in respect of each officer authorized to incur secret service expenditure, Government will nominate a Controlling officer who should conduct at least once in every financial year, a sufficiently real administrative audit of the expenditure incurred and furnish a certificate to the Accountant-General in the following form not later than the 30th November.

According to Para-2 of Finance Division (Regulation Wing) OM No.F.3(12) R.12/75 dated 22.11.1976, when secret service funds are first placed at the disposal of an authority, it is done with the concurrence of the Finance Division and that authority is specified in the sanction by designation. Powers thus stand delegated to that authority only (and no other) to draw and operate upon the funds. Further, the appointment of an authorized officer has to be made with the concurrence of the Finance Division. The authorized officer for operating upon secret service funds cannot delegate his powers to another officer.

The Finance Department Gilgit-Baltistan during the Financial Year 2023-24, released the funds of Rs.19.700 million to different departments of Gilgit-Baltistan Government on account of Secret Service expenditure. Details are as under:

(Rs. in million)			
S. No.	Offices	Final Grant	Expenditure
01	Director Anti-Corruption Gilgit-Baltistan	0.4000	0.4000
02	Chief Court Gilgit-Baltistan	0.8000	0.8000
03	Central Police Office Gilgit-Baltistan	10.000	10.000
04	AIG Police Special Branch Gilgit-Baltistan	5.500	5.500
05	AIG Police CID Gilgit-Baltistan	3.000	3.000
Total		19.700	19.700

Audit observed as under:

- i. The authorized officer was not appointed to operate upon secret service funds in term of Finance Division (Regulation Wing) OM No.F.3(12) R.12/75 dated 22.11.1976.
- ii. The government did not nominate the controlling officer to conduct the administrative audit of the secret service fund expenditure made by the authorized officer at least once in every financial year and to furnish a certificate to the Accountant-General.
- iii. Gilgit-Baltistan government has not formulated rules regulation to regulate the expenditure relating to secret service fund.

The expenditure out of Gilgit-Baltistan Consolidated Fund on account of secret service in absence of appointment of authorized officers, controlling officer and rules was irregular.

Audit is of the view that irregularity occurred due to non-adherence to the provisions of the Gilgit-Baltistan Rules of Business, 2009 and Finance Division's instructions.

The irregularity was pointed out during July 2024. The management replied that release of Secret Service Fund has been discontinued from the FY 2013-14 except Intelligence Agencies like Crime Branch, Special Branch Central Police Office Gilgit-Baltistan. As far as appointment of the authorized officer as per

instructions of Finance Division, the concerned PAO is responsible to appoint an authorized officer for the purpose as well as to issue sanction.

The management admitted the point of view of the audit.

The DAC meeting was held on 22.11.2024. The DAC did not agree with the stance of management and directed to formulate a policy pursuant to Finance Division instructions to regulate the secret services expenditure.

Audit recommends that rule may be farmed for regularization of expenditure.

AP-444/2024-25

9.4.9 Non-creation of environment fund-Rs.871.436 million

According to Schedule –II (Rule-3(3) Serial No.4 of Gilgit-Baltistan Rules of Business, 2009 GB Finance Department is responsible Supervision and control of Provincial finances, preparation of Provincial budget. preparation of supplementary estimates and demands of excess grants and ways and means. Moreover, the cases relating to money matter generally, such as deflections, embezzlements and other losses are also dealt by Finance Department.

The Planning and Development Department GB vide Notification No. P&DD-14 (10)/2018 dated 17.10.2018 established a Climate Fund by deducting on percent (1%) of the total project cost of the approved projects of the ADP. The purpose of the initiative was to assist transition to a low carbon, resource efficient, climate resilient and sustainable development path, delivering high impact economic, environmental and social benefits in Gilgit-Baltistan.

The Government of Gilgit-Baltistan during the Financial Years 2018-19 to 2023-24, approved various ADP schemes involving cost of Rs.87,143.621 million. Accordingly, the contribution toward climate fund @ 1% of the total cost of the projects comes to Rs.871.436 million. During the audit of Finance Department for the Financial Year 2023-24, it was observed that the climate fund has not been made functional so far despite lapse of five years as neither deduction at prescribed rate which comes to Rs.871.436 million has been made from ADP allocation of years 2018-19 to 2023-24 nor any project has been executed.

Audit is of the view that non-deduction of climate fund from total projects cost of ADP and non-making the fund functional is violation of the decision of the Cabinet. Moreover, the basic purpose of the initiative is to assist transition to a low carbon, resource efficient, climate resilient and sustainable development path, delivering high impact economic, environmental and social benefits in Gilgit-Baltistan was not fulfilled.

The irregularity was pointed during July 2024. The management replied that the department shall advice P&DD and Gilgit-Baltistan Government for calculation

of 1% lumpsum from projects which are newly added in ADP and reflect the same as a fresh project in ADP. This shall ease the accounting system of 1% and utilization can easily be watched. Cabinet has also issued directives to streamline this fund. accordingly, the Finance Department shall dig out the case and shall process it as per decision of the Cabinet.

The management admitted the point of view of the audit.

The DAC meeting was held on 22.11.2024. The DAC directed the management to formulate a policy in accordance with decision of the Cabinet for collection and utilization of environment fund.

Audit recommends that climate fund deduction may be made from the ADP allocation besides making the fund functional to achieve the desired objectives.

Note: *The issue was reported earlier also in the Audit Report for the Audit Years 2022-23 and 2023-24 vide para number 5.4.4 and 9.4.10 having financial impact of Rs.424.573 million and Rs.550.885 million. Recurrence of same irregularity is a matter of serious concern.*

AP-445/2024-25

9.4.10 Irregular release of grant-in-aid to NATCO Rs.50.00 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.

The Finance Department Gilgit-Baltistan during the Financial Year 2023-24, released an amount of Rs.50.00 million through supplementary grant to NATCO as grant-in-aid for payment of 30% & 35% Adhoc Relief Allowance 2023 to the employees of NATCO. Audit observed that grant-in-aid was paid in addition of regular annual grant-in-aid to NATCO.

Audit is of the view that release of funds to NATCO for payment of 30% & 35% Adhoc Relief Allowance 2023 from government recurring budget was irregular.

The irregularity was pointed during July 2024. The management replied that keeping in view of financial constraints/crises faced by the NATCO, the Management of NATCO approached for grant of additional funds, accordingly,

Finance Department released an amount of Rs.50.000 to NATCO as one-time grant-in-aid for payment of Adhoc Relief with the approval of Gilgit-Baltistan Cabinet.

The management admitted the point of view of the audit.

The DAC meeting was held on 22.11.2024. The DAC was of the view that NATCO is a commercial organization and therefore, such expenditures are required to be met out of their own sources. The DAC directed the management to make a strategy for adjusting this amount against annual recurring grants.

Audit recommends that decision of the DAC be implemented.

AP-1074/2024-25

CHAPTER-10

10. FOOD DEPARTMENT

10.1 Introduction

A. The Food Department Gilgit-Baltistan deals with the distribution of wheat and atta, supervision of ration depots, control over flour mills, administration of food laws and planning & construction of additional storage accommodation.



Audit Profile of Food Department

(Rs. in million)

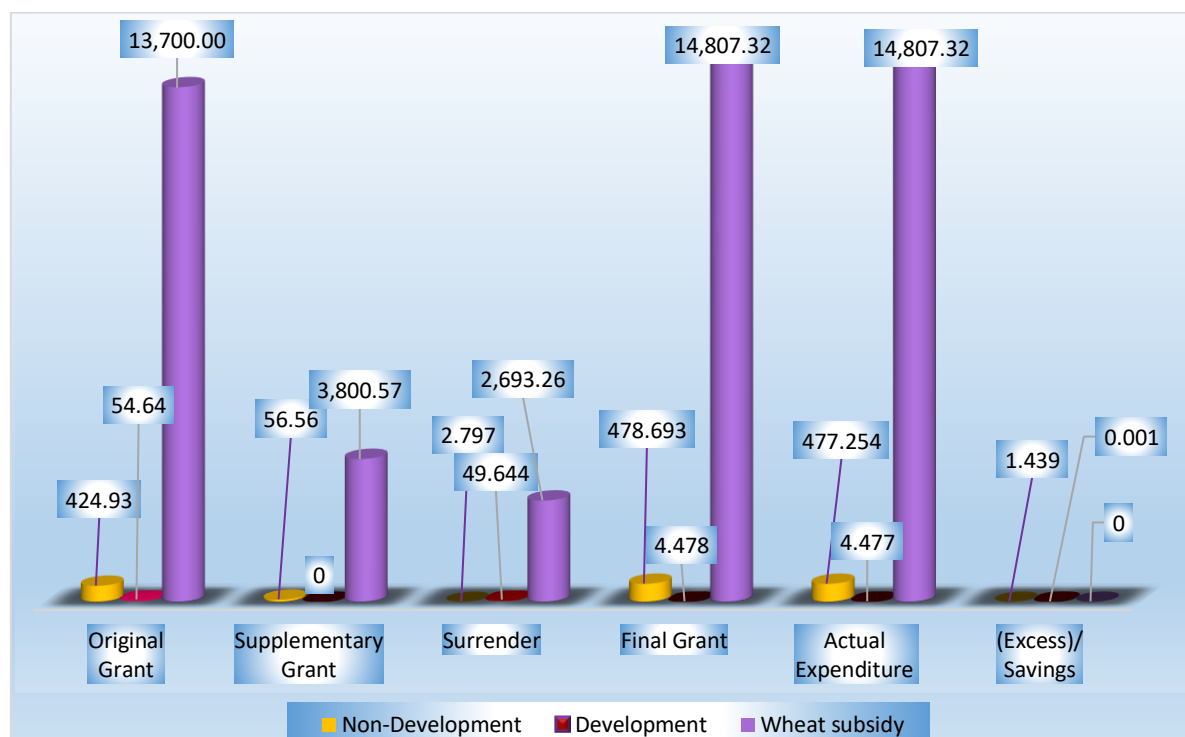
Sr. No.	Description	Total Nos.	Audited	Expenditures audited FY 2023-24	Revenue/Receipts FY 2023-24
1.	Formations	16	5	30,463.764	2.300

B. Comments on Budget & Accounts (Variance Analysis)

Budget allocation and expenditures of the department for the financial year 2023-24 is as under:

(Rs. in million)

Grant	Original Budget	Supplementary	Surrender	Final Grant	Actual Expenditures	Saving
Non-Dev-25	424.930	56.560	(2.797)	478.693	477.254	1.439
Dev	54.640	-	(49.644)	4.478	4.477	0.001
Wheat subsidy-34	13,700.00	3,800.57	(2,693.26)	14,807.320	14,807.32	0.00
Total	14,130.718	3,857.13	(2,697.367)	15,290.491	15,289.051	1.440



Initially, allocation of Rs.424.930 million was made for non-development budget. During the year, supplementary grant of Rs.56.560 million was granted which is 13.31% of the original allocation. The department also surrendered an amount of Rs.2.797 million. Against final grant of Rs.478.693 million the department utilized funds of Rs.477.254 million which constitutes 99.69%.

Similarly, under development grant, funds of Rs.4.478 million were allocated during the year against which expenditure of Rs.4.477 million was made.

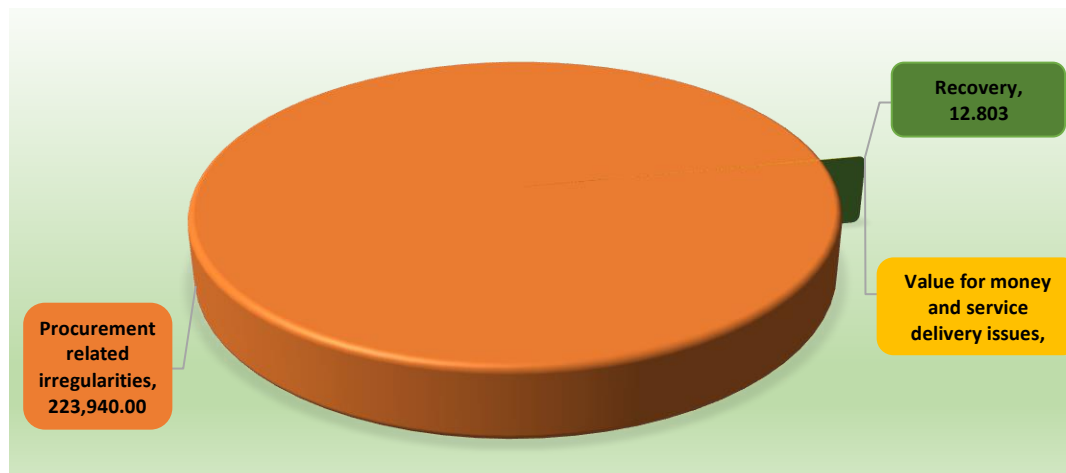
Moreover, the food department also deals with distribution of wheat. During the year, funds of Rs.13,700.00 million were allocated for purchase and transportation of wheat across the region. During the year, supplementary grant of Rs.3,800.57 million was obtained which was 27.74% of the total original allocation. The department also surrendered funds of Rs.2,693.26 million which constitutes 19.65% of the original allocation. Against final grant of Rs.14,807.32 million, the department utilized funds of Rs.14,807.32 million.

10.2 Classified summary of Audit observations

Audit observations amounting to Rs.224,076.643 million were raised in this report during current audit of the department. This amount also includes recoveries of Rs.12.803 million as pointed out by audit. Summary of the audit observations classified by nature is as under:

(Rs. in million)		
S. No.	Classification	Amount
1.	Procurement related irregularities	22,3940.00

2.	Value for money and service delivery issues	123.840
3.	Recovery	12.803
Total		224,076.643



10.3 Brief comments on the status of compliance with PAC directives

Following PAC meetings were held to discuss the audit paras of the department:

Years	No of audit paras	No of Actionable Points	Compliance	Non-Compliance	% of Compliance
2010-11	4	4	4	0	100%
2014-15	13	13	7	6	54%
2015-16	15	15	0	15	0%
2016-17	6	6	3	3	50%
2017-18	26	26	0	26	0%
2017-18	9	9	0	9	0%
2018-19	7	7	4	3	57%
2019-20	4	4	1	3	25%
2020-21	1	1	0	1	0%
2021-22	2	2	0	2	0%
2022-23	6	6	2	4	33%

10.4 AUDIT PARAS

10.4.1 Purchase of sub-standard wheat – Rs.22,394 million

According to wheat policy 2006 the wheat purchased/procured must meet with the following specification/standards:

S. No	Item of Refraction	Acceptance/ Permissible Limit
1	Moisture Contents	10%

2	Foreign Matters (Dirt/Dust and other non-edible matters)	0.5%
3	Other Food Grains	3%
4	Damaged and Shriveled Grains	3%
5	Weavilled Grains	Nil

The Food Department of Gilgit-Baltistan purchased 204,145.785 M/Ton wheat valuing Rs.22,394 million from Federal Government through PASSCO (Punjab) for utilization in the Gilgit-Baltistan region. During audit of Food Department for the Financial Years 2022-23 and 2023-24, it was observed that no test report to ascertain the permissible limit regarding items of refraction as laid down in wheat policy 2006 was available with management.

Audit is of the view that irregularity occurred due to inefficient internal and financial controls; therefore, the quality of imported wheat was compromised.

The irregularity was pointed out during March to November 2024. The department replied that the PASSCO is being requested to provide quality certificate.

The management admitted the point of view of the audit.

The DAC in its meeting held on 08.01.2025 directed management to devise a proper mechanism for testing and certification of the Wheat in order to ensure its quality in accordance with specification/standards.

Audit recommends that a proper mechanism of testing the quality of wheat may be formulated.

Note: *The issue was reported earlier also in the Audit Report for the Audit Year 2022-23 vide para number 6.4.1 having financial impact of Rs.8,127.788 million. Recurrence of same irregularity is a matter of serious concern.*

AP-78/2023-24 and 743/2024-25

10.4.2 Non-recovery of cost of short quantity of wheat–Rs.12.803 million

According to Para-13.3.6.3 of Accounting Policies and Procedures Manual, the immediate purpose of stocktaking is to deter and detect losses by theft and fraud, to verify the accuracy of stock records, and to identify any weaknesses in custody arrangements.

According to physical verification carried out by the management, there was shortage of 1,024,225 Kgs as on 30.06.2024 in the Civil Supply Office, Gilgit. The cost of deficiency comes to Rs.12.803 million (1,024,225 Kgs x Rs.12.50 per kg). During audit for the Financial Year 2023-24, it was observed that the management neither took any action against the concerned staff nor made any recovery in this regard.

Audit is of the view that shortage of wheat stock resulted in loss of Rs.12.803 million.

The irregularity was pointed out during August 2024. The management replied that the case for recovery from the concerned officials has already been initiated through Deputy Commissioner / Collector Gilgit.

The management admitted the point of view of the audit.

The DAC meeting was held on 20.11.2024. Director Foods informed the DAC that the issue pertains to Financial Year 2018-19 and was also discussed in PAC and action is under way as per direction of PAC.

Audit recommends that the cost of the short of wheat be recovered from the concerned and deposited into government treasury.

Note: *The issue was reported earlier also in the Audit Reports for the Audit Years 2021-22 and 2023-24 vide para number 5.4.2 and 10.4.1 having financial impact of Rs.23.320 million and Rs.131.736 million. Recurrence of same irregularity is a matter of serious concern.*

AP-697/2024-25

10.4.3 Irregular issuance of wheat quotas to non-functional flour mills Rs.123.840 million

According to Para-23 of General Financial Rules, 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.

The Civil Supply Office Gilgit during the Financial Year 2023-24, issued 6,192,000 kg Wheat valuing Rs.123.840 million to six flour mills in Gilgit district. Audit observed that the mills to whom the quota was issued were non-functional and were not engaged in grinding activities, which potentially opens the door to misuse of resources.

Audit is of the view that the issuance of wheat quotas to non-functional flour mills was undue favour to the flour mills and misuse wheat stock.

The irregularity was pointed out during August 2024. The management replied that in district Gilgit, out of 29 flour mills, 6 were non-functional. Meanwhile 02 flour mills become functional, while the remaining 04 flour mills submitted application seeking approval for a period of 06 months for making their flour mills functional. Resultantly, the Secretary Food approved their appeal and released their

suspended quota with permission to grind their quota in other flour mills to avoid interruption in smooth supply of flour.

The management admitted the point of view of the audit.

The DAC in its meeting held on 20.11.2024 directed the management to conduct a fact-finding inquiry in light of audit observation and submit report within seven days.

Audit recommends that responsibility may be fixed for the irregularity.

AP-698/2024-25

CHAPTER-11

11. FOREST, PARKS, WILDLIFE AND ENVIRONMENT DEPARTMENT

11.1 Introduction

A. The Forests, Parks, Wildlife and Environment Department Gilgit-Baltistan deals with scientific management of existing public forest estates to maximize production of wood, minor forest produce and to create new forest resources, promotion of social/farm forestry on private lands, establishment of amenity forests and recreational parks, raising of tree plantations for strategic purposes in consultation with the National Sub-Committee on Defense Planting. The department also educates public on tree planting and provision of technical and advisory services on matters of afforestation to the people and government departments. It also implements the various provisions of Forest Act and rules framed there under. Besides, management of zoological gardens and promotion of wildlife, protection of wildlife by involving community organizations and provision of facilities for trophy hunting in the community protected areas are also the responsibilities of the department.



Audit Profile of Forest, Parks, Wildlife and Environment Department

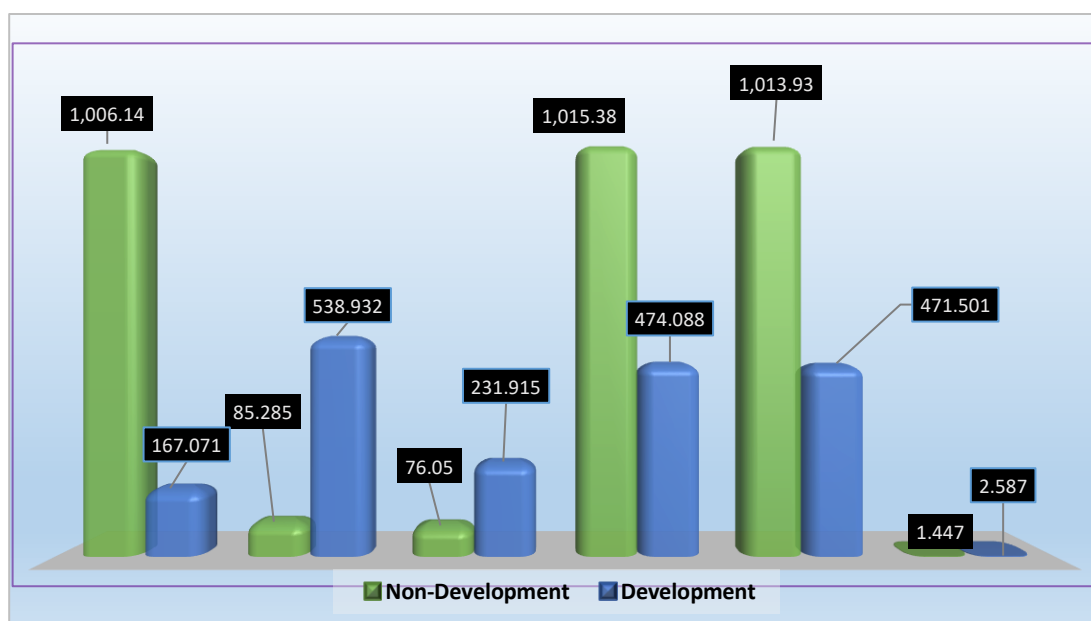
(Rs. in million)

S. No.	Description	Total Nos.	Audited	Expenditures audited FY 2023-24	Revenue/Receipts FY 2023-24
1.	Formations	26	7	4,431.528	26.150

B. Comments on Budget & Accounts (Variance Analysis)

Budget allocation and expenditures of the department for the FY 2023-24 is as under:

(Rs. in million)						
Grant	Original Budget	Supplementary	Surrender	Final Grant	Actual Expenditures	Saving
Non-Dev-15	1,006.142	85.285	(76.050)	1,015.377	1,013.930	1.447
Dev	167.071	538.932	(231.915)	474.088	471.501	2.587
Total	1,173.213	624.217	(307.965)	1,489.465	1,485.431	4.034



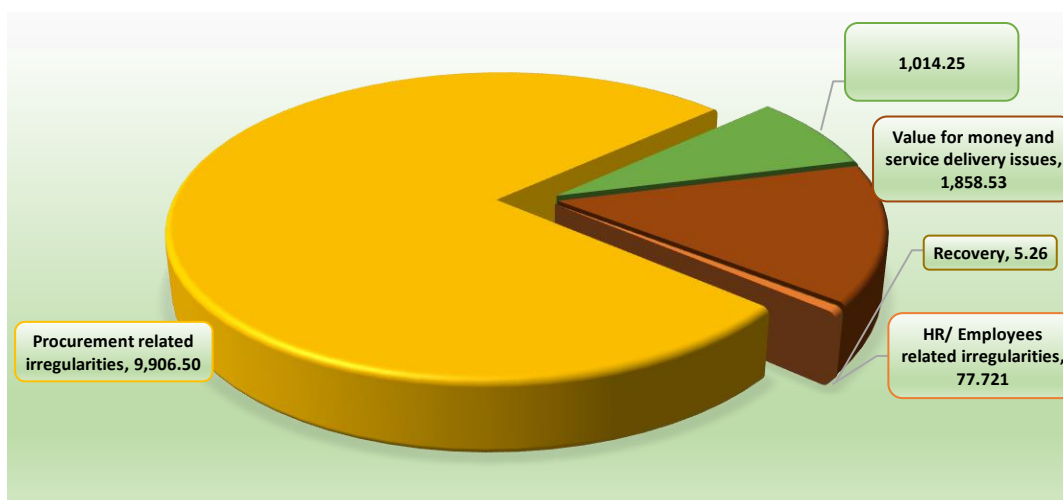
Initially, allocation of Rs.1,006.14 million was made for non-development budget. During the year, supplementary grant of Rs.85.285 million was approved which is 8.47% of the original allocation. The department also surrendered an amount of Rs.76.05 million which is 7.56% of the original allocation. Against final grant of Rs.1,015.38 million the department utilized funds of Rs.1,013.93 million which is 99.85% of the final grant.

Funds of Rs.167.071 million were allocated for development schemes. During the year supplementary grant of Rs.538.932 million which is 321.35%. An amount of Rs.231.915 million was surrendered which constitutes 138.81% of original budget, which shows poor financial management of the department and also against the basic principal of budgeting. During the year, funds of Rs.471.501 million were utilized against the final allocation of Rs.474.088 million. Thus, the department utilized 99.45% of final grant and leaving a saving of Rs.2.587 million which is 0.55% of the final allocation.

11.2 Classified summary of Audit observations

Audit observations amounting to Rs.12,862.253 million were raised in this report during current audit of the department. This amount also includes recoveries of Rs.5.260 million as pointed out by the audit. Summary of the audit observations classified by nature is as under:

(Rs. in million)		
S. No.	Classification	Amount
1.	HR/ Employees related irregularities	77.721
2.	Procurement related irregularities	9,906.496
3.	Management of Accounts with Commercial Banks	1,014.249
4.	Value for money and service delivery issues	1,858.527
5.	Recovery	5.260
Total		12,862.253



11.3 Brief comments on the status of compliance with PAC directives

Following PAC meetings were held to discuss the audit paras of the department:

Years	No of audit paras	No of Actionable Points	Compliance	Non-Compliance	% of Compliance
2020-21	1	1	0	1	0%
2021-22	8	8	3	5	38%
2022-23	16	16	7	9	44%

11.4 AUDIT PARAS

11.4.1 Irregular opening of bank account and retention of funds-Rs.14.249 million

According to Section-11 of the Gilgit-Baltistan Forest Act 2019, there shall be established a Fund to be known as Forest and Wildlife Fund vested in the department. The Fund shall be raised and administered in a manner as may be prescribed.

The Finance Department, Gilgit-Baltistan vide letters No.F.A&A-2(20)/2006, dated: 13.01.2014 & No.F.A&A-2(20)/2017 dated 27.09.2018 directed to all the departments of Gilgit-Baltistan to close all the bank accounts maintained in various scheduled and non-scheduled banks, except National Bank of Pakistan. The head of department can maintain only one bank account in the National Bank of Pakistan with the approval of Finance Department, if required.

The District Forest Officer Darel-Tangir, Chilas and Astore maintained bank accounts in KCBL and Microfinance Bank. As on 30.06.2023 balances of Rs.14.249 million. During audit of these offices for the Financial Year 2022-23 and 2023-24, it was noted that the bank accounts were opened without the approval of Finance department.

Audit is of the view that opening of bank accounts without the approval of Finance department was irregular.

The irregularities were pointed out during April to November 2024. The management replied that the department has now initiated a case for the approval and regularization of said accounts.

The DAC meeting was held on 17.12.2024. The DAC directed the management to close all the accounts and approval may be obtained from Finance Department for opening of bank account where require.

Audit recommends that decision of the DAC be implemented.

AP-334 & 352/2023-24 and 797/2024-25

11.4.2 Un-authorized advance payment without work done -Rs.8.496 million

According to Rule-397 of Federal Treasury Rules, as a general rule, and subject to such exceptions as may be authorized by the Government, no payment can be made to a contractor, except for work actually done or supplies actually received.

According to Para 209 (d) of CPWA code, all the payments for work done or supplies made should be based on the quantities recorded in the measurement book.

The Divisional Forest Officer, Chilas during the Financial Year 2022-23, awarded a contract for fencing of government plantation through TBTTP in Chilas forest division to M/S Israil & Brother through work order dated 22.06.2023 at cost of Rs.12.593 with completion period of thirty-six months. The management made payment of Rs.8.496 million to the contractor on 23.06.2023. Audit observed as under:

- i. The contract was awarded on 22.06.2023 and advance payment of Rs.8.496 million which is 67% of the contract price was paid on next day of issuance of work order.
- ii. According to clause 11.1(b) of work order the payment was required to be made in accordance with submission of bill as per work done at site whereas the payment was made without any work done.
- iii. As per clause-viii of the work order dated 22.06.2022 the management was required to singe a formal agreement with contractor, however, no agreement was signed.

Audit is of the view that payment to the contractor without work done was not only violation of rules but also undue favour to the contractor.

The irregularity was pointed out during June 2024. The management replied that although physical work was not started at the site but the contractor had procured materials like mesh wire, stones, sands etc. and therefore advance was paid against cross cheque and written statement.

The reply was not accepted as the management did not singe formal agreement with contractor containing the term and conditions of payments. Moreover, no provision was made in work order regarding advance payment.

The DAC meeting was held on 10.10. 2024. The DAC directed the management to investigate the issue regarding advance payment.

Audit recommend that responsibility may be fixed for making advance payment to the contractor.

AP-344/2023-24

11.4.3 Irregular transfer of FRF fund to Forest and Wildlife fund-Rs.1000 million

According to Section-12(1) of Gilgit-Baltistan Forest Act 2019, the existing Forest Regeneration Fund (FRF) available with the Department and such other seed money as the Government may determine and allocate to the Fund.

The Forest Wildlife and Environment Department Gilgit-Baltistan was maintaining Forest and Wildlife Fund (FWF) pursuant to section 11 of Gilgit-Baltistan Forest Act 2019 and transferred an amount of Rs.1000 million available in

the Forest Regeneration Fund at the time of establishment of FWF. During the audit of Forest Secretariate for the Financial Year 2023-24, it was observed that the funds available in the FRF were transferred in FWF without the approval of the Government in violation of provision of the Act.

Audit is of the view that irregularity occurred due to non-adherence to the provision of Forest Act.

The irregularity was pointed out during October 2024. The management replied that since the Gilgit-Baltistan Forest Act 2019 was passed by the Gilgit-Baltistan Assembly, therefore, there was no need to obtain the approval of government for transfer of funds from FRF to FWF.

The reply is inconsistent with the provision of the Act as the approval of the government was necessary for transferring FRF.

The DAC meeting was held on 20.11.2024. The management apprised that the funds were transferred in accordance with the provision of Act. However, audit was of the view that funds were required to be transferred with the approval of the government. The DAC decided to refer the case to Law department for seeking clarification of section-12(1) of the Forest Act regarding approval of the government.

Audit recommends that the approval of the government as required may be obtained.

AP-511/2024-25

11.4.4 Non-formulation of rules to regulate the trophy hunting-Rs.309.596 million

According to Section-45 of Northern Areas Wildlife Protection Act, 1975, the Provincial Government may make rules to prescribe the forms to be used for and the procedure to be followed in respect of any application, license, special license, permit, special permit, certificate, register, return or other document to be made, issued, granted or kept under the provisions of this Act. Prescribe the fees to be paid for any license, special license, permit, special permit or certificate to be granted or issued under this Act, the manner, terms and conditions under which they may be granted or issued and the authority of officer that may grant or issue them. Specify the maximum number of license or permit of any kind that may be Issued in any locality or in any period of time.

The Forest Wildlife and Environment Department Gilgit-Baltistan issued 118 licenses for hunting of different species in community-controlled hunting areas (CCHA) and received hunting fee of Rs.309.597 million during 2023-24. During the audit of Forest Secretariate for the Financial Year 2023-24, it was observed that the management did not formulate the rules to regulate the hunting in the region. Instead of formulating rules as required the management regulates the trophy hunting programme in Gilgit-Baltistan through guidelines. The existing arrangement adopted

by the management is inconsistent with the provisions of Northern Areas Wildlife Protection Act 1975.

Audit is of the view that irregularity occurred due non adherence to the provision of Act.

The irregularity was pointed out during October 2024. The management replied that all the trophy hunting programs are managed and run in the light of the Trophy Hunting Guidelines. However, now the Gilgit-Baltistan Wildlife Act and Rules have been prepared and submitted to Law Department through S&GAD to place before the Cabinet Committee on Legislative Business and the Gilgit-Baltistan Assembly for its approval.

The management admitted the point of view of the audit.

The DAC in its meeting held on 20.11.2024 directed the management to expedite the finalization of Act and Rules to regulate the trophy hunting program.

Audit recommends that the rules as required may be formulated.

AP-512/2024-25

11.4.5 Irregular retention of hunting fee and park fee-Rs.272.805 million

According to Section-2(1)(ccxxvi) Gilgit-Baltistan Forest Act 2019, prescribed means prescribed by rules made under this Act. Section 11 of Gilgit-Baltistan Forest Act 2019 there shall be established a Fund to be known as “Forest and Wildlife Fund” vested in the department. The Fund shall be raised and administered in a manner as may be prescribed.

The Forest Wildlife and Environment Department Gilgit-Baltistan during the Financial Year 2023-24, issued 118 licenses for hunting of different species in community-controlled hunting areas (CCHA) and received hunting fee of Rs.309.597 million. Similarly, the department also received park entry fee of Rs.34.129 million and deposited 20% and 25% of the hunting fee and park fee respectively in government treasury and retained 80% of hunting fee and 75% of the park fee for further payment to respective communities. During audit of Forest Secretariate, it was observed that the management did not frame the rules to regulate the retention of funds and their subsequent utilization through various communities.

Audit is of the view that the retention of hunting and park entry fee and its subsequent utilization through various communities in absence of rules was irregular.

The irregularity was pointed out during October 2024. The management replied that the department is bound to pay 80% amount out of the Trophy Hunting Fee and 25% of the Park Entry Fee to the communities of the concerned CCHA as

per Trophy Hunting Guidelines and Notification of KA/NA & SAFRON Division Islamabad No. F.12(1)/96-NA-I dated 12th November, 1998.

The reply was not satisfactory as rules have not been formulated to regulate the deposited and utilization of fee in accordance with the provision of the Act.

The DAC meeting was held on 20.11.2024. The management informed the DAC that the department has prepared draft GB Wildlife Act and Rules which have been submitted to Law Dept through S&GAD to place before the Cabinet Committee on Legislative Business. After approval the Act, the rules will be finalized accordingly. DAC directed the management to expedite the finalization of Act and Rules.

Audit recommends that rules may be formulated to regulate the retention and utilization of community share.

AP-513/2024-25

11.4.6 Irregular formation of Wildlife Management Board and non-formulation of rules

According to Section-4 Northern Areas Wildlife Protection Act 1975, the Provincial government shall constitute a board, hereinafter called the North Areas Wildlife Board consisting of such members as the Government shall deem fit. The Provincial Government shall make rules specifying the functions of the board.

The Forest Wildlife and Environment Department Gilgit-Baltistan vide notification No FW&E-4(18)/W/2020 dated 07.12.2021 revised the composition of Wildlife Management Board (WLMB) and its ToRs. During the audit of Forest Secretariate for the Financial Year 2023-24, it was observed that composition of the Wildlife Management Board (WLMB) and the ToRs of the Board were approved by Chief Secretary in his capacity as Chairman of the Board instead of obtaining the approval of Government.

Audit is of the view that the revision the composition of the Board by the Chairman and non-framing of rules was irregular and violation of the provisions of the Act.

The irregularity was pointed out during October 2024. The management replied that as per provisions of the NAs Wildlife Act 1975, the NAs Wildlife Board has been constituted, however, name of the Board was suggested as Wildlife Management Board instead of NAs Wildlife Board, however, ToRs of the board is the same as given in the Act.

The reply is not tenable as the composition of the Board was not approved by the government.

The DAC meeting was held on 20.11.2024. The DAC directed the management to obtain Ex-post facto approval from the Gilgit-Baltistan Cabinet.

Audit recommends that decision of the DAC be implemented.

AP-514/2024-25

11.4.7 Irregular outsourced of built-up property and land having commercial value - Rs.9,898 million

According to Rule-20 of Public Procurement Rules, 2004, the procuring agencies shall use open competitive bidding as the principal method of procurement for the procurement of goods, services and works.

The Government of Gilgit-Baltistan outsourced 37 (Thirty-Seven) government properties/government owned rest houses with land to M/s Green Tourism Private Limited Company for thirty years extendable for an additional term of ten year on 23.04.2024 through an agreement. The outsourced properties and reset houses also included 17 properties/rest houses of Forest Wildlife and Environment Department Gilgit-Baltistan consisting of 3,805 kinals having commercial value of Rs.9,898 million as assessed by the department.

During the audit of Forest Secretariate for the Financial Year 2023-24, it was observed that properties/rest houses were leased without adopting open competition. Further, according to (details/decision) of Summary dated 08.03.2024 moved by Tourism department Gilgit-Baltistan and approved through circulation on 01.04.2024 the proposal for outsourcing of government properties was endorsed with arguments that Gilgit-Baltistan Public Private Partnership Act also supports the operations of government project by private party on revenue sharing basis. However, the said case was not presented before the Public-Private partnership Policy Board which is an apex body to frame and approve Public-Private partnership policies and accord final approval to all the projects selected for implementation under the Public-Private partnership modality pursuant to Section 4 (3) of Gilgit-Baltistan Public-Private partnership Act 2019. Moreover, the Forest Act does contain any provision regarding outsourcing the properties of forest department.

Audit is of the view that outsourcing of government properties to a private company without open competition was neither in line with the provisions of Public Procurement Rules nor covered in Gilgit-Baltistan Public Private Partnership Act 2019 and in Forest Act.

The irregularity was pointed out during October 2024. The management replied that the initiative was taken by the Provincial Government and approved by the Cabinet. No agreement has been signed by the department in this regard, however, an agreement has been drawn between Tourism department and the M/S Green Tourism Company Pvt Ltd. Since the decision has been taken by the Provincial Government with the approval of the Gilgit-Baltistan Cabinet, therefore,

the department was bound to implement the directives and decisions of the Provincial Government.

The reply was not satisfactory as the outsourcing of Forest property was made in violation of rules.

The DAC meeting was held on 20.11.2024. After detailed deliberation, being a policy issue the DAC decided to refer the para to PAC.

Audit recommends that leasing of Forest properties may be dealt in accordance with the provisions of the rules and Forest Act.

AP-515/2024-25

11.4.8 Irregular hiring of services of FC– Rs.77.721 million

According to Section-9 of Gilgit-Baltistan Forest Act 2019, entire Forest and Wildlife Establishment under Government, excluding ministerial staff, for the purpose of this Act is deemed to be a Forest and Wildlife Force and shall be constituted in the prescribed manner by the Government.

The Forest Wildlife and Environment Department Gilgit-Baltistan during the Financial Years 2022-23 and 2023-24, incurred an expenditure of Rs.24.760 million out of Forest and Wildlife Fund on account of provision of food, ration and other miscellaneous items to one platoon of Frontier Constabulary personnel deployed for protection of forest. In addition, the management also paid an amount of Rs.52.961 million as internal security duty. Audit observed as under:

- i. Instead of establishing Forest and Wildlife Force for protection of forest the management requisitioned the services of civil armed force FC for deployment in different Division Forest Offices i.e. Chilas, Darail-Tangir and Gilgit in violation of provision of Forest Act.
- ii. The basic purpose of the project was to control the smuggling, illegal cutting and transportation for which result based monitoring framework was provided in the PC-I. However, it was observed that the approved timeline of thirty-six months the project was completed in December, 2023, however, no monitoring was carried out to evaluate the impact of project for which the project was conceived.

Audit is of the view that deployment of FC instead of establishing Forest and Wildlife Force was irregular. Moreover, the absence of result-based monitoring the impact for which the force was deployed could not be evaluated.

The irregularities were pointed out during October 2024. The management replied that till the establishment of proper Forest & Wildlife Force (which is in progress) the FC was deployed for protection of forests in critical valleys/points/forests in Gilgit-Baltistan as illegal loggings, encroachments, smuggling and other offences were not possible to stop without using force. This

stopgap arrangement was done in the best of forest and wildlife conservancy till establishment of the force.

The management has accepted the point of view of the audit.

The DAC meeting was held on 20.11.2024. The management informed the DAC that a similar para was printed in previous years audit reports is pending with PAC. DAC decided to pend the paras till decision of the PAC.

Audit recommends that force as provided in the Act be established besides regulating the seizer powers in accordance with the provision of the Act.

Note: *The issue was reported earlier also in the Audit Report for the Audit Year 2023-24 vide para number 11.4.5 having financial impact of Rs.1.800 million. Recurrence of same irregularity is a matter of serious concern.*

AP-350,351,357 & 358/2023-24 and 516 & 539/2024-25

11.4.9 Loss due to non-recovery of registration fee of Saw Mills - Rs.5.260 million

According to Section-125 (1) of the Gilgit-Baltistan Forest Act, 2019, a wood-based industry, a sale depot or a sawing unit shall not be established, unless the same is registered with the conservator of forest concerned in such manner and on payment of such fee as may be prescribed.

According to Schedule-I (Section 12) 3 (iv) & (v) of Gilgit-Baltistan Finance Act 2023 Registration of Saw Mills @ Rs.20,000 and renewal of Saw Mills (Annual) Rs.5,000 was required to be ensured.

During the audit of Divisional Forest Officers, Gilgit, Darel-Tangir and Chilas for the Financial Years 2022-23 and 2023-24, it was observed that out of 289 Saw Mills only 26 were registered. Further, numerous wood-based commercial installations/activities, sale depot and sawing Saw Mills are established in the Daimer region. However, the management neither made any effort to list out these depots, Saw Mills nor made any effort for their registrations in accordance with provision of the Act.

Audit is of the view that due to non-registration/ non-implementation of the Forest Act, 2019 & Gilgit-Baltistan Finance Act 2023, department could not generate revenue of Rs.5.260 million.

The irregularity was pointed out during September 2024. The management replied that the case has been taken up with higher authorities for provision of law enforcing agencies to seal the unregistered Saw Mills and to bring them into the ambit of legal frame under Gilgit-Baltistan Finance Act 2023.

The management has accepted the point of view of the audit.

The DAC meeting was held on 20.11.2024. The management replied the DAC that registration process in accordance with provision of Forest Act and Finance Act has been started. So far registration of 26 Saw Mill has been completed and the remaining is in process. The DAC directed the management to complete the registration of remaining Saw Mills in the region.

Audit recommends that the government orders/ Gilgit-Baltistan Finance Act be implemented and fee for Registration / Renewal of Saw Mills be recovered.

Note: The issue was reported earlier also in the Audit Report for the Audit Year 2023-24 vide para number 11.4.4 having financial impact of Rs.5.655 million. Recurrence of same irregularity is a matter of serious concern.

AP-349 & 356/2023-24 and 537/2024-25

11.4.10 Non-auction of confiscated timer – Rs.1,276.126 million

According to section-6 of the Gilgit-Baltistan Forest (Amendment) Act 2020, “except approval, promulgation and execution of scientific based Working Plans and Management Plans for Private Forests and Protected Forests as prescribed under Section 82 of this Act, the Government shall not have the power to approve and execute amnesty schemes or disposal policy for any illegally extracted timber from Privates Forests and Protected Forests. All such illegally extracted timber shall be seized confiscated and destroyed by the Government through the Department. For this purpose, a Forest Officer with prior approval of Chief Conservator of Forest shall execute the destruction of such wood at approved sites as deemed appropriate by the Department, in presence of an officer of District Administration not below the “rank of BPS-17”.

During the audit of the offices of Divisional Forest Officer, Gilgit, Chilas and Astore for the Financial Years 2022-23 and 2023-24, it was revealed that there was confiscated timer having volume of 638,063 cft available under jurisdiction of offices. According to assessment of the department, the value of the confiscated timber comes to Rs.1,276.126 million {638,063 cft X Rs.2,000}. Audit observed that the management has not formulated any policy for disposal. The confiscated timber laying in open air was not only being deteriorated and lost its value but also creating hazards to environment by exhaling carbon dioxide.

Audit is of the view that the department had not taken any action for disposal of this confiscated timer. Due to non-disposal of timber, its quality is deteriorating.

The irregularity was pointed out during September 2024. The management replied that auction of confiscated timber was ban in pursuance of the Section-6 (6) of Gilgit-Baltistan Forest (Amendment) Act 2020. Since the Gilgit-Baltistan Assembly has now amended the above section which has now been enacted and after lifting of the ban the Government of Gilgit-Baltistan will prepare terms and

conditions for disposal of confiscated timber lying at various depots, check posts and nullahs.

The management admitted the point of view of the audit.

The DAC meeting was held on 20.11.2024. The management informed the DAC that after amendment in Forest Act, a case has already been taken up with the government for disposal of confiscated timber. Moreover, a similar para is also pending before the PAC. Therefore, the fate of the para will be decided in accordance with the decision of the PAC.

Audit recommends that the department should take appropriate action for disposal of timber in accordance with provision of Act.

Note: *The issue was reported earlier also in the Audit Report for the Audit Years 2022-23 and 2023-24 vide para number 7.4.7 and 11.4.6 having financial impact of Rs.500.59 million and Rs.500.302 million. Recurrence of same irregularity is a matter of serious concern.*

AP-346/2023-24 and 540 & 798/2024-25

11.4.11 Mis-use of Forest Regeneration Fund and loss of Rs.155.24 million

The Forest Regeneration Fund was established vide KANA Division OM No. F312(1)/96-NA-1 dated 12.11.1998 for deposit of proceeds of the cess, penalty, development surcharge levied on logging and export of timber from the Gilgit-Baltistan and 25% income from entry fee of National Parks & 20% Trophy Hunting fee.

The uses of fund are as follow: -

- i. Conservation, regeneration and sustainable development of Forests in Gilgit-Baltistan.
- ii. Enhancing government sources for rehabilitation of depleted and cut over forests and infrastructure development in Gilgit-Baltistan.

During the Special Audit of Forest Regeneration Fund (FRF) for the period 1998-99 to 2021-22, it was noted that Forest Regeneration Fund Disbursement Committee granted loans of Rs.144.154 million to various departments of Gilgit-Baltistan on recoupment basis (***reported vide para 3.3.4 in Special Audit Report of Forest Regeneration Fund (FRF) for the Audit Year 2022-23***). Details are as under:

(Rs. in million)					
S. No.	Name of Department	Date of amount transferred	Amount transferred	Amount recovered	Expected Loss due to retention of funds / loans @ 10%
1	Secretary Works NAPWD (Power Deptt) for Procurement of 500KW diesel generator for Chilas Town	19.02.2003	7.260	Nil	13.79
2	Chief Executive NAs through Secretary Finance NAs for purchase of one five door and two pick ups	13.11.2003	11.500	Nil	20.70
3	Secretary Works NAPWD (Power Deptt) for execution of works under special package for Diamer	21.08.2004	9.000	Nil	15.30
4	Secretary Works NAPWD for execution of works under special package for Diamer	10.05.2005	5.060	Nil	8.60
5	Secretary Water & Power and LG&RD for establishment of Micro Hydel Project at Babusar Chilas	28.03.2008	6.316	Nil	8.84
6	Secretary Works, W&P and LG&RD for reconstruction of damaged projects in Diamer District	28.03.2011	105.018	25.00	88.01
Total			144.154	25.00	155.24

Audit observed as under:

- i. The grant of loan to other departments was neither covered in the rules nor was FRF disbursement committee empowered to grant such loans.
- ii. The loans were granted on recoupment basis, however the department recovered only Rs.25.00 million so far leaving a balance of Rs.119.154 million.
- iii. The surplus funds could have been invested in different investment schemes, therefore, keeping in view the expected rate of return, the subject loans to other departments resulted in loss of Rs.144.154 million to the government.

Audit is of the views that due to non-recovery of outstanding dues the department sustained a loss of Rs.119.154 million as the huge funds remained uninvested outside FRF. The loss occurred due to ineffective financial controls.

The irregularity was pointed out during May 2023 to which it was replied that the matter will be taken with the higher authorities for early recoupment of Rs.119.154 million to the Forest & Wildlife Fund.

DAC in its meeting held on 14.06.2023 directed the department to initiate a summary to the Chief Minister GB for making arrangement to recoup the loans granted to different departments on recoupment basis.

Audit recommends that the matter for early recoupment of funds alongwith interest be taken up with the departments besides fixing the responsibility for irregularity.

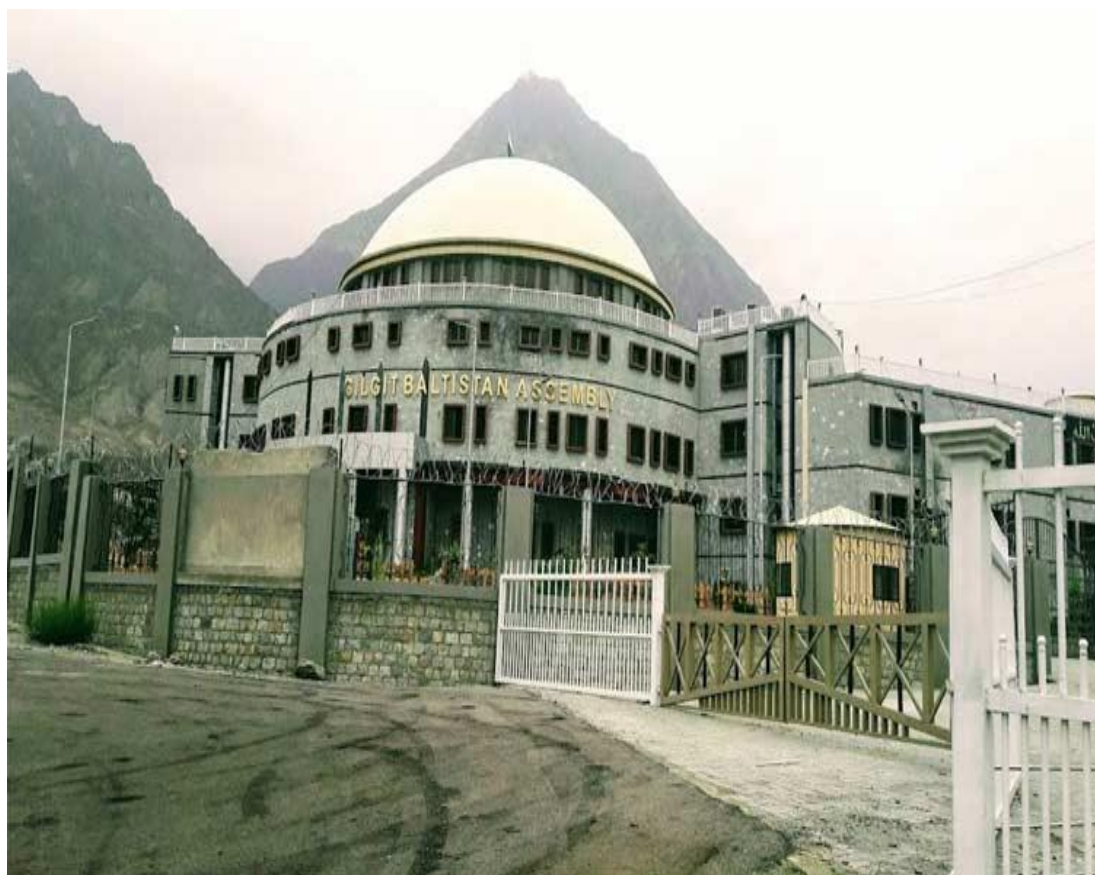
Para 3.3.4 of SAR of FRF-2022-23

CHAPTER-12

12. GILGIT-BALTISTAN LEGISLATIVE ASSEMBLY

12.1 Introduction

A. Gilgit-Baltistan Legislative Assembly was established under Article-35 of the Gilgit-Baltistan (Empowerment and Self-Governance) Order 2009. This assembly comprises of thirty-three members. Twenty-four members of the Assembly are elected directly on the basis of adult franchise. Six women members are elected on reserve seats. Three technocrat members are also elected on reserved seats. The term of the Assembly has been fixed for five years.



Audit Profile of Gilgit-Baltistan Legislative Assembly

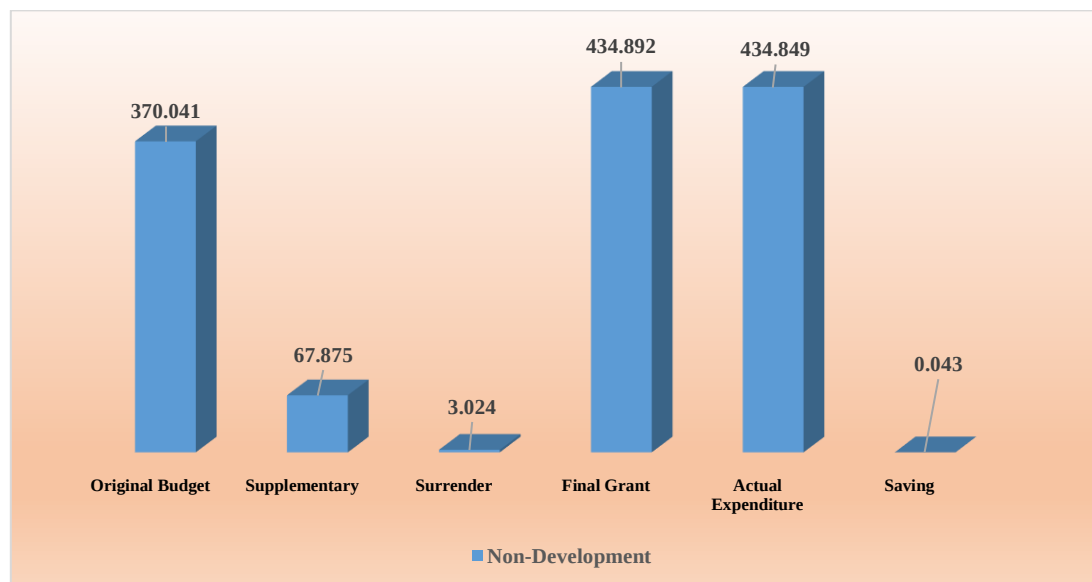
(Rs. in million)					
Sr. No.	Description	Total Nos.	Audited	Expenditures audited FY 2022-23	Receipts FY 2022-23
1.	Formations	01	01	251.945	0.170

B. Comments on Budget & Accounts (Variance Analysis)

Budget allocation and expenditures of Gilgit-Baltistan Legislative Assembly for the Financial Year 2022-23 is as under:

(Rs. in million)

Grant	Original Budget	Supplementary	Surrender	Final Grant	Actual Expenditures	Saving
Non-Dev-06	370.041	67.875	(3.024)	434.892	434.849	0.043



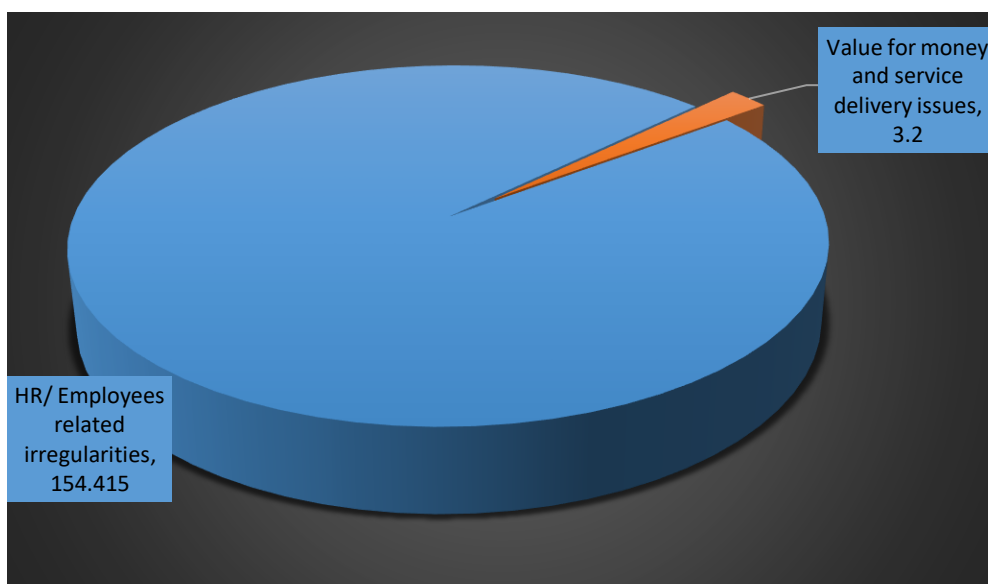
Allocation of Rs.370.041 million was made for non-development budget. During the year, supplementary grant of Rs.67.875 million was granted which is 18.34% of the original allocation. The department also surrendered a minor amount of Rs.3.024 million. Against final grant of Rs.434.892 million, the Assembly Secretariat utilized funds of Rs.434.849 million which is almost 100% of the final grant.

12.2 Classified summary of Audit observations

Audit observations amounting to Rs.157.615 million were raised in this report during current audit of Gilgit-Baltistan Legislative Assembly. Summary of the audit observations classified by nature is as under:

(Rs. in million)

S. No.	Classification	Amount
1.	HR/ Employees related irregularities	154.415
2.	Value for money and service delivery issues	3.200
Total		157.615



12.3 Brief comments on the status of compliance with PAC directives

Following PAC meetings were held to discuss the audit paras of the department:

Years	No of audit paras	No of Actionable Points	Compliance	Non-Compliance	% of Compliance
2018-19	1	1	1	0	100%
2019-20	1	1	1	0	100%
2022-23	3	3	3	0	100%

12.4 AUDIT PARAS

12.4.1 Irregular payment of discretionary grant Rs.2.200 million

According to Section-14 of the Gilgit-Baltistan Legislative Assembly Speaker, Deputy Speaker Salaries, Allowances and Privileges Act, 2021, a sum of Rs.5.000 million and Rs.1.500 million per annum shall be placed at the disposal of the Speaker and Deputy Speaker respectively for making discretionary grant to the poor patients, orphan children, school fee of poor students and sports /charity organization across Gilgit-Baltistan.

The Gilgit-Baltistan Assembly Secretariat during the Financial Year 2022-23, placed funds of Rs.2.200 million at the disposal of Speaker and Deputy Speaker for making discretionary grant to the poor patients, orphan children, school fee of poor students and sports /charity organization across Gilgit-Baltistan. Details are as under:

(Rs. in million)		
S. No.	Grant	Amount
01	Speaker	1.200
02	Deputy Speaker	1.00

Audit observed that payment on account of discretionary was not made in accordance with approved criteria laid down in the Act as in most cases the payment was made as financial assistance. Moreover, the payment made on account of medical charges/college fee etc. were not supported with required documents to substantiate the payment.

Audit is of the view that payment out of discretionary grant was made in violation of provision of the Act.

The irregularity was pointed out during April 2024. The management replied that the expenditure was made as per the criteria envisaged in the Privileges Act 2021 of the dignitaries and the subsequent policy approved by the Gilgit-Baltistan Cabinet vide Notification No.DSC-6/2020 dated 11.6.2021.

The reply is not tenable as the grant was utilized as financial assistance instead of grant to the poor patients, orphan children, school fee of poor students and sports /charity organization across Gilgit-Baltistan.

The DAC meeting was held on 29.07.2024. The DAC was of the view that as per available record the discretionary grant was not utilized in accordance with provision of Act and decided to referred the para to the PAC for further examination and decision.

Audit recommends that payment out of discretionary grant should be regulated in accordance with provision of the Act.

AP-338/2023-24

12.4.2 Un-supported payment of discretionary grant Rs.1.000 million

According to Rule-205 of FTR Vol-I, a Government officer entrusted with the payment of money shall obtain for every payment he makes, including repayment of sums previously lodged with the Government, a voucher setting forth full and clear particulars of the claim and all information necessary for its proper classification and identification in the accounts. Every voucher must bear, or have attached to it, an acknowledgment of the payment signed by the person by whom, or on whose behalf, the claim is put forward. The acknowledgment shall be taken at the time of payment.

During Financial Year 2022-23, the leader of opposition Gilgit-Baltistan Assembly disbursed the discretionary grant amounting to Rs.1.000 million. Audit observed that the entire payment was made in cash and no acknowledgement receipt was available on record to authenticate the payment to the beneficiaries. Further, the payment was not made in accordance with approved criteria laid down in the Act as no record was available to substantiate the payment in accordance with provision of section 14 of the Act.

Audit is of the view that payment out of discretionary grant was made in violation of provision of the Act and rules, therefore, authenticity of expenditure cannot be ascertained.

The irregularity was pointed out during April 2024. The management replied that the discretionary funds placed at the disposal of the Opposition Leader Gilgit-Baltistan Assembly was disbursed in light of the Privileges Act of the dignitary.

The reply was not accepted as the entire funds were drawn in cash in violation of rules.

The DAC meeting was held on 29.07.2024. The management apprised the DAC that the amount of discretionary grant was disbursed through his personal staff, however, the concerned staff has not provided any evidence or records after disbursing the money among the beneficiaries so far to the Cash Section of Gilgit-Baltistan Assembly Secretariat. The DAC decided to referred the para to the PAC for further examination and decision.

Audit recommends that payment out of discretionary grant should be regulated in accordance with provision of the Act and Rules.

AP-339/2023-24

12.4.3 Irregular payment of TA/DA Rs.2.505 million

According to Section-10 of the Gilgit-Baltistan Legislative Assembly Speaker (Salaries, Allowances and Privileges Act 2021, the Speaker shall be entitled to be paid Rs.10,000 per day as daily allowance during attending of government functions/meetings in the discharge of official duties undertaken outside his jurisdiction subject to production of invitation issued by the competent authority.

The Gilgit-Baltistan Assembly Secretariat during the Financial Year 2022-23, made payment of Rs.2.505 million to Speaker Gilgit-Baltistan Assembly on account of TA/DA. Audit observed that the TA/DA claims were not supported with invitation issued by the competent authority.

Audit is of the view that payment of TA/DA was made in violation of provision of the Act.

The irregularity was pointed out during April 2024. The management replied that in pursuance of Section-18 of the Speaker Gilgit-Baltistan Assembly (Salaries, Allowances, and Privileges) Act 2021, the Hon'ble Speaker Gilgit-Baltistan Assembly is self-controlling officer of his TA/DA bills.

The reply was not tenable as the audit objected the non-fulfillment of requirement Section-10 of the Gilgit-Baltistan Legislative Assembly Speaker (Salaries, Allowances and Privileges Act 2021 which was not replied.

The DAC meeting was held on 29.07.2024. The DAC was of the view that the claimed TA/DA of private meetings were contrary to the provision of Act. Hence, the DAC decided to referred the para to PAC for further examination and decision.

Audit recommends that the TA/DA should be regulated in accordance with provision of the Act.

AP-340/2023-24

12.4.4 Irregular payment of arrears-Rs.151.91 million

According to Section-37 of Gilgit-Baltistan Order 2018, the Chief Minister shall keep the Governor informed on matters relating to administration and on all legislative proposals the Government intends to bring before the Assembly.

According to Rule-12(6) of the Gilgit-Baltistan Rules of Business 2009, the Law Department shall be consulted by the administrative departments before the issuance of any order, rules, regulations, notification, or by-law issued in exercise of statutory power; and any sanction authorizing a subordinate authority to issue any order. rules, regulations, notification or bye-law under a statutory power.

According to Rule-20(1)(a) of Gilgit-Baltistan Rules of Business 2009, the proposals for legislations on subjects contained in the Fourth Schedule to Order, official or non-official, including Money Bills should be brought to notice of Cabinet.

During audit of Gilgit-Baltistan Assembly Secretariat for the Financial Year 2022-23, it was revealed that the management paid an amount of Rs.151.91 million to Gilgit-Baltistan Assembly Members as an arrears for the period 01.01.2021 to 31.07.2022 (19) months. The arrears were paid on revision of Salary, Allowances and Privileges of Speaker, Deputy Speaker, Minister, Members and Leader of Opposition on basis of Act 2021. Audit observed as under:

- i. In terms of Section 37 of Gilgit-Baltistan Order 2018 the Chief Minister shall keep the Governor informed on matters relating to administration and on all legislative proposals the Government intends to bring before the Assembly. However, in this case the Governor was not informed in violation of provision of Gilgit-Baltistan Order.
- ii. The bills were directly submitted to the Governor for approval without involving Law Department in violation of Rules 12(2) and 12(6) of the Gilgit-Baltistan Rules of Business 2009.
- iii. The Salary, Allowances and Privileges of Speaker, Deputy Speaker, Minister, Members and Leader Acts were not placed before the Cabinet in violation of provision of rules.
- iv. The bills were not submitted to the Chief Minister pursuant to Rule 32(1)(a) of Gilgit-Baltistan Rules of Business.

- v. The bills were passed on 29.06.2022 and made effective with retrospective effect from 01.01.2021 in violation of standard of financial propriety.

Audit is of the view that the bills of Salary, Allowances and Privileges of Speaker, Deputy Speaker, Minister, Members and Leader of Opposition were processed in violation of rules.

The irregularity was pointed out during April 2024. The management replied that during the 8th Session of Gilgit-Baltistan Assembly held on 25.11.2021, the House granted leave for introduction of said bills. Subsequently, the bills were passed unanimously by the members. As per Rules 32 and 36(6) of the Gilgit-Baltistan Rules of Business 2009 and past practices, the bills were placed before the Hon'ble Speaker Gilgit-Baltistan Assembly for signature and had to transmit to the Law Department for getting Assent of H.E Governor Gilgit-Baltistan to the bills. While signing the bills the Speaker GB Assembly issued orders to transmit the bills directly to the H.E Governor Gilgit-Baltistan for his assenting instead of routing via Law Department Gilgit-Baltistan. This Secretariat has discussed the matter with Speaker Gilgit-Baltistan Assembly in the light of existing rules in order to review his decision, but the Honorable Speaker firmly stood with his decision.

The management admitted the point of view of audit.

The DAC meeting was held on 29.07.2024. The DAC was of the view that private member bill which involved heavy financial implications was passed and assented to retrospective effect without taken on board the Government and also processed in violation of the Gilgit-Baltistan Rules of Business 2009. Hence the DAC decided to referred the para to the PAC for further examination and decision.

Audit recommends that irregularity may be got regularized.

AP-342/2023-24

CHAPTER-13

13. GILGIT-BALTISTAN RURAL SUPPORT PROGRAMME

13.1 Introduction

A. The Gilgit-Baltistan Rural Support Programme (GBRSP) was established on 04.11.2012 as non-profit organization registered under section 42 of Companies Ordinance 1984. GBRSP is governed by fourteen members “Board of Directors”, headed by the Chairman, elected by the Board of Directors (BoDs). Eleven permanent members of the BoD represent civil society, whereas Secretary Finance, Secretary Planning and Secretary LG&RD represent government of Gilgit-Baltistan as ex-officio nominee members. The Chief Executive Officer (CEO) and General Manager are responsible for managing day to day operations of the GBRSP. GBRSP has expanded its operation to all the districts of Gilgit-Baltistan by establishing regional and district offices. The GBRSP mainly depends on Grants-in-Aid provided by the government of Gilgit-Baltistan and interest received from the Endowment fund. The economic and social development of the region are the thematic areas and major functions of the GBRSP.



Audit Profile of Gilgit-Baltistan Rural Support Programme

(Rs. in million)

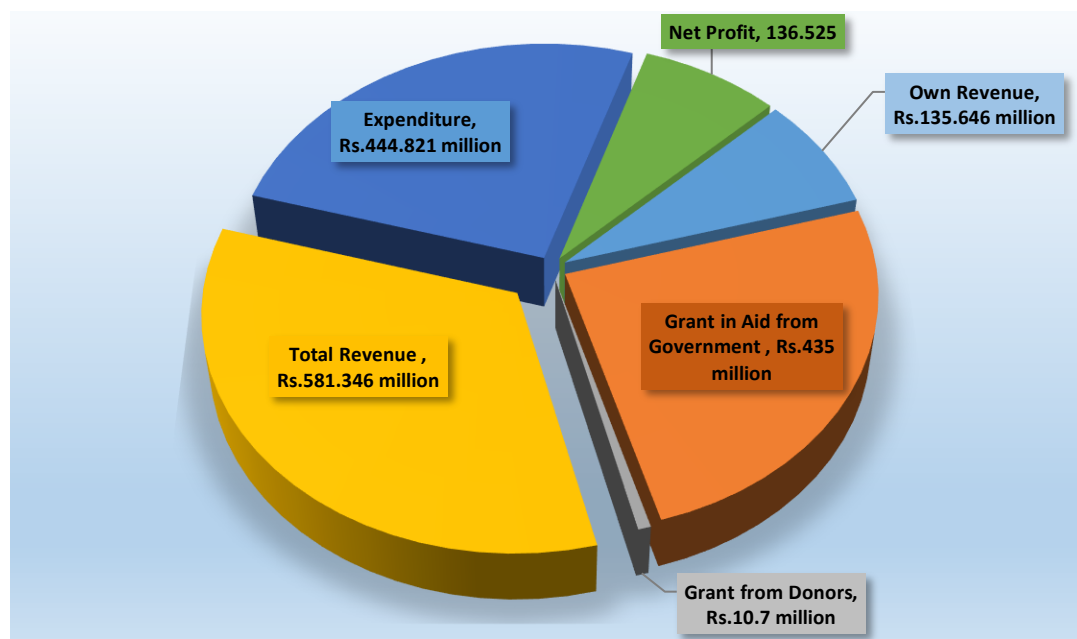
Sr. No.	Description	Total Nos.	Audited	Expenditures audited FY 2022-23	Receipts FY 2022-23
1.	Formations	01	01	712.878	-

B. Comments on Budget & Accounts (Variance Analysis)

Budget allocation and expenditures of Gilgit-Baltistan Rural Support Programme for the Financial Year 2022-23 is as under:

(Rs. in million)

	Own Revenue	Grant in Aid from Government	Grant from Donors	Total Revenue	Expenditures	Net Profit
GBRSP	135.646	435.000	10.700	581.346	444.821	136.525



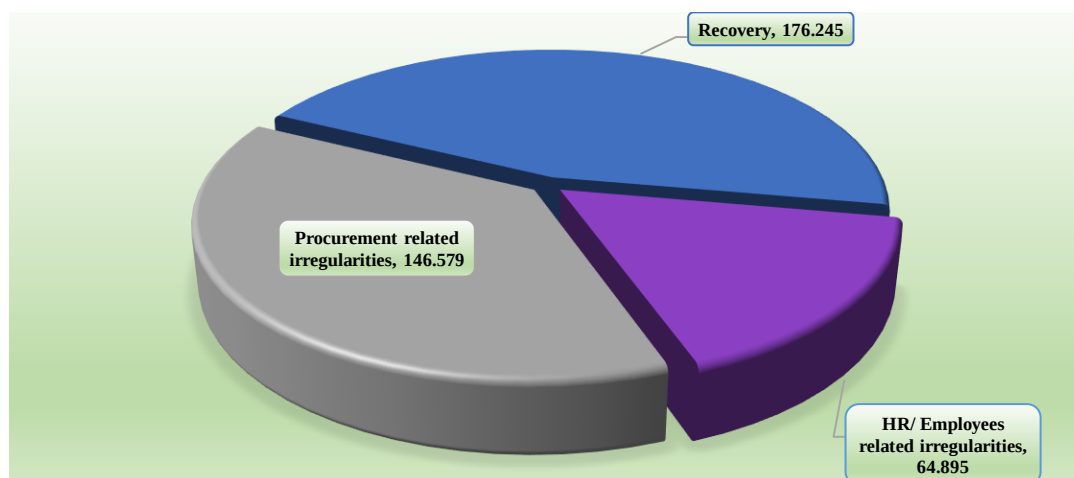
During 2022-23 the company revenue including interest on endowment fund was Rs.135.646 million which comes to 23.33% of total revenue. However, the company also received grant of Rs.435.00 million from government of Gilgit-Baltistan which constituted 74.83% of total revenue.

Against total revenue of Rs.581.346 million the company incurred an expenditure of Rs.444.821 million. The profit of the company was Rs.136.525 million.

13.2 Classified summary of Audit observations

Audit observations amounting to Rs.387.719 million were raised in this report during current audit of company. This amount also includes recoveries of Rs.176.245 million. Summary of the audit observations classified by nature is as under:

(Rs. in million)		
S. No.	Classification	Amount
1.	HR/ Employees related irregularities	64.895
2.	Procurement related irregularities	146.579
3.	Recovery	176.245
Total		387.719



13.3 Brief comments on the status of compliance with PAC directives

No meeting of Public Accounts Committee (PAC) has been held to discuss audit paras of the department.

13.4 AUDIT PARAS

13.4.1 Unauthorized utilization of divided - Rs.72.630 million

According to Section-70(1) of Government of Gilgit-Baltistan Order 2018, all revenues received by the Government, all loans raised by the Government with the approval of Government of Pakistan and all moneys received by it in payment of any loan shall form a part of a Consolidated Fund, to be known as the Gilgit-Baltistan Consolidated Fund.

According to Section-70(2) of Government of Gilgit-Baltistan Order 2018, all other moneys received by or on behalf of the Government shall be credited to Public Account.

During audit of Gilgit-Baltistan Rural Support Programme (GBRSP) for the Financial Year 2022-23, it was revealed that the GBRSP received a dividend of Rs.72.630 million on government shares in KCBL. Audit observed the dividend was utilized by the GBRSP for operational activities instead of depositing into Gilgit-Baltistan Consolidated Fund in violation of provision of the Gilgit-Baltistan Order 2018.

Audit is of the view that existing arrangement for not depositing the dividend amount in Gilgit-Baltistan Consolidated Fund and its utilization was violation of the provision of financial procedure stipulated in Government of Gilgit-Baltistan Order 2018.

The irregularity was pointed out during June 2024. The management replied that GBRSP received Rs.72.630 million as dividend from KCBL during the Financial Year 2022-23 and utilized to finance different rural development schemes after due approval of Gilgit-Baltistan Cabinet in its meeting held on 04.08.2022. The Cabinet further authorized GBRSP to utilize the dividend to be received in the next financial year to support Computer Education, STEM & Entrepreneurship project in Gilgit-Baltistan.

The reply is not tenable, being a government receipt, the dividend was required to be deposited into government treasury.

The DAC meeting was held on 20.12.2024. The department informed the DAC that revenue was utilized after obtaining approval from Gilgit-Baltistan Cabinet, however utilization of the revenue was not authorized through proper budgeting process. After detailed discussion the DAC decided to refer the para to PAC.

Audit recommends that the dividend amount received by the GBRSP on behalf of government may be deposited into government treasury.

AP-368/2023-24

13.4.2 Irregular appointment of consultants/specialists- Rs.47.037 million

According to Section-70(3) of Gilgit-Baltistan Order 2018, the custody of the Gilgit-Baltistan Consolidated Fund, the payment of money into that Fund, the withdrawal of money therefrom, the custody of other moneys received by or on behalf of the Government, their payment into, and withdrawal from the Public Account of the Government, and all matters connected with or ancillary to the matters aforesaid, shall be regulated by the Act of the Assembly or, until provision in that behalf is so made, by rules made by the Governor.

According to Rule-18 (6) of the Gilgit-Baltistan Rules of Business 2009, all contract appointments and re-employment shall be made in accordance with Schedule III-A.

During audit of GBRSP for the Financial Year 2022-23, it was revealed that the health department signed a Letter of Understanding (LoU) with GBRSP on 30.09.2022 for provision of services of 57 consultants/specialists doctors in Government hospitals in all ten districts of Gilgit-Baltistan by engaging private sector service providers. The GBRSP and Health department after completion of selection process further signed an agreement with M/s Shifa Foundation Islamabad, Shifa International Hospitals Limited Islamabad and SIHT (Pvt) Limited Islamabad on 22.12.2022 for provision of 66 physicians/consultants at monthly salary of Rs.550,000 initially for one-year w.e.f 28.02.2023 with 9.1% management cost in line with the number of doctors placed/engaged. The GBRSP made payment of Rs.47.037 million to the health provider on 15.03.2023. Audit observed as under:

- i. The appointments of specialist/ consultant on contract basis were made on basis of criteria devised by Health department instead of farming rules in violation of provision of Gilgit-Baltistan Order 2018.
- ii. No posts of specialists/consultants were created for making appointment on contract basis on lump sum salary.
- iii. In accordance with Rule 18(6) of Gilgit-Baltistan Rules of Business, the contract appointments against BS-19 and above are required to be made with the approval of Governor in consultation with Chief Minister. However, in the said case the appointments were made without the approval of the Governor in violation of rules.
- iv. Pursuant to the provision of Gilgit-Baltistan Rules of Business the health department is responsible for making such appointments in accordance of recruitment rules through FPSC. The services of GBRSP were hired for provision of technical services for appointments of specialist/consultants whose mandate is totally different as the company is neither a specialized recruitment agency nor have expertise in the field of testing services.
- v. The selection committee was headed by Secretary Finance with representation of health department which has almost absolved the GBRSP of its contractual obligations and responsibilities regarding selection of specialist/consultants.
- vi. GBRSP hired the services of 66 specialist/consultants instead of 57 as initially agreed between Government of Gilgit-Baltistan and GBRSP though letter of understanding. Resultantly nine consultants/specialists were appointed in excess of provision of LoU.

Audit is of the view that appointment of specialist/ consultant in absence of recruitment rules, sanctioned posts and without the approval of competent authority was irregular.

The irregularity was pointed out during June 2024. The management replied that said observation is related to Health Care Initiative which is a project of Health Department, the same has been forwarded to Health department for response.

The reply was not accepted as all appointment was made by GBRSP and therefore, it was responsibility of the agency to fulfill all the requirement.

The DAC meeting was held on 20.12.2024. After detailed discussion, the DAC was of the view that the subject activity was the domain of Health Department. Therefore, the DAC referred the para to PAC for further deliberation in the presence of representative from Health Department.

Audit recommends that the responsibility may be fixed for making appointments on contract basis in violation of rules.

AP-369 /2023-24

13.4.3 Non-creation of trust fund and investment of employee's Contributory Provident Fund-Rs.16.544 million

According to Section-227(2) of the Companies Ordinance 1984, where a provident fund has been constituted by a company for its employees or any class of its employees, all moneys contributed to such fund, whether by the company or by the employees, or received or accruing by way of interest, profit or otherwise from the date of contribution, receipt or accrual, as the case may be, shall be deposited in a National Savings Scheme, in a special account to be opened by the company for the purpose in a scheduled bank; or be invested in Government securities.

During the Financial Year 2022-23, GBRSP deducted an amount of Rs.16.544 million from the salaries on account of employee's contributory fund (50% each contributed by employer and employee). Similarly, an amount of Rs.26.088 on account of gratuity was also available on close of financial year 2022-23. Audit observed that the management retained the amount in saving accounts carrying markup rates of 4.75% per annum instead of creating trust fund in order to make the investment in other government schemes carrying high profit.

Audit is of the view that non-creation of trust fund and non-investment of employee's contributory fund in most profitable schemes resulted in loss the employees in the long run.

The irregularity was pointed out during June 2024. The management replied that for registration of provident fund trust with federal authorities there is a requirement of registered office of the organization in Islamabad. Since GBRSP has no registered office in Islamabad, therefore the process of provident fund trust creation and registration was not completed. However, a committee has been formed to peruse the process of registration. Meanwhile GBRSP has placed the provident

fund in a designated savings account, the profit of which is being divided among employees on proportionate basis.

The management admitted the point of view of audit.

The DAC meeting was held on 20.12.2024. The DAC directed the management to finalize the creation of trust fund at the earliest.

Audit recommends that the trust may be established for regulating the employees CPF in effective manner.

AP-371/2023-24

13.4.4 Irregular execution of works- Rs.43.400 million

According to Para-6.09 of Pakistan Public Works Department Code (Revised-1982) a proper detailed estimate must be prepared for the sanction of the competent authority for each individual work proposed to be carried out. The Technical Sanction to the estimate must be obtained before the construction of work commenced. Technical sanctions guarantee that the proposals are structurally sound and that the estimates are accurately calculated and based on adequate data.

During the Financial Year 2022-23, the GBRSP awarded the contracts to different contractors for construction/establishment of software technology parks (STPs) involving cost of Rs.43.399 million on behalf of Information Technology Department Government of Gilgit-Baltistan. Details are as under:

(Rs. in million)				
S. No	Contractor	Date of award	Work	Contract cost
1	M/s RS Construction	10.01.2023	Establishment of STP Ghizer	24.859
2	do	do	Establishment of STP Hunza	4.400
3	M/s Ghulab Khan and Sons	10.01.2023	Establishment of STP Chilas	14.141
Total				43.400

Audit observed that management did not obtain technical sanction from competent authority. Further, the Information Technology Department did sign any formal agreement outlining the requirement and specification of STPs with GBRSP. Moreover, the STPs established have not been taken over by the Information technology/ line department as no record in this regard was available with management.

Audit is of the view that the execution of work without obtaining technical sanction was irregular. Moreover, in absence of ownership of line department audit could not ascertain whether the STPs established were in accordance with their requirements and plan as envisaged.

The irregularity was pointed out during June 2024. The management replied that the Information Technology Department was responsible to obtain TS as

GBRSP was executing the project on the behalf of IT Department. The observation has been forwarded to the IT department GB for response.

The reply was not accepted being executing agency the GBRSP was required to fulfill all formalities required for execution of Civil Works.

The DAC in its meeting held on 20.12.2024 directed the management to obtain technical sanction/estimates from competent authority/forum.

Audit recommends that the responsibility may be fixed for the irregularity.

AP-372/2023-24

13.4.5 Non-conducting of assessment to track outcome of the project- Rs.56.142 million

The letter of agreement dated 09.09.2022 signed between GBRSP, M/s Rupani Foundation and Education Department states that GBRSP and Department of Education with assessment experts will draw up an assessment plan to track student learning outcomes in project schools and a control group of schools with similar characteristics to assess the success of the project activities.

During Financial Year 2022-23, the Finance Department released an amount of Rs.74.000 million out of block allocation of education department Gilgit-Baltistan as grant-in-aid to GBRSP for STEM (science, technology, engineering and mathematic) project with the aim to promote digital literacy and problem solving with the use of programming. The GPRSP executed the project in 200 schools across the Gilgit-Baltistan and incurred an expenditure of Rs.56.142 million against allocated grant of Rs.74.000 million leaving a saving of Rs.17.857 million. Audit observed as under:

- i. The management did not chalk out assessment plan with the association of an assessment expert in order to track the student learning outcomes in identified schools to assess the success of the project activities.
- ii. The project was initiated without ascertaining the availability of IT infrastructure and other related facilities like internet connectivity, electricity facility, in the Schools as is evident from monitoring reports.
- iii. From the review of monitoring reports, it was revealed that the curriculum/syllabus developed was much advance as compared with educational level of the students. Moreover, the syllabus was not provided to the fellow timely enabling them to make proper planning.
- iv. As per agreement monitoring of the activities have to be carried out at different stages to identify gaps, loopholes in order to take corrective measures and informed decision. However, the Education department being the major stakeholder did not carry out any exercise to ascertain the execution of project in effective manner.

- v. Neither the GBRSP nor the line department devised any exit strategy for making the project sustainable in the long run.

Audit is of the view that project was initiated without ensuring necessary infrastructure and allied facilities which has made the entire initiative ineffective. Moreover, absence of ownership by the line department has made the project further ineffective.

The irregularity was pointed out during June 2024. The management replied that the said observation is related Computer Education, STEM & Entrepreneurship project which is related to Education Department, the same has been forwarded to the concerned department for response.

The reply was not accepted as the GBRSP alongwith Education Department was jointly responsible to draw-up an assessment plan to track student learning outcomes.

The DAC meeting was held on 20.12.2024. The DAC was of the view that the subject activity was the domain of Education Department after detailed discussion the DAC referred the para to PAC for further deliberation in the presence of representative from Education Department.

Audit recommends that the responsibility may be fixed for the irregularity.

AP-373/2023-24

13.4.6 Irregular retention of un-utilized funds-Rs.103.615 million

According to Para-96 of GFR Voi-I, 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.

The Finance Department during 2023-24 released an amount of Rs.272.578 million to GBRSP for execution of various projects of different departments of the Government of Gilgit-Baltistan. The GBRSP utilized Rs.147.834 million during 2022-23 leaving savings of Rs.103.615 million. Details are as under:

(Rs. in million)				
S. No	Project	Amount released	Expenditure	Saving
1	STEM Education Project	74.000	56.142	17.858
2	Health care initiative	94.050	47.557	46.493
3	Green Business	30	0.822	29.178
4	IT Park	43.399	42.863	0.536
5	Communication of soft skills	10.000	0.450	9.550
Total		272.758	147.834	103.615

Audit observed that unutilized funds amounting to Rs.103.615 million were retained by the GBRSP instead of refunding to the concerned departments for further surrender to government.

Audit is of the view that retention of unutilized funds of government projects was irregular.

The irregularity was pointed out during June 2024. The management replied that surplus funds of Rs.17.858 million against Computer Education, STEM & Entrepreneurship project are being utilized for the next phase. Surplus funds of Rs.40.801 million against Health care initiative project have been deposited into Gilgit-Baltistan Consolidated Fund. The remaining amount will be utilized to pay off the final payment of Service provider. Rs.30.000 million have been against Green Business Project which is for 5 years and GBRSP is not required to return the funds before 5 years. Rs.43.399 million received against IT Parks Project has been fully utilized against the said project. Rs.10.000 million received against Communication of Soft skills project has been fully utilized against the said project.

The reply was not accepted as the management was required to return the unutilized balance at the close of financial year to the respective department for further deposit into government treasury.

The DAC meeting was held on 20.12.2024. The DAC directed the management to take up the case with Finance Department for utilization/retention of remaining amount in respect of different government projects.

Audit recommends that the unutilized funds relating to government projects may deposited into government treasury.

AP-374/2023-24

13.4.7 Non-achievement of objectives of initiative and loss of Rs.48.351 million

According to Rule-2-A(1)(a) of the Public Sector Companies (Corporate Governance) Rules 2013, the business of the Public Sector Company is carried on with integrity, objectivity, due care and the professional skills appropriate to the nature and scale of its activities.

The Health Department Gilgit-Baltistan signed a Letter of Understanding (LoU) with GBRSP on 30.09.2022 for provision of services of 57 consultants/specialists doctors in Government hospitals in all ten districts of Gilgit-Baltistan by engaging private sector service providers. The GBRSP will receive 2% of the contract cost as administrative charges. The GBRSP and Health department after completion selection process signed an agreement with M/s Shifa Foundation Islamabad, Shifa International Hospitals Limited Islamabad and SIHT (Pvt) Limited Islamabad on 22.12.2022 for provision of 66 physicians at monthly salary of Rs.550,000 initially for one-year w.e.f 28.02.2023 with 9.1% management cost in line with the number of doctors placed/engaged. The annual impact of salaries in

respect of 66 consultants/specialists comes to Rs.435.600 in addition of management cost of Rs.39.639 million. Moreover, the admin charges in respect of GBRSP come to Rs.8.712 million.

Audit observed as under:

- i. As per contractual obligations the Service Provider was bound to provide required doctor from 28.02.2023 whereas the Service Provider provided 25 consultants/specialists in March, 20023, thirty-three, thirty-four and thirty-seven during April, May and June respectively against 66.
- ii. According to scope the service provider was required to provide 66 specialists/consultants in 18 specialties/areas in nine hospitals whereas the service provider provided maximum thirty-seven specialist/consultants.
- iii. Out of available consultants 12 have already been resigned however, no substitution was made so far.
- iv. The service provider did not provide required specialists/consultants whereas the management cost @9.1% amounting to Rs.10.735 million based on provision of 66 consultants/specialists has already been paid in advance to service provider (25% of total annual salaries of doctors).
- v. The service provider submitted bids of Rs.550,000 on account of monthly salary of consultants/specialist in addition of management cost @ 9.1%.
- vi. As per summary provided by the service provider the monthly salary @Rs.500,000 is being paid as compared with Rs.550,000 claimed in bid.
- vii. The Health Department has neither carried out monitoring to evaluate the performance of available doctors, their replacement etc. nor carry any excise to evaluate impact and sustainability of the program.

Audit is of the view that all the three stakeholders did not fulfil their assigned role and responsibilities. Consequently, the program which was initiated outside the regular set up to provide state of the art health services to the people could not achieve the desired objectives and resulted in loss.

The irregularity was pointed out during June 2024. The management replied that the said observation is related to Health Care Initiative which is a project of Health Department GB, the same has been forwarded to Health department for response.

The reply was not accepted the GBRSP was equally responsible for execution of project in effective manner.

The DAC meeting was held on 20.12.2024. After detailed discussion, the DAC referred the para to PAC for further deliberation in the presence of representative from Health Department.

Audit recommends that the responsibility may be fixed for non-perusing/executing the contract in its true spirit.

AP-377/2023-24

13.4.8 Irregular induction of employee of DPAP into GBRSP without adopting due procedure

According to Section-3(2) of the Gilgit-Baltistan Rules of Business, 2009, the Chief Minister may in consultation with the Governor, wherein he may deem fit, constitutes new Departments or vary the composition or number of the Departments.

During special audit of GBRSP it was noted that the Board in its first Meeting held on 07.01.2017 merged the DPAP into GBRSP alongwith its assets and 23 employees from June, 2016 (Annex-1). The Diamer Poverty Alleviation Programme (DPAP) as a non-profit organization was established in 2012 by the Planning & Development Department GB. The DPAP Board was governed under the Chairmanship of Chief Secretary GB (*reported vide para 4.1.1 in Special Audit Report for the Audit Year 2021-22*).

Audit observed that no record was available with the management to authenticate whether the inducted employees were serving in DPAP on contract basis at the time of merger and induction. However, GBRSP inducted all employees on regular positions in different posts and designations without confirming their status of service in DPAP.

Audit further observed that pay was fixed without ascertaining the last pay drawn by the employees as no record regarding last pay drawn was available the management to authenticate the fixation of pay.

Audit is of the view that induction of staff without verifying their status and absence of record was irregular.

The irregularities were pointed out during the month of April, 2022. The management replied that Diamer Poverty Alleviation Programme (DPAP) established by government of Gilgit-Baltistan as non-profit organization under Section 42 of the Companies Ordinance 1984. It was governed by Board of Directors under the Chairmanship of Chief Secretary GB. The GBRSP BoD in its meeting held on 14.06.2016 decided to merge DPAP alongwith staff and assets into GBRSP. The meeting was Chaired by the then Chief Secretary GB/Chairman DPAP Board, and Secretary Finance GB/Chairman & CEO GBRSP. The designations of the staff of DPAP were changed with the approval of Board.

The reply was not accepted as the management did not provide any record to verify the status of service of employees of the DPAP inducted in GBRSP.

The management was requested to convene DAC meeting vide letter dated 15.05.2022 followed by reminders dated 24.5.2022, and 10.06.2022. However, the DAC meeting could not be convened till finalization of the report.

Audit recommends that responsibility may be fixed for the induction of employees of DPAP without confirming the status of their service and non-availability of record regarding initial appointment, designation, subsequent promotion and last pay drawn etc.

Para 4.1.1 of SAR of GBRSP Audit Year 2021-22

13.4.9 Irregular regularization of project staff

According to Para-2.4.2.1 of GBRSP HR Manual, applications for vacant posts in the organization will be invited through advertisement in two local newspapers and at least one national newspaper besides website of GBRSP

According to Para 2.3.1 of the GBRSP HR Manual, all the positions will be filled through scrutiny, test and interview either by GBRSP or any recruiting firm/third party.

The GBRSP vide notification dated 24.07.2019 merged seventeen employees of Planning & Development project titled “Entrepreneurship & Self Employment Program” (E & SEP) on Chief Minister directives under meeting dated 14.01.2019 as per detail given below **(reported vide para 4.2.1 in Special Audit Report for the Audit Year 2021-22):**

S. No.	Name	Designation in E & SEP	BPS	Status
1.	Mr. Amjad Wali	Director/Program Manager	17	Contractual
2.	Miss Laila Begum	Admin Officer/Supervisor	14	
3.	Miss Naseem Asad	Mobilizer/Asst Supervisor	11	
4.	Miss Parveen Akhther	-do-	11	
5.	Miss Gul Shahida	-do-	11	
6.	Miss Shahina	-do-	11	
7.	Miss Nusrat Amin	-do-	11	
8.	Miss Bibi Mahi	-do-	11	
9.	6 No of grade one staff	Driver, Chowkidar& N/Q	02-05	
10.	Mr. Muhammad Hussain	Community Development Officer		Regular basis
AKRSP Sponsored staff				
11.	Miss Nadia	Enterprise Development Officer	-	-
12.	Mr. Alamgir	Value Chain Officer	-	-
13.	Mr. Inam Ullah	Driver	-	-

Audit observed as under:

- i. The officer at serial no. 01 initially appointed in the project without open competition was subsequently appointed on regular basis /post in GBRSP as programme manager (SPS 11 equivalent to BPS-19) two steps above the scale in which he was working in the project without advertisement of post. His salary was fixed on lump sum basis @ Rs 106,667 per month. Further, last pay drawn at E & SEP Project was not provided to authenticate the fixation.
- ii. Appointment at serial no. 09 on regular basis was made without open competition.
- iii. Initially all staff were transferred on contract basis. However, in 2020 all staff was granted regular status without advertisement of post in violation of para 07 of the summary approved by the GBRSP Board which states that the staff of the E & SEP shall remain on contract and their pay will be charged to the E & SEP till the life of the programme.
- iv. Three sponsored staff members of Agha Khan Rural Support Program (AKRSP) were also transferred on permanent basis to GBRSP.
- v. The record relating to initial appointment of employees shifted from project to GBRSP was neither available in personal files of respective employee nor with the management to validate their credentials and recruitment process.
- vi. Last pay certificates/pay slips were not available with management to authenticate the basis of pay fixation in SPS in GBRSP.

Audit is of the view that induction of project staff into GBRSP and their appointment on regular basis without open competition was in violation of Board decision and also against provision of GBRSP HR policy.

Audit is also of the view that the appointment of AKRSP sponsored staff into GBRSP was irregular, against the rules and an unlawful action taken by the GBRSP management.

The irregularity was pointed out during the month of April, 2022. The management replied that on February 6, 2019 GBRSP initiated a Summary for the Chief Minister GB to merge the Entrepreneurship & Self-Employment Programme of the government of Gilgit-Baltistan (P&DD) into GBRSP along with HR and assets. The Chief Secretary and Chief Minister GB approved the Summary and asked GBRSP management to seek approval from GBRSP Board. The GBRSP Board accordingly approved the merger of E&SEP into GBRSP by establishing a section. The staff was adjusted according to their experience and requirement.

The reply was not accepted as the induction of the project staff by the Board was violation of HR Manual.

The management was requested to convene DAC meeting vide letter dated 15.05.2022 followed by reminders dated 24.5.2022, and 10.06.2022. However, the DAC meeting could not be convened till finalization of the report.

Audit recommends that the matter may be inquired into at an appropriate level for fixing responsibility for irregular induction of project and AKRSP staff in GBRSP.

Para 4.2.1 of SAR of GBRSP Audit Year 2021-22

CHAPTER-14

14. GOVERNOR SECRETARIAT

14.1 Introduction

A. Under Article-20 of Gilgit-Baltistan (Empowerment and Self-Governance) Order 2009 the appointment of the Governor Gilgit-Baltistan is made by the President of Pakistan on the advice of the Prime Minister of Pakistan. The Governor is also member of the Gilgit-Baltistan Council and acts as its Vice-Chairman under Article-33 of the Order 2009. According to Schedule-IV of the Gilgit-Baltistan Rules of Business 2009 the Governor passes orders for appointment of Advocate General and promulgation of Ordinances in case when the Assembly is not in session. He also passes orders for appointment of Gilgit-Baltistan Ministers and Advisors, gives assent to bills passed by the Assembly on the advice of Chief Minister Gilgit-Baltistan.



Audit Profile of Governor Secretariat

(Rs. in million)

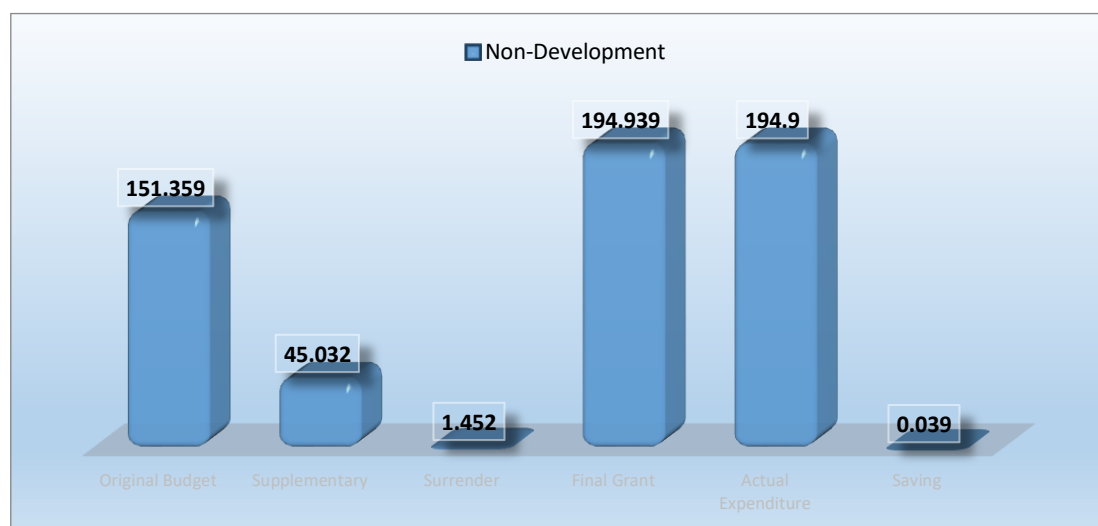
Sr. No.	Description	Total Nos.	Audited	Expenditures audited FY 2023-24	Receipts FY 2023-24
1.	Formations	02	02	269.348	-

B. Comments on Budget & Accounts (Variance Analysis)

Budget allocation and expenditures of Gilgit Development Authority for the Financial Year 2023-24 is as under:

(Rs in million)

Grant	Original Budget	Supplementary	Surrender	Final Grant	Actual Expenditures	Saving
Non-Dev-01	151.359	45.032	(1.452)	194.939	194.900	0.039



Allocation of Rs.151.359 million was made for non-development budget. During the year, supplementary grant of Rs.45.032 million was granted which is 29.75% of the original allocation. The department also surrendered a minor amount of Rs.1.452 million. Against final grant of Rs.194.939 million, the Governor Secretariat utilized funds of Rs.194.90 million which is almost 100% of the final grant.

14.2 Classified summary of Audit observations

Audit observations amounting to Rs.218.270 million were raised in this report during current audit of company. Summary of the audit observations classified by nature is as under:

(Rs. in million)

S. No.	Classification	Amount
1.	HR/ Employees related irregularities	0.480
2.	Value for money and service delivery issues	218.270
Total		218.750

14.3 Brief comments on the status of compliance with PAC directives

Following PAC meetings were held to discuss the audit paras of the department:

Years	No of audit paras	No of Actionable Points	Compliance	Non-Compliance	% of Compliance
2011-12	1	1	1	0	100%
2014-15	2	2	0	2	0%
2015-16	1	1	1	0	100%
2018-19	3	3	1	2	33%
2020-21	1	1	1	0	100%

14.4 AUDIT PARAS

14.4.1 Irregular payment of discretionary grant-Rs.10.000 million

Pursuant to Section-33(4) of Gilgit-Baltistan Order 2018 (replaced with Article 20 of Gilgit-Baltistan (Empowerment and Self Governance) Order 2009) the President of Pakistan issued the Governor Salary, allowances and Privileges Order 2009.

During audit of the office Military Secretary to the Governor Gilgit-Baltistan for the Financial Year 2023-24, it was revealed that an expenditure of Rs.10.000 million was made as discretionary grant out of head meant for other expenditure. Audit observed that discretionary grant of Rs.10.000 million was not included in the Governor Gilgit-Baltistan Salary, allowances and Privileges Order 2009.

Audit is of the view that payment of discretionary grant out of other expenditure in absence of provision in the Governor Salary, allowances and Privileges Order 2009 was irregular.

The irregularity was pointed out during September 2024. The management replied that the discretionary grant of H.E the Governor Gilgit-Baltistan was approved by President of Islamic Republic of Pakistan vide Government of Pakistan Finance Division (PF-II Wing) letter No.F.6(21)PF-II/2015-16/138 dated 15.04.2016 subsequently the Finance Division conveyed sanction of the President of Pakistan for release of funds amounting to Rs.10.000 million on account of discretionary grant for Governor Gilgit-Baltistan. President of Islamic Republic of Pakistan is competent authority to make any changes in the perks and Privileges of all Governors.

The reply was not satisfactory as the salary, allowances and privileges of H.E Governor Gilgit-Baltistan are regulated in accordance with provisions of the Governor Gilgit-Baltistan Salary, allowances and Privileges Order 2009 issued in pursuant to Section 33(4) of Gilgit-Baltistan Order 2018 which has no provision for discretionary grant.

The DAC in its meeting held on 15.11.2024 directed the management to take up the case with the relevant authority for making the amendments in the Governor

Gilgit-Baltistan Salary, Allowances and Privileges Order 2009 in order to regulate the discretionary grant of the Governor.

Audit recommends that decision of the DAC may be implemented.

AP-836/2024-25

14.4.2 Irregular payment of salary-Rs.0.480 million

According to Article-3 of the Governor Gilgit-Baltistan salary, allowances and privileges Order 2009, the annual salary to be paid to the Governor shall be four hundred and eighty thousand rupees.

During audit of the office Military Secretary to the Governor Gilgit-Baltistan for the Financial Year 2023-24, it was revealed that annual salary to the Governor was paid at the rate of nine hundred sixty thousand rupees. Audit observed that salary paid at the rate of nine hundred sixty thousand rupees was inconsistency with provision of article 3 of the Governor Gilgit-Baltistan Salary, allowances and privileges Order 2009 as amendment to this extent has not been made in the Order 2009. This practice is continued from 2015-16 onward.

Audit is of the view that payment of salary in excess of amount provide in the Governor Salary, allowances and privileges Order 2009 without amendment in the Order was irregular.

The irregularity was pointed out during September 2024. The management replied that Cabinet Division Islamabad letter dated 17.12.2015 has amended Governor's Salary, Allowance and Privileges (Amendment) Order 2015, (President's) Order No.11 of 2015 raised the salary of Governor's from Rs.480,000 to Rs.960,000 per annum w.e.f 15.12.2015.

The reply is not convincing as the Cabinet Division letter referred in the reply was for provincial governors with reference to Governor's privileges Order 2015. The salary, allowances and privileges of Governor Gilgit-Baltistan are regulated in accordance with provisions of the Governor Gilgit-Baltistan Salary, allowances and Privileges Order 2009.

The DAC in its meeting held on 15.11.2024 directed the management to take up the case with the relevant authority for making the necessary amendments in the Governor Gilgit-Baltistan Salary, Allowances and Privileges Order 2009 in order to regulate the salary of the His Excellency the Governor Gilgit-Baltistan.

Audit recommends that decision of the DAC may be implemented.

AP-837/2024-25

14.4.3 Non-transfer of land of Governor House and investment of Rs.208.270 million

According to Article-2(g) of the Governor Salary, allowances and Privileges Order 2009, official residence means the houses specified in the First Schedule and such other premises in the Gilgit-Baltistan as the Governor may use as his official residence, and includes the staff quarters and other buildings appurtenant thereto and the gardens thereof. According to First Schedule of the Governor Salary, allowances and Privileges Order 2009, a building owned by the Customs in Gilgit has been declared as residence cum office of the Governor Gilgit-Baltistan.

During audit of the office of the Military Secretary to the Governor Gilgit-Baltistan for the Financial Year 2023-24, it was revealed that the government incurred an expenditure of Rs.99.820 million on construction of governor house within the premises of rented building in addition of Rs.175.200 million on construction renovation and furnishing of administration block. Audit observed as under:

- i. The land owned by the Customs Department has occupied by the office however, it has not been transferred/mutated in favour of Government of Gilgit-Baltistan.
- ii. The government has constructed a new Governor house in addition of administration block on the occupied land involving expenditure of Rs.208.270 million whereas the titled of the land has not been decided so far.
- iii. In lieu of Governor house the government has hired a house for customs department at monthly rate of Rs.112,200/-.

Audit is of the view that existing arrangement is inconsistent with the provision of the Governor Salary, allowances and Privileges Order 2009 as it compromises the dignity of the prestigious office of the Governor.

The irregularity was pointed out during September 2024. The management replied that case has been taken up with S&GAD to resolve the issue of transfer of Land and building permanently from Customs Office. However, due to some legal issues the case is still pending and not yet resolved.

The DAC in its meeting held on 15.11.2024 directed the management to expedite the case with S&GAD Gilgit-Baltistan and Pakistan Customs Department for proper transfer of land in favor of Government of Gilgit-Baltistan.

Audit recommends that decision of the DAC may be implemented.

AP-838/2024-25

CHAPTER-15

15. HEALTH AND POPULATION WELFARE DEPARTMENT

15.1 Introduction

A. As per Gilgit-Baltistan Rules of Business, 2009, the Health & Population Welfare Department is responsible for prevention of adulteration of food stuff, control and prevention of infectious and contagious diseases and provision of vaccination. Besides, it also ensures the required facilities for maternity and child healthcare. Moreover, regulation of medical and other professional qualification and standards, medical institutions, chemical examination laboratories and blood transfusion services in Gilgit-Baltistan; collection, compilation, registration and analysis of vital health statistics and estimation of population for future projections are also the responsibilities of the department.



Audit Profile of Health and Population Welfare Department

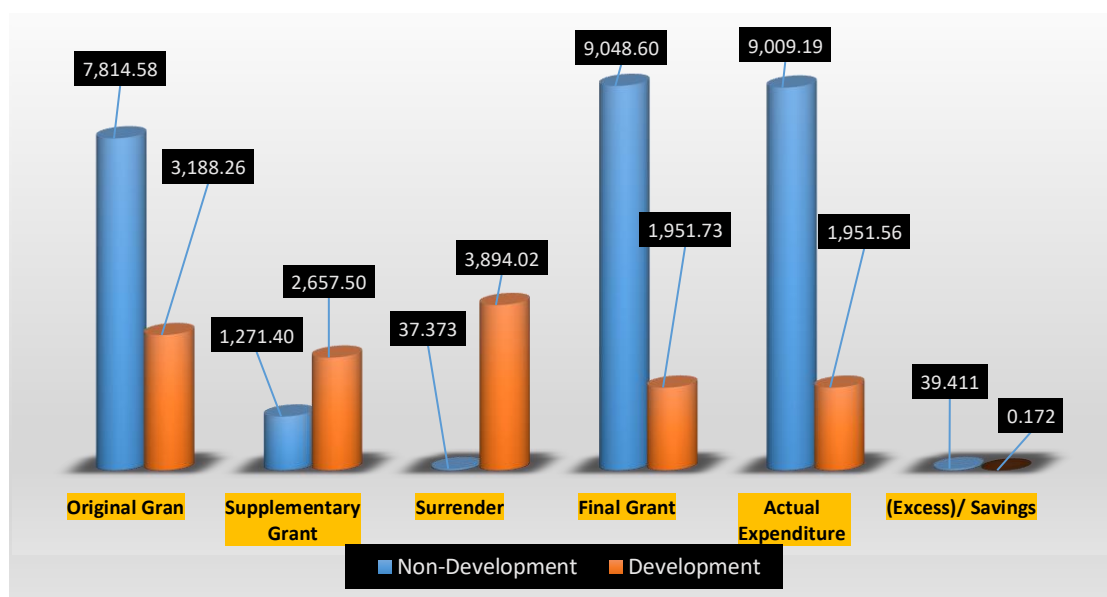
(Rs. in million)

S. No.	Description	Total Nos.	Audited	Expenditures audited FY 2023-24	Receipts 2023-24
1.	Formations	62	20	249,691.173	52.032
2.	Foreign Aided Projects	01	01	-	-

B. Comments on Budget & Accounts (Variance Analysis)

Budget allocation and expenditures of the department for the Financial Year 2023-24 is as under:

(Rs. in million)						
Grant	Original Budget	Supplementary	Surrender	Final Grant	Actual Expenditures	Saving
Non-Dev-12	7,814.577	1,271.395	(37.373)	9,048.599	9,009.188	39.411
Dev	3,188.255	2,657.499	(3,894.021)	1,951.733	1,951.561	0.172
Total	11,002.832	3,928.894	(3,931.394)	11,000.332	10,960.749	39.583



Allocation of Rs.7,814.58 million was made for non-development budget. During the year, supplementary grant of Rs.1,271.40 million was approved which is 16.27% of the original allocation. The department also surrendered an amount of Rs.37.373 million which is 0.48% of the original grant. Against final grant of Rs.9,048.60 million, the department utilized funds of Rs.9,009.19 million which is 99.56% of the final grant leaving saving of Rs.39.411 million.

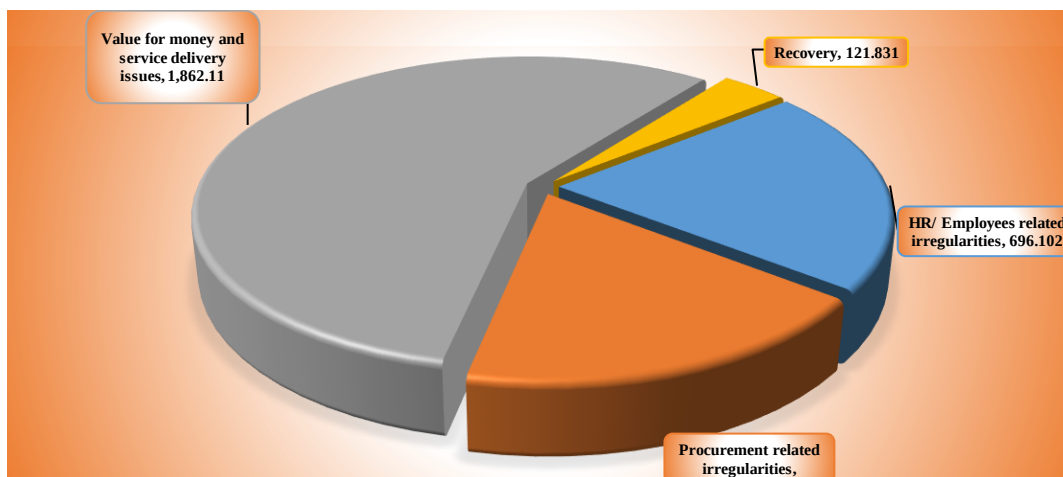
Similarly, allocation of Rs.3,188.26 million was made for development schemes. During the year, supplementary grant of Rs.2,657.50 million was approved which is 83.35% of the original allocation. The department also surrendered an amount of Rs.3,894.02 million which is 122.15% of the original grant. Against final grant of Rs.1,951.7388 million the department utilized funds of Rs.1,951.56 million which is 99.99% of the final grant.

15.2 Classified summary of Audit observations

Audit observations amounting to Rs.3,259.516 million were raised in this report during current audit of the department. This amount also includes recoveries

of Rs.121.831 million. Summary of the audit observations classified by nature is as under:

(Rs. in million)		
S. No.	Classification	Amount
1.	HR/ Employees related irregularities	696.102
2.	Procurement related irregularities	579.474
3.	Value for money and service delivery issues	1,862.109
4.	Recovery	121.831
Total		3,259.516



15.3 Brief comments on the status of compliance with PAC directives

Following PAC meetings were held to discuss the audit paras of the department:

Years	No of audit paras	No of Actionable Points	Compliance	Non-Compliance	% of Compliance
2010-11	1	1	0	1	0%
2011-12	13	13	5	8	38%

15.4 AUDIT PARAS

15.4.1 Non-testing of drugs/medicines –Rs.86.614 million

According to Clause-3&9 of specific terms and conditions of the bidding documents payment against supply of medicine / drugs was to be made after satisfactory report of end-user and contractors were required to supply the items according the specifications as laid down in the tender schedule.

During audit of the various hospitals under administrate control of Health Department Gilgit-Baltistan for Financial Year 2022-23, it was revealed that

management incurred Rs.86.614 million on purchase of medicines. Details are as under:

(Rs. in million)

S No.	AP No.	Office/ Hospital	Amount
1	196	PHQ Hospital Gilgit	19.528
2	309 & 310	DHO Astore	9.500
3	365	DHS Planning Gilgit	8.740
4	501	DHO Gilgit	11.799
5	625	DHO Chilas	13.190
6	748	DHQ Ghizer	14.557
7	882	DHO Ghizer	9.300
Total			86.614

Audit observed that tests or analysis of the medicines/drugs of respective batches were not carried out from Government Analyst/approved Drug Testing Laboratory (DTL) in order to seek the standard of medicines as per specifications. In the absence of testing, medicines come with the purview of adulterated/sub-standard/misbranded/spurious and counterfeit within the meaning of Section-3 of Drug Act 1976.

Audit is of the view that irregularity occurred due negligence and mis-management of local administration and weak internal control within the hospital management.

The irregularity was pointed out during May 2024. The management replied that the concerned drug inspector collected the medicines samples for drug testing laboratory. After receiving the satisfactory reports from drug testing laboratory, the medicines were then issued to concerned Hospitals.

The reply was not supported with documentary evidence.

The DAC meeting was held on 07.10.2024. The DAC directed to improve the system of testing of drugs/medicines besides upgrading the existing system and to ensure proper testing of medicines at the time of receipt of delivery and issuance of medicines.

Audit recommends that a proper mechanism may be formulated for testing the medicines before issuance to the hospitals.

15.4.2 Irregular attachment of doctors & paramedics staff – Rs.139.055 million

According to the directions of the Chief Secretary Gilgit-Baltistan the Health Department, Gilgit's issued vide notification No.SEC-H-1(28)/2020 dated 23.11.2023, all the doctors/staff working on attachment basis were directed to report to their parent offices/hospitals within 48 hours.

During audit of the PHQ Hospital, Gilgit for Financial Year 2022-23, it was revealed that fifty-three doctors & paramedics of PHQ Hospital, Gilgit were working in other health institutions on attachment basis and drawing their salaries from PHQ Hospital. Total impact of salaries was worked to be Rs.104.807 million per annum. Further seventeen doctors, specialists/ consultants and allied staff from BPS-5 to BPS-20 including six consultants of RHQ Skardu were attached with other hospitals and offices. Moreover, thirty doctors & paramedics of DHQ Hospital and DHO Ghizer were also working in other health institution on attachment basis and drawing their salaries from PHQ Hospital. Total impact of salaries was worked to be Rs.45.284 million per annum. Audit observed as under:

- i. The existing arrangement of attachment is not covered in Gilgit-Baltistan Civil Servants Act 2011.
- ii. The staff were drawing pay from parent departments/hospitals but not working in the respective departments/hospitals.

Audit is of the view that the non-detachment of attached staff is not only violation of the Chief Secretary directives but the existing arrangement of attachment is also inconsistent with the provision of Gilgit-Baltistan Civil Servants Act 2011. The irregularity occurred due to non-adherence to the rule and weak internal controls.

The irregularities were pointed out during May 2024. The management replied that in compliance of audit observation respective DHS has already been directed to detachment of doctors/ paramedical staff.

The management admitted the point of view of audit.

The DAC meeting was held on 07.10.2024. The DAC was of the view that every institution has its own sanctioned strength according to its requirement and therefore, the attachment of the employees to other institutions and offices is not only inconsistent with the provision of Gilgit-Baltistan Civil Service Act, 2011 however, the existing arrangement also impeding the efficiency of the parent departments. Being an administrative issue, the DAC decided to refer the para to PAC for appropriate action.

Audit recommends that the attachment of all doctors/staff be withdrawn.

AP-75,198, 234/2023-24 and 884/2024-25

15.4.3 Non-appointment of doctors and paramedical staff

According to Schedule –II (Rule-3(3) Serial No.9(19) of Gilgit-Baltistan Rules of Business 2009, the health department is responsible to administer medical institutions, chemical examination laboratories and Blood transfusion services in Gilgit-Baltistan.

During audit of Regional Headquarter Hospital Skardu for the Financial Year 2022-23, it was revealed that the approved sanctioned strength of the hospital contained 397 posts of Senior Consultants, Consultants, Specialist, Doctors and allied staff. As per information provided 279368 patients visited the hospital for treatment during 2022-23. Audit observed that seventy-two posts including 34 post of Specialists/Consultants were lying vacant from since long. Details are at **Annexure-15**.

Audit is of the view that in absence of Specialist Doctors/Paramedical staff, the patients of region were deprived from quality treatment and compelled to manage their check up from private clinics or hospitals on payment basis which is an additional financial burden on poor patients.

The irregularity was pointed out during June 2024. The management replied that promotion of many senior doctors and paramedics is in pipe-line and will be completed soon. Consequently, most vacant posts will be filled accordingly.

The management admitted the point of view of the audit.

The DAC meeting was held on 07.10.2024. The DAC directed the management to finalize the all promotions and appointments cases at the earliest to meet the deficiency in respective institutions.

Audit recommends that Doctors, Specialists and paramedical staff may be appointed at the earliest in order to provide the quality health facilities to the people of the region.

AP-233/2023-24

15.4.4 Non-functional of medical equipments/ instruments

According to Schedule –II (Rule-3(3) Serial No.9(19) of Gilgit-Baltistan Rules of Business, 2009, the health department is responsible to administer medical institutions, chemical examination laboratories and Blood transfusion services in Gilgit-Baltistan.

During audit of Regional Head Quarter Hospital Skardu for the Financial Year 2022-23, it was observed that various equipments of the hospital were out of order and placed in store. Details are at **Annexure-16**.

Audit is of the view that due to non-functioning of necessary equipments penitents were compelled to visit the private hospital/clinics/lab for their treatment and tests on payment basis which could have been provided free of cost by the government hospital.

The irregularity occurred due to weak administrative and internal controls.

The irregularity was pointed out during June 2024. The management replied that due to budgetary constraints these could not be repaired as soon as budget is provided the same will be repaired and made functional. However, biomedical engineers have been appointed and most of the equipment's have been fixed within the institution.

The management admitted the point of view of the audit.

The DAC in its meeting held on 07.10.2024 directed the management to provide complete detail of unserviceable, functional and uninstalled equipments purchased under different projects to secretary office for further remedial action.

Audit recommends that all vital equipments be made functional for provision of basic and quality health facilities to the public at large.

AP-238/2023-24

15.4.5 Non-imposition of penalty on delay supply of medicines -Rs.7.169 million

According to Cluse-L of bidding documents a penalty amounting to 0.1% per day of the quoted value will be imposed provided that the total amount shall not exceed 10% of the total quoted value.

During the Financial Year 2022-23, the various hospitals under administrate control of Health Department Gilgit-Baltistan incurred an expenditure of Rs.39.358 million on purchase of medicines from different suppliers. Audit observed that the contractors did not supply the medicines on due dates, however, the management did not impose the penalty of Rs.7.169 million for delay delivery of medicines and equipment in violation of provision of the supply order. Details are at **Annexure-17**.

Audit is of the view that the management neither imposed penalty nor granted time extension, resultantly government sustained a loss of Rs.7.169 million besides depriving the patients from necessary medicines.

The irregularities were pointed out during May & June 2024. The management replied that some of the equipments and medicines supplied by the contractor were either out of order or partially faulty and the board proceeding committee decided to get all, in a functional state, which resulted in delay. However, in future, strict compliance will be made in this regard.

The management admitted the point of view of the audit.

The DAC in its meeting held on 07.10.2024 directed the management to recover the penalty from the respective suppliers/contractors besides ensuring timely supply of medicines in future.

Audit recommends that decision of the DAC may be implemented.

AP-240/2023-24

15.4.6 Irregular signing of MoU and award of contract-Rs.20.250 million

According to Rule-12(2) of Public Procurement Rules 2004, all procurement opportunities over three million should be advertised on the Authority's website as well as in other print media or newspapers having wide circulation. The advertisement in the newspapers shall principally appear in at least two national dailies, one in English and the other in Urdu.

The Health Secretariat Gilgit-Baltistan during the Financial Year 2023-24, signed a MoU with Milestone Institute of Art and Sciences Kalar Kahar Chakwal in January 2023 for admission of 50 student in BS Nursing program and paid an amount of Rs.20.250 million on account of admission, tuition and hostel charges in respect of nursing students out of which Rs.19.605 million was paid to the institute on 22.12.2023 in respect of 39 students. Audit observed that MoU was signed without adopting open competition.

Audit is of the view that the signing of MoU with a private institute without open competition was irregular.

The irregularity was pointed out during August 2024. The management replied that due to the inability of government institutions to provide the necessary training within the required timeframe, milestone institute was engaged with the prior approval of higher authorities to meet the critical healthcare needs of Gilgit-Baltistan.

The reply was not accepted as the MoU was signed without adopting open competition.

The DAC meeting was held on 23.12.2024. The management apprised the DAC that MoU was signed after approval of the Gilgit-Baltistan Cabinet. Further admission in the institute has been discontinued. After detailed discussion the DAC referred the para to PAC for decision.

Audit recommends that responsibility may be fixed for the irregularity.

AP-469/2024-25

15.4.7 Irregular appointment of consultants/specialists- Rs.244.050 million

According to Section-70(3) of Gilgit-Baltistan Order 2018, the custody of the Gilgit-Baltistan Consolidated Fund, the payment of money into that Fund, the withdrawal of money there from, the custody of other moneys received by or on behalf of the Government, their payment into, and withdrawal from the Public Account of the Government, and all matters connected with or ancillary to the matters aforesaid, shall be regulated by the Act of the Assembly or, until provision in that behalf is so made, by rules made by the Governor.

During audit of Health Secretariat Gilgit-Baltistan for the Financial Year 2023-24, it was revealed that the Government of Gilgit-Baltistan health department signed a Letter of Understanding (LoU) with GBRSP on 30.09.2022 for provision of services of 57 consultants/specialists doctors in Government hospitals in all ten districts of Gilgit-Baltistan by engaging private sector service providers. The GBRSP and Health department after completion selection process signed an agreement with M/s Shifa Foundation Islamabad, Shifa International Hospitals Limited Islamabad and SIHT (Pvt) Limited Islamabad on 22.12.2022 for provision of 66 physicians at monthly salary of Rs.550,000 initially for one-year w.e.f 28.02.2023 with 9.1% management cost in line with the number of doctors placed/engaged. The health department paid an amount of Rs.244.050 million to GBRSP upto 30.06.2024. Audit observed as under:

- i. The appointments of specialist/consultants on contract basis were made on basis of criteria devised by Health department instead of following rules in violation of provision of Gilgit-Baltistan Order 2018.
- ii. No posts of specialists/consultants were created for making appointment on contract basis on lump sum salary.
- iii. In accordance with Rule 18(6) of Gilgit-Baltistan Rules of Business, the contract appointments against BS-19 and above are required to be made with the approval of Governor in consultation with Chief Minister. However, in the said case the appointments were made without the approval of the Governor in violation of rules.
- iv. Pursuant to the provision of Gilgit-Baltistan Rules of Business the health department is responsible for making such appointments in accordance of recruitment rules through FPSC. The services of GBRSP were hired for provision of technical services for appointments of specialist/consultants whose mandate is totally different as the company is neither a specialized recruitment agency nor have expertise in the field of testing services.
- v. The selection committee was headed by Secretary Finance with representation of health department which has almost absolved the GBRSP of its contractual obligations and responsibilities regarding selection of specialist/consultants.
- vi. As per clause 3.5 the service provider was required to provide the required doctor i.e. 66 to health department from 28.02.2023 whereas the service provider provided only 33 consultants as evident from the GBRSP letter dated 02.05.2023 to health department for confirming their presence in the respective hospitals.
- vii. The health department neither monitored the performance of the specialists provided by the GBRSP nor was any exercise carried out to evaluate the impact of service provided by the private service provider and of the program.
- viii. The health department did not maintain the record regarding physical attendance and procedures performed by these specialists/consultants.

Audit is of the view that appointments of specialists/consultants through a company who has no experience in such field and in absence of recruitment rules, sanctioned posts were irregular. Moreover, in absence of monitoring and evaluation it cannot be ensured whether the program was entirely successful.

The irregularity was pointed out during August 2024. The management replied that as per Gilgit-Baltistan Cabinet decision, an MoU was signed with Al-Shifa International Hospitals, Islamabad, Shifa Foundation and Shifa Health Trust (SIHT Private Ltd.) and Health Department GB, appointments were made by Al-Shifa International and executed by GBRSP. In compliance with Audit observation GBRSP has refunded Rs.40.801 million out of unspent of Rs.149.436 million and for refund of remaining amount Rs.108.635 million, the case has been taken up with GBRSP.

The management did not reply the issue raised by audit.

The DAC meeting was held on 23.12.2024. The management informed the DAC that the project was jointly executed by the GBRSP and Health Department therefore, the DAC decided to refer the para to PAC for further deliberation in presence of GBRSP.

Audit recommends that responsibility may be fixed for the irregularities besides evaluating the impact of the program.

AP-470 and 631/2024-25

15.4.8 Non-operationalization of DHQs on regular basis -Rs.700.000 million

According to Schedule –II (Rule-3 (3) Serial No.9(1) of Gilgit-Baltistan Rules of Business 2009, the health department is responsible for prevention and Control of infectious and contagious diseases. Pursuant to the rules the provision of continuous, quality preventive and curative Medical services at the door steps of people of Gilgit-Baltistan is the mission of department.

The Government of Gilgit-Baltistan during 2021-22 allocated funds of Rs.700 million to Health Department Gilgit-Baltistan under Chief Minister Initiatives for operationalization of DHQs hospitals in six districts of Gilgit-Baltistan. The main objective of the initiative was to operationalize the ICUs through provisions of equipments, human resources and constructions of missing allied infrastructure. During the Financial Year 2023-24 the funds amounting to Rs.315.000 million were released. Audit observed as under:

- i. The management did not formulate an integrated plan showing different component for effective utilization of grant in systematic manner in line with chief minister directives for achieving the intended objectives.
- ii. The main component of the initiative was recruitment of doctors against 272 posts for which initially Rs.332.000 million were provided. However, after lapsed of three years the management could not devise any mechanism for

making appointment on regular basis in accordance recruitment rules through FPSC.

- iii. An allocation of Rs.80.000 million was made for purchase of missing equipment for these hospitals however, despite lapse of considerable time requirement of hospital to this context could not be met as no information is available with the management.
- iv. Initial arrangement regarding appointment of doctors on contract basis approved by the Cabinet was for one year. For continuity of the services of doctors the approval of the Cabinet was not obtained after expiry of the initial period of one year.
- v. Supreme Appellate Court has also taken sue moto against non-availability of equipments and essential services and non-functional of oxygen generation plant in hospitals.

Audit is of the view that department could not devise an integrated plan for operationalization of DHQs and consequently in absence of proper planning and management the program which was required to be completed in one year is still in progress and vital health service providing facilities could not be operationalized on regular basis.

The irregularity was pointed out during August 2024. The management replied that the Gilgit-Baltistan Cabinet in its 12th meeting held on 05.11.2021 approved the proposal of Health Department and decided to appoint 272 Health staff including doctors along with relevant staff for operationalization of DHQ Hospitals in different districts under CM Initiatives with approval of funds for salaries. To fill up the vacant posts, requisitions have been submitted to FPSC through Service and General Administration Department Gilgit-Baltistan after approval and publication of recruitment rules in Gazette.

The management admitted the point of view of the audit.

The DAC meeting was held on 23.12.2024. The DAC directed the management to justify utilization of funds made so far. The DAC also directed the management to pursue the case for filling of the vacant posts and to obtain clarification from the Gilgit-Baltistan Cabinet regarding the period of appointment whether it was for one year or perpetual.

Audit recommends that matter may be investigated at appropriate level for fixing the responsibility for non-making of hospitals functional on regular basis with permanent staff and proper equipment and machinery.

AP-471/2024-25

15.4.9 Irregular appointment against SPS-Rs.312.997 million

According to Section-117 of Gilgit-Baltistan Order 2018, the Governor, or as the case may be, the Prime Minister, may make rules for carrying out the purposes of this Order.

During audit of Health Secretariat for the Financial Year 2023-24, it was revealed that the department appointed sixty-one doctors on contract basis on Special Pay Scale (SPS). During financial year the department released an amount Rs.312.997 million from block allocation for salaries of these doctors appointed in SPS. Audit observed that no rules to regulate the appointment of doctors on SPS exist. The appointment of doctors in SPS in absence of rules was irregular.

The irregularity was pointed out during August 2024. The management replied that the Gilgit-Baltistan Cabinet, in its 12th meeting held on 05.11.2021, approved the proposal presented by the Health Department for the appointment of 272 health staff, including doctors, along with relevant supporting staff, for the operationalization of DHQ Hospitals in various districts under the Chief Minister's Initiatives.

The reply was not accepted as no rules exist to regulate the appointment of doctors on SPS.

The DAC meeting was held on 23.12.2024. The management apprised the DAC that appointments were made with the approval of competent authority. The audit was of the view that no rules exist for appointment against SPS. The DAC referred the para to PAC for deliberation and decision.

Audit recommends that the responsibility may be fixed for making appointment in in absence of approved rules.

AP-474, 727, 755 and 885/2024-25

15.4.10 Loss due to non-recovery of training cost-Rs.52.812 million

According to Para-23 of GFR Vol-I, 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.

During audit of Health Secretariat Gilgit-Baltistan for the Financial Year 2023-24, it was revealed that the health department sent sixty-six doctors for post graduate training program in different medical institutions. The health department also granted stipend at monthly rate of Rs.105,000. According to approved terms and conditions the doctors recommended and selected for training were required to

furnish a certificate from the respective institute that they are not receiving any stipend.

Audit observed that seventeen trainees were in receipt of stipend from respective institute in addition of stipend paid by the health department. However, neither the financial impact was worked out nor any recovery was made. The financial impact worked out on basis of information provided comes to Rs.52.812 million upto close of Financial Year 2023-24. Further, 35 doctors after completion of post-graduation programme at cost of government expense have not joined the department after completion of their training. In this regard the department has neither stopped their pay nor initiated any action against these doctors. The training cost impact at monthly stipend of Rs.105,000 comes to Rs.176.400 million (35x48x105,000).

Audit is of the view that the payment of stipend to the doctors in addition of stipend granted by the government was irregular and non-recovery resulted in loss to government. Moreover, non-joining of doctors after completion of the required training has made the entire programme less effective and useless and resulted in loss to government as well.

The irregularity was pointed out during August 2024. The management replied that after audit observation the amount of dual payment of stipend from the doctors on training is being recovered besides stopping the payment.

The management admitted the point of view of audit.

The DAC meeting was held on 23.12.2024. The department apprised the DAC that recovery process has been initiated and the case regarding non-joining of doctors has also been taken with the Chief Secretary Office. The DAC directed the management to effect the recovery and pursue the case regarding non-joining of the doctors.

Audit recommends that decision of the DAC be implemented.

AP-476/2024-25

15.4.11 Non-obtaining of license from PNRA to operate radiation generating machines / equipment

According to Section-19 of Pakistan Nuclear Regulatory Authority Ordinance, 2001, no person shall, unless he is exempted as may be prescribed by regulations, or unless he is the holder of a license issued by the Authority to acquire, design, manufacture, construct, install or operate any device that contains any radioactive material or produce ionizing radiation including consumer products, sealed sources, unsealed sources and radiation generators, including mobile radiography equipment.

During audit of the Medical Superintendent, District Headquarter Hospital, Gilgit for the Financial Year 2023-24, it was revealed that radioactive emission machines / equipment (including C-Arm, X-Rays and Dental X-Ray machine etc.) were available in the hospital. Audit observed that the management of District Headquarter Hospital, Gilgit was operating the radioactivity emission machines / equipment (X-Ray machines etc.) in the absence of Pakistan Nuclear Regulatory Authority (PNRA) license.

Audit is of the view that the irregularity occurred due to non-adherence to the government rules / laws.

The irregularity was pointed out during August 2024. The management replied that a team of PNRA Authority has visited the hospital and checked MRI / CT Scan machine's radiations and relating equipments. However, PNRA license has not obtained due to non-payment of license fee to PNRA for which demand has already been sent to Finance Department Gilgit-Baltistan.

The management admitted the point of view of the audit.

The DAC meeting was held on 23.12.2024. The DAC directed the management to take-up the matter with the Finance Department for allocation of funds in order to obtain mandatory license from PNRA.

Audit recommends that requisite license be obtained from the PNRA at the earliest.

AP-503/2024-25

15.4.12 Mis-procurement due to award of contract on composite rates for diet charges-Rs.17.984 million

According to Rule-38 of the Public Procurement Rules, 2004 the bidder with the lowest evaluated bid shall be awarded the procurement contract.

During the audit of Regional Headquarter Hospital Chilas for the Financial Year 2023-24, it was revealed that the office incurred an expenditure of Rs.17.984 million on account of diet for patients. The comparative statement showed that three firms participated in the bidding process for diet charges of patients and were lowest in different items. Audit observed that the department evaluated the bids on composite basis and awarded the contract to M/s. Anwar Traders Govt. Contractor, Chilas on overall lowest basis for Rs.17.984 million.

Audit is of the view that award of contract on overall lowest / composite rates basis instead of item-wise rates basis is irregular.

The irregularity was pointed out during the month of July 2024. The management replied that diet items are mostly from Rs.100 to Rs.1000 and therefore,

these items were awarded on lot wise. The contract was awarded to M/S Anwar traders being lowest on lot wise comparison.

The management admitted the point of view of the audit.

The DAC meeting was held on 23.12.2024. The DAC directed the management to develop a mechanism for these procurement on opened & closed framework agreements in order to achieve the best value for money and to ensure transparency in tendering process. After detailed discussion the DAC referred the para to PAC.

Audit recommends that decision of the DAC may be implemented.

AP-519/2024-25

15.4.13 Irregular purchase of machinery & equipment– Rs.18.799 million

According to Para-56 of CPWD Code, properly detailed estimates must be prepared for the sanction of competent authority for seeking technical sanction to those estimates. The estimates so framed are considered a guarantee that the proposals are structurally sound, accurately calculated and based on adequate data.

During audit of District Health Office, Nagar for the Financial Years 2021-24, it was revealed that payment of Rs.18.799 million was made to different contractors on account of supply of machinery & equipment under various development schemes. Audit observed that neither detail estimates were prepared nor technical sanction of estimates was sought from the competent authority. Moreover, the sanction was accorded by Director Health Gilgit who was not competent to accord technical and financial sanction for expenditure out of development grants as no power was delegated by the PAO.

Audit is of the view that the development expenditure without obtaining technical estimates and sanction was irregular.

The irregularity was pointed out during September 2024. The management replied that this office fulfilled all codal formalities during bidding process.

The reply was not accepted as the technical sanction was not sought.

The DAC in its meeting held on 23.12.2024 directed the Director General Health to formulate a policy for obtaining technical sanction besides reviewing the validity of the existing procedure for purchase of machinery and equipment in development projects and also to check the delegation of sanctioning power in respect of expenditure out of development budget.

Audit recommends that responsibility may be fixed for the irregularity besides stopping such practice.

AP-726/2024-25

15.4.14 Non-availability of medicines in hospitals – Rs.25.748 million

According to Schedule –II (Rule-3(3) Serial No.9(1) of Gilgit-Baltistan Rules of Business 2009, the health department is responsible for prevention and control of infectious and contagious diseases.

The District Health Office Nagar during the Financial Years 2021-24, purchased different medicines for the hospital and incurred an expenditure of Rs.25.748 million. Audit observed that most of medicines were not available in stock, some necessary medicines which frequently used for treatment are as under:

S. No.	Name of Medicines	S. No.	Name of Medicines
01	Cefaclor 60ml	08	Clarithromycin 60ml
02	Cefazolin 500mg	09	Levofloxacin
03	Meropenem 500mg	10	Metronidazole 60ml
04	Dexlansaprazole 60mg	11	Azithromycin 500mg
05	Amoxycillin 500mg	12	Cephadrine 90ml
06	Cefixime 400mg	13	X-Ray Films
07	Ciprofloxacin 100ml		

Audit is of the view that the DHO was responsible to ensure availability of vital medicines. However, the management could not provide the necessary lifesaving medicines and consequently, the patients were compelled to purchase medicines from open market which is an additional burden on patients.

The irregularity was pointed out during September 2024. The management replied that the medicine pointed out by audit were not included in list of medicines and therefore, these were not purchased during the said years.

The management admitted the point of view of the audit.

The DAC in its meeting held on 23.12.2024 directed management to conduct a fact-finding inquiry and to submit the report to PAO for further action.

Audit recommends that the responsibility be fixed.

AP-728/2024-25

15.4.15 Improper & unverifiable maintenance of medicines record Rs.25.748 million

According to Para-149 of GFR Vol-I, when materials are issued from stock for departmental use, the officer in charge of the stores should see that an indent in the prescribed form has been made by a properly authorized person, examine it carefully with reference to the orders or instructions for the issue of stores and sign it, after making suitable alternations under his dated initials in the description and quality of material, if he is unable to comply with the requisition in full. When materials are issued, a written acknowledgement should be obtained from the person

to whom they are ordered to be delivered or dispatched, or from his duly authorized agent.

The District Health Office Nagar during the Financial Years 2021-24, purchased medicines, X-ray films, dental materials, lab regents and surgical items involving an expenditure of Rs.25.748 million. Audit observed that neither demand of medicines made by the different departments of hospital was maintained by the store-in-charge nor departments wise issuance of medicines was available on record to substantiate the utilization of medicines. Further, medicines issued to different hospitals/dispensaries, are not supported with requisitions and acknowledgement.

Audit is of the view that record of receipt and issuance is a basic tool to determine the authenticity of actual expenditure, therefore, in the absence of requisite record the genuineness of expenditure and whereabouts of medicines and other items could not be ascertained.

The irregularity was pointed out during September 2024. The management replied that the in-charge medical store being a new employee was not trained to maintain proper record. Now a well-trained D. Pharmacy diploma holder has been posted as store-in-charge.

The management admitted the point of view of the audit.

The DAC in its meeting held on 23.12.2024 directed to conduct a fact-finding inquiry and to submit report to Secretary Health for further decision.

Audit recommends that responsibility may be fixed for the irregularity besides strengthening the internal controls.

AP-729/2024-25

15.4.16 Abnormal delay in completion of development schemes -Rs.434.638 million

According to Para-7.1 of Manual of Development, the objectives of any effort in project planning and analysis is to have a project that can be implemented to the benefit and socio-economic uplift of the society. The objective of initiating a project is to make it fully functional and getting them fully underway for achieving the goals envisaged without any time and cost over-run, in order that the economic benefits accrue according to the promises made in the scheme.

During audit of District Health Office Nagar for the Financial Years 2021-24, it was revealed that eleven schemes were executed by the Health Department in district Gilgit and Nagar with approved cost of Rs.434.638 million. Details are at **Annexure-18**. Audit observed that neither the schemes were completed in stipulated time nor time extension was obtained from PAO. Audit further observed that despite lapse of considerable time buildings, have not been completed and handed over to the department.

Audit is of the view that delay in completion of the schemes have made the projects less effective for which these were visualized. Keeping in view the present diversity of planning, pace and execution methodology adopted by the management the projects will take indefinite period.

The irregularities were pointed out during March to September 2024. The management replied that development schemes in district Nagar have not been completed due to delay issuance of start orders from PWD to contractors. Whereas remaining schemes will be completed shortly.

The management admitted the point of view of the audit.

The DAC meeting was held on 23.12. 2024. The DAC did not agree with the stance of management and directed to pursue the issue with Communication and Works Department for completion of projects without further delay and referred the para to PAC for further deliberation and decision.

Audit recommends that the projects may be completed at the earliest.

AP-360, 361 & 366/2023-24 and 731/2024-25

15.4.17 Doubtful expenditure on local purchase of medicines – Rs.1.189 million

According to Para-23 of GFR Vol.-I, 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.

The DHQ Hospital, Ghizer during the Financial Year 2023-24, incurred an expenditure of Rs.1.189 million on local purchase of medicines from M/s. Nasir Medicos, Ghizer. Audit observed as under:

- i. Doctor(s) prescriptions were neither attached with paid bills nor found available in record.
- ii. Certificate of non-availability of medicines in pharmacy or drug/medicines store of the hospital was not found issued by the pharmacist prior to local purchase of medicines.
- iii. Identification mark viz Not for Sale & Property of Gilgit-Baltistan Government were not printed/labeled on packing strips and bottles therefore the chances of resale of medicines could not be ruled out.
- iv. Local Purchase (LP) medicines were to be purchased for particular patients after complete diagnosis and on prescription of doctors either in emergency or operation theater but LP medicines was found procured through supply orders in bulk quantity and their utilization record was also not maintained.

Audit is of the view that in absence of record the expenditure on local purchase of medicines and its utilization could not be authenticated. The irregularity was occurred due to weak internal control.

The irregularity was pointed out during October 2024. The management replied that as per past practice the LP of medicine utilized in the hospital on monthly supply basis in public interest. The LP of medicine are purchased for operation theater and emergency department.

The management admitted the point of view of the audit.

The DAC in its meeting held on 28.12.2024 directed the management to devise proper SOPs for seeking approval from concerned forum for LP medicines on the basis of actual requirement.

Audit recommends that corrective measures may be taken to avoid misuse of LP medicines.

AP-756/2024-25

15.4.18 Non-completion of assigned tasks within the timelines

According to Serial-6.4 and 13 of start order of the M/s ESS.I.AAR, planning, Engineering and Services Consultant, Karachi dated 09.06.2023, the completion period of the project shall be 180 days as illustrated on page No. 33 of RFP to be reckoned with after issue of letter of acceptance (LOA). The time period for advance payment shall be made within (30) days after signing of contract agreement by both the parties.

During the audit of project Establishment of 250 Bedded Hospital (Phase-1) Skardu for the Financial Year 2022-23, it was revealed that the management made advance payment of Rs.4.500 million on 19.06.2023 as 15% of the contract price to M/s ESS.I.AAR, planning, Engineering and Services Consultant Karachi for the works with timelines mentioned against each. Details are at **Annexure-19**. Audit observed that the consultant failed to complete the assigned works as per given timelines in violation of provision of contract agreement.

Audit is of the view that non-completion and submission of assigned works by the consultant was violation of the agreement.

The management replied that the consultant has already been directed to complete the assigned tasks. Most of the assigned tasks have been completed except preparation of PC-I and bidding documents.

The management admitted the point of view of the audit.

The DAC in its meeting held on 28.12.2024 directed the concerned project director to furnish detailed report into the matter and referred the para to PAC for deliberation and decision.

Audit recommends that necessary action may be taken against the party at fault.

AP-10572024-25

15.4.19 Non-utilization of funds already booked as expenditure – Rs.1,077.713 million

According to Para-85 of GFR (Vol-I), an appropriation is intended to cover all the charges including the liabilities of any of past years, to be paid during the year or to be adjusted in the account of it. It can be authorized by competent authority at any time before but not after the expiry of the financial year. Any unspent balance lapses and is not available for utilization in the following year.

During the audit of project Establishment of 250 Bedded Hospital (Phase-1) Skardu for the Financial Year 2022-23, it was revealed that the management incurred an expenditure of Rs.940.001 million against budget released amounting to Rs.2,017.714 million by the Finance Division through Ministry of KA&GB during the financial years 2016-17 to 2022-23. Details are at **Annexure-20**. Audit observed that out of released funds amounting to Rs.2,017.714 million the project management utilized funds amounting to Rs.940.001 million. Consequently, funds of Rs.1,077.713 million were remained unutilized till June 2023.

Audit is of the view that retention of funds was irregular.

The management replied that prior to the establishment of the Gilgit-Baltistan Consolidated Fund, Federal funds were directly allocated to Public Sector Development Program (PSDP) Projects through the Accountant General of Pakistan Revenue (AGPR). To address these challenges, the Gilgit-Baltistan Consolidated Fund was instituted to ensure the timely release of funds. By consolidating these funds in the Gilgit-Baltistan Consolidated fund, unutilized amounts could be carried forward, making them available to project authorities in July and August. This strategic move was aimed to prevent projects from suffering due to the lack of releases. The Federal Government since 2013 onwards releases funds directly into the Gilgit-Baltistan Consolidated fund.

The DAC meeting was held on 28.12.2024. After an extensive discussion and deliberation, DAC proposed a fact-finding inquiry to be conducted at higher level to determine the causes of non-utilization of funds for intended purposes.

Audit recommends that decision of the DAC may be implemented.

AP-1058/2024-25

15.4.20 Non-forfeiting of performance guarantee– Rs.57.440 million

According to Clause-5 of the agreement the supplier shall be responsible to deliver the goods at the site of installation within 06 months which can be extended for further 6 months subject to unavoidable circumstances globally locally after the award of contract provided site is ready in all respects. Failure to deliver the equipment in stipulated time mentioned above, without any prior notice of genuine issue may lead to cancellation of the contract and the performance security may be forfeited.

According to Clause-7 the inspection team will inspect the items/equipment at the site of manufacturing/ assembling or shipment/delivery at site before installation. As per clause 12(2), if the delay is more than 10 weeks, the purchaser is entitled to terminate the contract and forfeit the performance guarantee.

The Project Director of Establishment of 50 Bedded Cardiac Hospital, Gilgit awarded the work for supply of radiology equipment to M/s Mediquip on 17.01.2023 at cost of Rs.574.000 million. The supply order was issued 26.01.2023 for delivery of radiation items and contractor provided bank guarantee of Rs.57.000 million. During the audit for the Financial Year 2022-23, it was observed that neither the radiology equipments were delivered by M/s Mediquip within stipulated time period i.e. 26.10.2023 nor the performance guarantee was forfeited.

Audit is of the view that non-cancellation of the contract and non-forfeiting of performance guarantee was undue favour to the contractor.

The management replied that the consultant informed that the contractor has failed to deliver the equipment in stipulated time and submitted the options of blacklisting/suspension, penalty clauses, termination of contract & reservation clause. Accordingly, Project Director submitted the recommendations to Health Secretariate for initiating the case for termination of contract with M/S Medequips under relevant clauses for inordinate delay in supply of radiation equipment. The case is still pending at the Health Secretariat.

The management admitted the point of view the audit.

The DAC in its meeting held on 28.12.2024 directed the management to conduct a fact-finding inquiry at appropriate level and to submit the report to PAO.

Audit recommends that guarantee may be forfeited.

AP-1059/2024-25

15.4.21 Non-achievement of objectives and cost enhancement of hospital equipment - Rs.32.900 million

According to PC-I the project steering committee being an overseeing body was responsible to advise and monitor activities of the project. To gauge the execution of the project exactly in according to the plan given by the PMU and to follow all codal formalities of equipment etc. according to the prescribed standards, to ensure quality. The committee was mandated to develop policy guidelines for smooth completion of the project.

During the audit of project Establishment of 50 Bedded Cardiac Hospital, Gilgit for the Financial Year 2022-23, it was noted that the management advertised tender in the newspaper on 19.04.2022 for hospital equipment. Details are at **Annexure-21**. Audit observed as under:

- i. The management did not place the matter before the project steering committee for cancellation of the first bidding process and for re-advertising.
- ii. The specifications of items were changed (during fresh bidding process) without revision of PC-I and without approval of the project steering committee.
- iii. The management did not complete the planned physical activities as envisaged in PC-I for the Financial Years 2021-22 and 2022-23 as the essential bio-medical equipment which were required to be purchased during the above period have not been procured till to date.
- iv. If the aforementioned equipment would had been purchased at the time of first bidding, the management could have saved Rs.32.950 million. The cost analysis is as under:

Dollar rate at the time of first bid	Rate quoted at the time of first bid	Present value of dollar	Difference in Rupee
Rs 226	Rs 265.7224	Rs 280	Rs 32.950

Audit is of the view that cancellation of first bidding process without assigning any cogent reasons and non-procurement of medical/hospital equipment till to date has led to cost increase of the equipment on one hand and non-functioning of the cardiac hospital on the other hand.

The management replied that the project management initiated the bidding process after fulfilling all codal formalities. Considering the market conditions and unprecedented hike in dollar exchange rates the PC-I was revised in February 2022, after which the tendering process was initiated when dollar exchange rate was Rs.190 plus on average basis. The case was submitted to Health Department on 02.12.2022 and the Health directed to resume procurement of items which are within PC-I scope while de novo fresh bidding process be started for all items/lots which are beyond the scope of PC-I. Accordingly, the tender for lots above PC-I provisions was cancelled and fresh bidding process was started.

The DAC meeting was held on 28.12.2024. The DAC directed the management to conduct a fact-finding inquiry at appropriate level and to submit the report to PAO.

Audit recommends that responsibility may be fixed.

AP-1060 and 1061/2024-25

15.4.22 Overpayment on account of additional charged allowance to program directors - Rs.4.410 million

According to Fundamental Rule-7.115 in case of additional charge arrangement, special allowance will be admissible at a uniform rate of 20% of basic pay not exceeding Rs.12,000 w.e.f. 01.07.2016.

During Performance Audit of PPHI Gilgit for the Audit Year 2019-20, it was revealed that the Government of Gilgit-Baltistan granted Additional Charge of the post of Program Director, PPHI, Gilgit-Baltistan to 03 Secretaries and 01 Deputy Director of Health Department during the Financial Years 2014-2019. Audit observed that the Program Directors were paid an incentive pay equal to 100% of running basic pay of the posted of officers instead of 20% additional charge allowance (maximum 12,000). Details are as under:

(Rs. in million)

S. No.	Name/designation	Period (months)	Paid monthly	Admissible payment (20%)	Difference	Overpayment
1.	Secretary Health	15 months	80,000	12,000	68,000x 15	1.020
2.	DD Health	14 months	94,600	12,000	82,600x 14	1.156
3.	Secretary Health	23 months	104,060	12,000	92,060x 23	2.117
4.	Secretary Health	01 month	128,008	12,000	116,008x 1	0.116
Total						4.410

Audit is of the view that the payment of incentive equal to 100% of running basic pay instead of additional charge allowance was irregular.

The irregularity was pointed out during March 2020. The PAO was requested on 12.03.2020 to convene DAC meeting followed by reminders dated 08.03.2021, 13.03.2021, 17.03.2021, 15.10.2021, 26.10.2021 and 24.12.2021. However, DAC meeting was not convened till finalization of this report.

Audit recommends that overpaid amount may be recovered.

CHAPTER-16

16. HIGHER EDUCATION DEPARTMENT

16.1 Introduction

A. Education Department deals with the affairs of college education and grant of scholarship. The department is also responsible for education of handicapped students, promotion of scientific research, organization of all public libraries, promotion of sports, services matter except those entrusted to S&GAD Department.



Audit Profile of Higher Education Department

(Rs.in million)

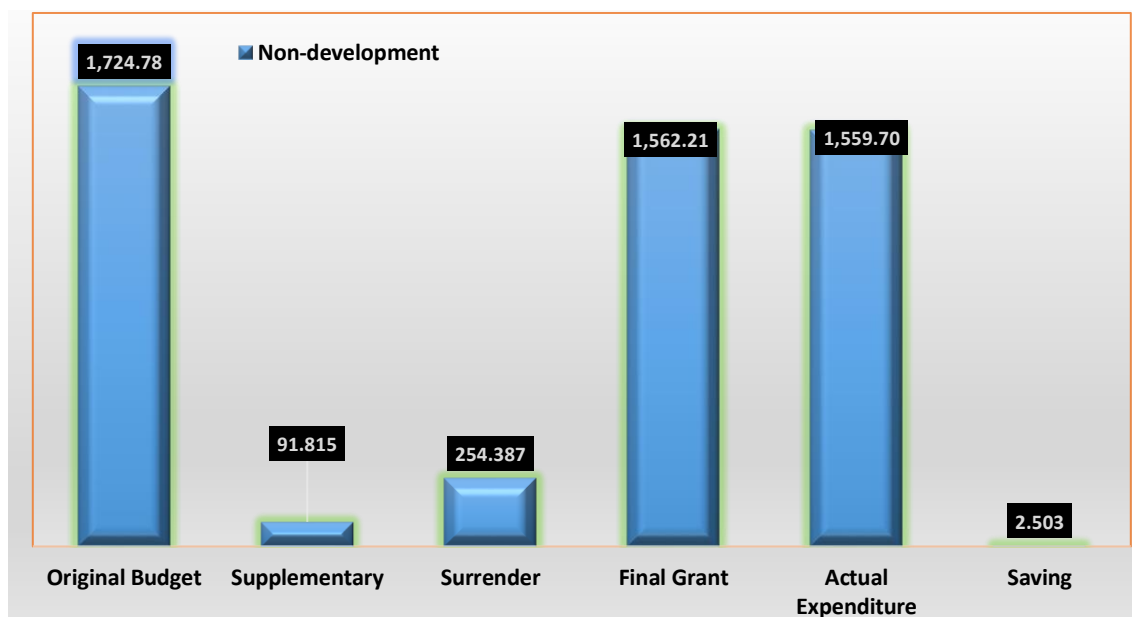
Sr. No.	Description	Total Nos.	Audited	Expenditures audited FY 2023-24	Revenue/Receipts FY 2023-24
1.	Formations	31	06	1,217.855	14.890

B. Comments on Budget & Accounts (Variance Analysis)

Budget allocation and expenditures of the department for the Financial Year 2023-24 is as under:

(Rs.in million)

Grant	Original Budget	Supplementary	Surrender	Final Grant	Actual Expenditures	Saving
Non-Dev-33	1,724.778	91.815	(254.387)	1,562.206	1,559.703	2.503
Total	1,724.778	91.815	(254.387)	1,562.2060	1,559.703	2.503



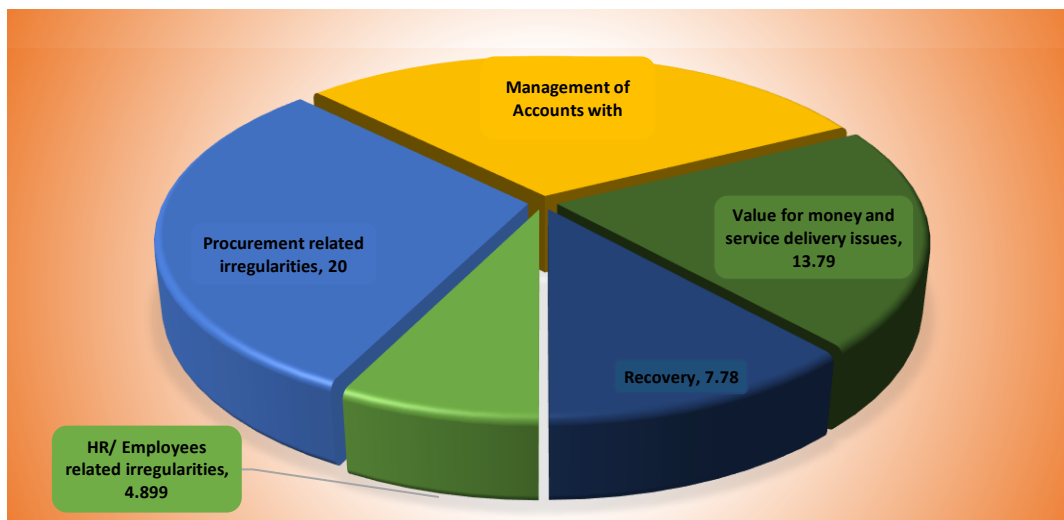
Originally, the department was granted non-development budget of Rs.1,724.78 million. During the year supplementary grant of Rs.91.815 million was granted which is 05.67% of the original allocation. After surrender of funds amounting to Rs.254.387 million, the final grant comes to Rs.1,562.21 million. The department utilized budget of Rs.1,559.70 million leaving a saving of Rs.2.503 million.

16.2 Classified summary of Audit observations

Audit observations amounting to Rs.66.521 million were raised in this report during current audit of department. This amount also includes recoveries of Rs.7.780 million. Summary of the audit observations classified by nature is as under:

(Rs. in million)

S. No.	Classification	Amount
1.	HR/ Employees related irregularities	4.899
2.	Procurement related irregularities	20.000
3.	Management of Accounts with Commercial Banks	20.052
4.	Value for money and service delivery issues	13.790
5.	Recovery	7.780
Total		66.521



16.3 Comments on the status of compliance with PAC directives

No meeting of Public Accounts Committee (PAC) has been held to discuss audit paras of the department.

16.4 AUDIT PARAS

16.4.1 *Irregular execution of project and non-recovery of liquidated damages – Rs.7.780 million*

According to Appendix-A to bid “Liquidated Charges is to be imposed @.0.10% of contract value for each day of delay in completion of the works subject to a maximum of 10% of the contract price stated in the letter of acceptance”.

According to Para-3 of acceptance letter No. PD-NR-1/FB/2017-18/30 dated 03.08.2018, the contractor was required the prior approval of the competent authority for sub-letting the work as the list of sub-contractors is left black in Appendix-I to bid of bidding document.

During the audit of project Establishment of Polytechnic Institute for boys at Gilgit for the Financial Years 2022-23 and 2023-24, it was revealed that the management awarded contract to M/s NLC on 27.12.2018 for Rs.95.166 (reduced to Rs.77.800 million) with completion period of 540 days. The 09th running bill was paid to the contractor on 20.06.2023 with total value of work done Rs.77.800 million. Audit observed as under:

- i. The work was not completed within a stipulated period of time i.e. 26.06.2020. However, liquidated damages amounting to Rs.7.780 million were neither imposed nor recovered (Rs.77.800 x 10%).

- ii. The Performance Guarantee was expired in 2019. However, the same was not revalidated till the expiry of the defect liability period in violation of contractual provision.
- iii. The contractor executed works through subletting/subcontracting through various Sub-contractors without approval of the competent authority while the contractor was selected based on its technical and financial capabilities.

Audit is of the view that the irregularities occurred due to weak internal controls.

The irregularity was pointed out during October 2024. The management replied that the contractor has fulfilled all contractual obligations, however, security of Rs.7.780 million has been retained as some defects and low-standard work executed by the subcontractors were identified besides sub-letting the works without approval of competent authority by the contractor.

The reply was not accepted as the management has not taken any action against the contractor regarding defective work and sub-letting contract without the approval of competent authority.

The DAC in its meeting held on 20.01.2025 directed the Project Director to submit a comprehensive report regarding action taken against the contractor within a month.

Audit recommends that recovery of liquidated damages may be imposed and recovered from the contractor due to delay in completion of works.

AP-771, 772 and 773/2024-25

16.4.2 Non-formulation of rules/regulations to regulate the different funds-Rs.13.790 million

According to Rule-7(c) of the Gilgit-Baltistan System of Financial Control and Budgeting Rules 2009, while sanctioning expenditure out of the funds placed at his disposal, the Principal Accounting Officer shall ensure that the requirements of the relevant rules and regulations are fully met and that the approval of the Finance Department has been obtained in all cases which are not covered by a standing authorization that may have been delegated.

The Government Degree College for Women, Gilgit during the Financial Year 2023-24, has collected an amount of Rs.2.502 million on account of following funds from the students of intermediate classes in addition of bus fee/fair charges of Rs.5.660 million:

S. No	Fund nomenclature	Annual Charges (Rs.)
1	College Activities Fund (CAF)	500
2	Practical Fund (PF)	350

3	Medical Fund (MF)	200
4	Library Fund (LF)	300
5	Identity Card Fund (ICF)	200
6	Sports Fund (SF)	350
7	Monthly/Quarterly Fund (MQF)	400
8	Comp Fund (CF)	1,500
9	Girls Guide Fund (GGF)	100
10	Other Fund (OF)	400
11	Bus fare charges (monthly charges)	2,000

Audit observed as under:

- i. The amount collected under different funds is being deposited into a bank account opened without the approval of the Finance Department.
- ii. Admission and tuition fee for Intermediate classes are approved in the Finance Act, however, the collection of different funds is not supported with approval of competent forum.
- iii. No regulations have been formulated to regulate the expenditure out of these funds.
- iv. The department of Higher, Technical and Special Education vide letter 1-1(3)/2023 dated 13.10.2023 termed these funds as private whereas all these funds are designated and meant for specific purpose as symbolized by their nomenclature.
- v. During the year 2023-24 the college management incurred an expenditure of Rs.13.789 million out of these funds. However, from the utilization statement it was observed that no expenditure was made on specified activities except bus fund.

Audit is of the view that funds received from students by college management under a fee package cannot be termed as private fund and therefore, these funds are required to be administered through approved policy and regulations.

The irregularity was pointed out during October 2024. The management replied that the fee structure was approved by Director Higher Education Gilgit.

The reply was not accepted, the fee structure notified by the directorate of higher education was not approved by the competent authority as evident from their letter No.DE-1(74)/8/2024(B&A) date 22.10.2024.

The DAC meeting was held on 20.01.2025. The DAC directed the management to expedite the approval of Policy from the competent authority.

Audit recommends that approval of competent forum may be obtained for collection of funds from students besides formulation of regulations to regulate the expenditure.

AP-909/2024-25

16.4.3 Irregular expenditure out of BS fund-Rs.2.859 million

According to Rule-7(c) of the Gilgit-Baltistan System of Financial Control and Budgeting Rules 2009, while sanctioning expenditure out of the funds placed at his disposal, the Principal Accounting Officer shall ensure that the requirements of the relevant rules and regulations are fully met and that the approval of the Finance Department has been obtained in all cases which are not covered by a standing authorization that may have been delegated.

The Degree College for Women, Gilgit during the Financial Year 2023-24, collected an amount of Rs.2.859 million (@ Rs.4,300/ per semester per student) as Bachelor of Sciences (BS) funds and made an expenditure of Rs.1.954 million out of these funds for payment of salaries of visiting faculties. Audit observed that collection of BS fund is not supported with approval of competent forum like admission and tuition fee which are approved in Finance Act. Further, no regulations have been formulated to regulate the expenditure out of this fund.

Audit is of the view that collection of BS fund without the approval of competent forum and the expenditure out of these funds without formulation of regulations/policy was irregular.

The irregularity was pointed out during October 2024. The management replied that the fee structure was approved by Director Higher Education Gilgit.

The reply was not accepted, the fee structure notified by the directorate of Higher Education was not approved by the competent authority as evident from their letter No.DE-1(74)/8/2024(B&A) date 22.10.2024.

The DAC meeting was held on 20.01.2025. The DAC directed the management to expedite the approval of Policy from the competent authority.

Audit recommends that rules may be formulated to regulate expenditure.

AP-910/2024-25

16.4.4 Irregular opening of bank account-Rs.20.052 million

The Finance Department, Gilgit-Baltistan vide letters No.F.2(3)-BR-II/2000-1254 dated 08.11.2013 and letter No F.A&A-2(20)/2017 dated 27.09.2018, directed all departments to close all bank accounts maintained in various scheduled and non-scheduled banks and maintain only one bank account in the National Bank of Pakistan with the approval of the Finance Department, if necessary.

The Degree College for Women, Gilgit is maintaining a bank account bearing No.406399789 in National Bank of Pakistan Main Branch, Gilgit. During the Financial Year in addition of opening balance of Rs.4.876 funds of Rs.15.176 million were credited into this account followed by debit transactions of Rs.16.046

million leaving a closing balance of Rs.4.007 million. Audit observed that bank account was opened without the approval of the Finance Department, in violation of Finance department instructions.

Audit is of the view that opening of bank account without approval of the Finance Department was irregular.

The irregularity was pointed out during October 2024. The management replied that the bank account was opened in 1982.

The stance of the management is not supported by the approval of the Finance Department.

The DAC meeting was held on 20.01.2025. The DAC directed the management to obtain the approval from Finance Department.

Audit recommends that decision of the DAC be implemented.

AP-911/2024-25

16.4.5 Irregular release of retention money-Rs.20.000 million

According to Clause-60.3 (a & b) of general conditions of contract Part-I, half of the retention money was to be released after issuance of taking over certificate/ completion certificate and remaining half of retention money was to be released after expiry of defect liability period.

The Project Director Establishment of Polytechnic Institute for Boys at Skardu (Baltistan Region) awarded the work “Establishment of Polytechnic Institute for Boys at Skardu (Baltistan Region)” to M/S Luqman Brothers JV RCC and Zulfiqar Ali Sadpara on 08.08.2023 at agreed cost of Rs.978.929 million. The 5th running bill was paid to the contractor on 11.06.2024 with total value of work done Rs.208.953 million. During the audit for the Financial Years 2022-23 and 2023-24, it was observed that the work has not yet been completed whereas, retention money amounting to Rs.20.00 million was released to the contractor on 11.01.2024 in violation of rules.

Audit is of the view that un-due financial aid was given to the contractor owing to non-observance of condition of contract and weak internal controls.

The irregularity was pointed out during October 2024. The management did not furnish the reply till finalization of the report.

The PAO was requested to convene a DAC meeting vide letter dated 29.11.2024 followed by reminder dated 09.12.2024 and 19.12.2024. However, the DAC meeting could not be convened till finalization of the report.

Audit recommends that security may be obtained from the contractor besides fixing the responsibility.

AP-1034/2024-25

16.4.6 Irregular payment of honorarium– Rs.2.040 million

According to Para-9 of GFR Vol-I, no authority may incur any expenditure or enter into any liability involving expenditure from public funds until the expenditure has been sanctioned by general or special orders of the President or by an authority to which power has been duly delegated in this behalf and the expenditure has been provided for in the authorized grants and appropriations for the year.

The Project Director Establishment of Polytechnic Institute for Boys at Skardu (Baltistan Region) withdrew an amount of Rs.2.040 million on account of honorarium for the employees of the Ministry of Kashmir Affairs and Gilgit-Baltistan, Islamabad during 2021-23. During the audit for the Financial Years 2022-23 and 2023-24, it was observed that neither the sanction of the expenditure was available nor disbursement record provided to audit.

Audit is of the view that payment of honorarium was irregular.

The management replied that honorarium was paid to the employees as per direction of Ministry of Kashmir & Gilgit-Baltistan as the employees have great contribution in the project execution.

The reply was not accepted as the payment is not supported with sanction of competent authority.

The PAO was requested to convene a DAC meeting vide letter dated 29.11.2024 followed by reminder dated 09.12.2024 and 19.12.2024. However, the DAC meeting could not be convened till finalization of the report.

Audit recommends that stoppage of this unauthorized practice.

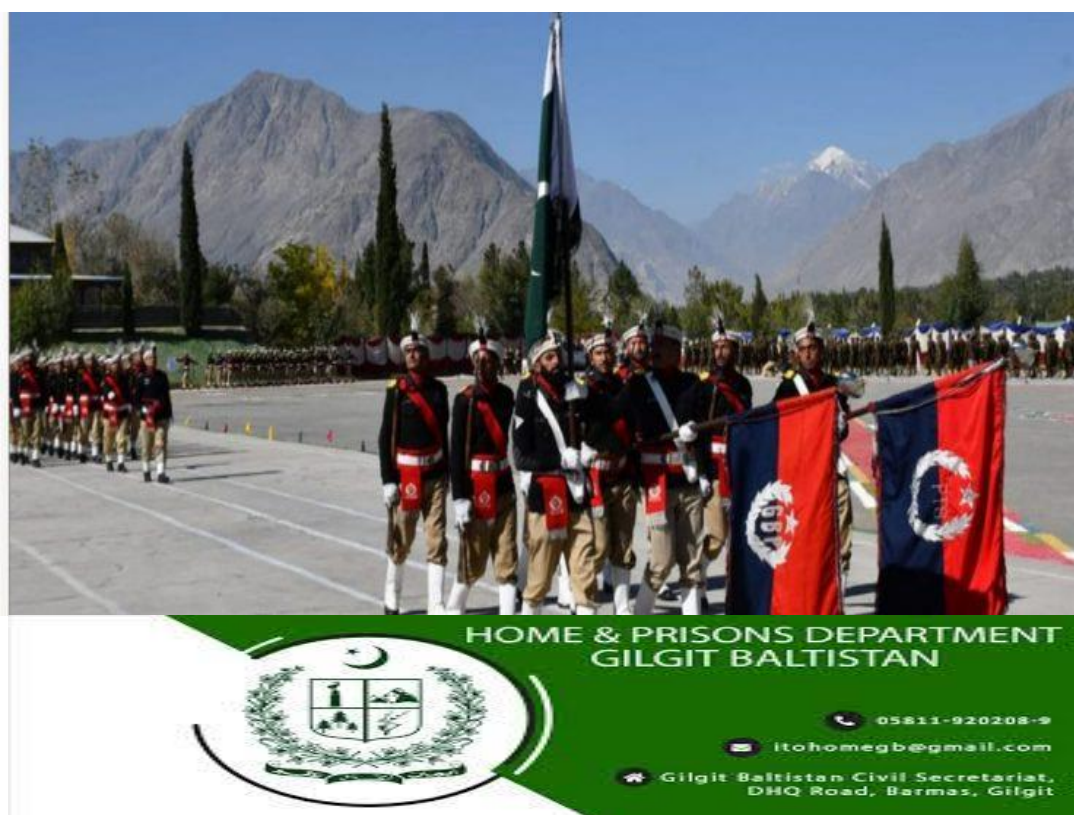
AP-1068/2024-25

CHAPTER-17

17. HOME AND PRISONS DEPARTMENT

17.1 Introduction

A. As per Gilgit-Baltistan Government Rules of Business, 2009, Home & Prisons department is responsible for maintenance of public order and internal security, reporting of crime and all matters connected with police establishment and administration. Moreover, management of prisons, reformatories, remand homes, borstal and similar institutions; civil defense, prevention of smuggling and enforcement of rules relating to control of traffic and inspection and checking of motor vehicles for the purpose of traffic control are also the functions of the department.



Audit Profile of Home and Prisons Department

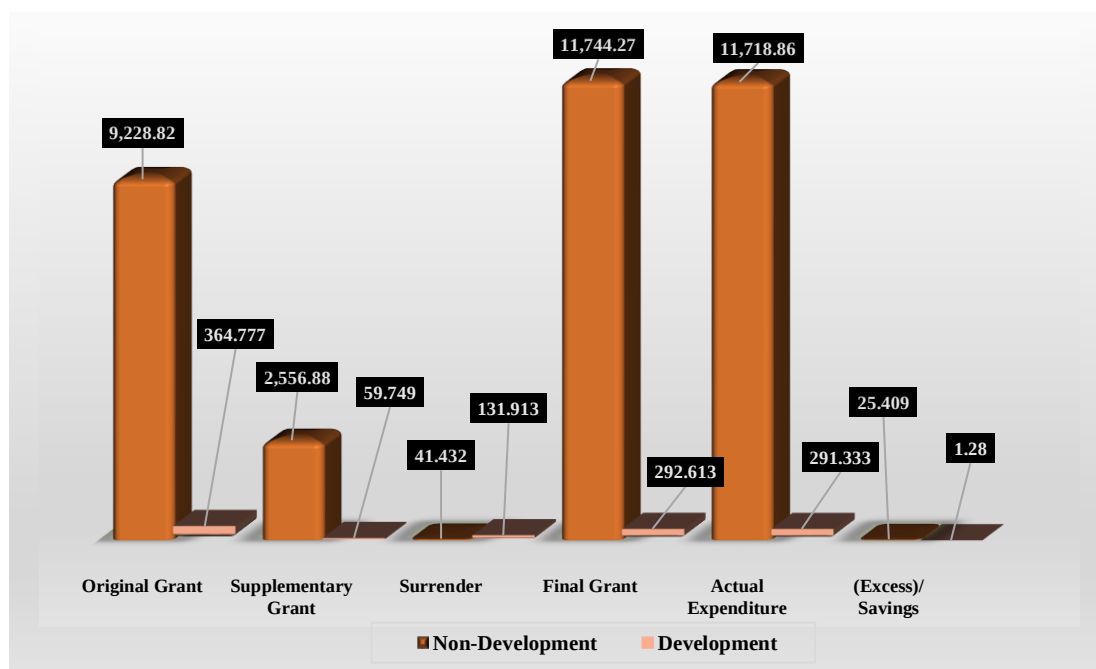
(Rs. in million)					
S. No.	Description	Total Nos.	Audited	Expenditures audited FY 2023-24	Revenue/Receipts FY 2023-24
1.	Formations	84	27	13,696.748	182.554

B. Comments on Budget & Accounts (Variance Analysis)

Budget allocation and expenditures of the department for the Financial Year 2023-24 is as under:

(Rs. in million)

Grant	Original Budget	Supplementary	Surrender	Final Grant	Actual Expenditures	Saving
Non-Dev-08	9,228.818	2,556.879	(41.432)	11,744.265	11,718.856	25.409
Dev	364.777	59.749	(131.913)	292.613	291.333	1.280
Total	9,593.595	2,616.628	(173.345)	12,036.878	12,010.189	26.689



An allocation of Rs.9,228.82 million was made for non-development budget. During the year, supplementary grant of Rs.2,556.88 million was approved which is 27.705% of the original allocation. The department also surrendered an amount of Rs.41.432 million which is 0.45% of original allocation. Against final grant of Rs.11,744.27 million, the department utilized funds of Rs.11,718.86 million which is 99.78% of the final grant.

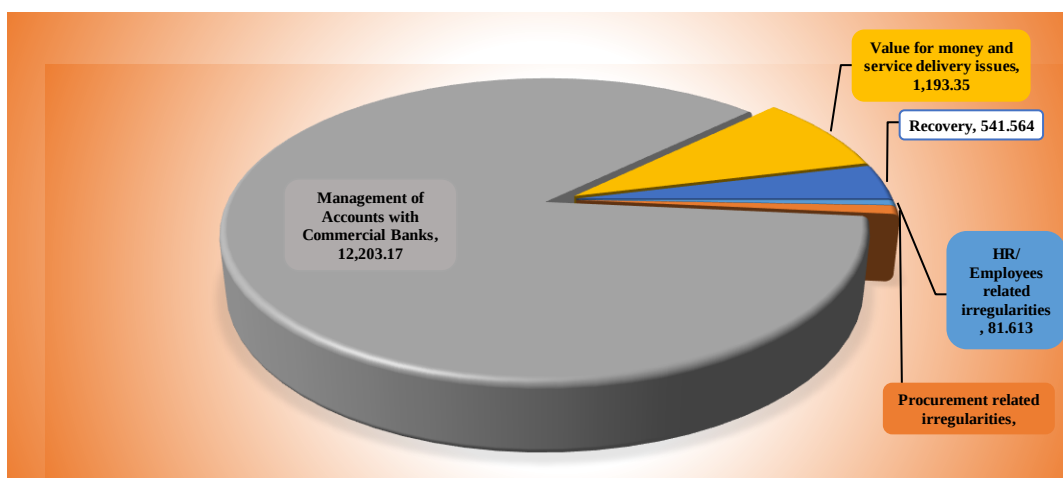
An allocation of Rs.364.777 million was made for development budget. Against final grant of Rs.292.613 million, the department utilized funds of Rs.291.333 million which is 99.56% of the final grant.

17.2 Classified summary of Audit observations

Audit observations amounting to Rs.14,152.026 million were raised in this report during current audit of the department. This amount also includes recoveries

of Rs.541.564 million. Summary of the audit observations classified by nature is as under:

(Rs. in million)		
S. No.	Classification	Amount
1.	HR/ Employees related irregularities	81.613
2.	Procurement related irregularities	132.328
3.	Management of Accounts with Commercial Banks	12,203.174
4.	Value for money and service delivery issues	1,193.347
5.	Recovery	541.564
Total		14,152.026



17.3 Brief comments on the status of compliance with PAC directives

No meeting of Public Accounts Committee (PAC) has been held to discuss audit paras of the department.

17.4 AUDIT PARAS

17.4.1 Irregular and un-authorized opening of bank accounts and retention of land compensation funds – Rs.8,042.715 million

The Finance Department of the Gilgit-Baltistan vide letter No.F.2(3)-BR-II/2000-1254 dated 08.11.2013 followed by letter No F.A&A-2(20)/2017 dated 27.09.2018 directed to all departments to close all the bank accounts maintained in various scheduled and non-scheduled banks and further directed that head of department to maintain only one bank account if required in the National Bank of Pakistan with the approval of Finance Department.

The various offices of Home and Prisons Department, Gilgit-Baltistan were maintaining bank accounts in different commercial banks for depositing land compensation and other funds. Details are as under:

(Rs. in million)			
S. No.	AP No.	Office Name	Amount
1.	74	Assistant Commissioner, Juglote	320.447
2.	185	Deputy Commissioner, Astore	913.000
3.	241	Deputy Commissioner, Chilas	600.409
4.	331	Deputy Commissioner, Skardu	1,150.000
5.	251	Deputy Commissioner, Shigar	157.454
6.	316 & 318	Deputy Commissioner, Ghizer	1,188.111
7.	334 & 335	Deputy Commissioner, Nagar	747.847
8.	451	Deputy Commissioner, Gilgit	1,518.807
9.	705	Deputy Commissioner, Ghanche	251.177
10.	732 & 734	Deputy Commissioner, Hunza	1,078.464
11.	912, 913 & 914	Deputy Commissioner, Kharmang	116.999
Total			8,042.715

During the audit for the Financial Years 2022-23 and 2023-24, it was observed that bank accounts were opened for placing the funds of land compensation without the approval of the Finance Department. Further, Funds were frequently transferred from one bank account to another without assigning any reason.

Audit is of the view that compensation funds were placed in accounts opened in various banks without the approval of the Finance Department was irregular.

The irregularity was pointed out during March to June 2024. The management replied that accounts in various banks are maintained in compliance with Chief Secretary Gilgit-Baltistan letter No. P & D -21(1)/96 dated 13.03.1998, letter No. CS-I & C-1(1(0)/2013 dated 11.04.2014, in the light of Gilgit-Baltistan Cabinet decision in its 25th meeting held on 18.11. 2022. Furthermore, opening of bank account was also to facilitate the land affectees belonging to remote areas at their door steps in larger public interest.

The reply was not accepted as the compensation amount was placed in accounts opened in various banks without the approval of the Finance Department in violation of rules.

The DAC meeting was held on 16.11.2024. The DAC after detailed deliberation/ discussion decided that henceforth fresh amount of land compensation shall be deposited in National Bank of Pakistan (NBP) and no fresh amount of compensation be deposited in any private bank. All kind of payments of land compensation be made by Collectors from the amounts previously maintained in various scheduled/ non-scheduled banks except National Bank of Pakistan. All DCs / LACs shall pursue the court cases vigorously in concerned court of law in connection with closing of bank accounts in private banks and shifting of amounts into accounts maintained in NBP. Funds transferred to Assistant Commissioners shall be disbursed forthwith, in case any dispute /litigation the amount shall be transferred to Referee Courts immediately as per law and monthly progress report of

financial activities (deposit, disbursement of land compensation amount) shall be submitted to secretary office/PAO by all DCs / Collectors.

Audit recommends that decision of the DAC may be implemented.

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 13.5.1, 9.4., 11.4.14 and 14.4.5 having financial impact of Rs.6,274.679, Rs.1,424.777 million, Rs.6,421.359 million and Rs.5,190.863 million respectively. Recurrence of same irregularity is a matter of serious concern.*

17.4.2 Suspected loss due to cancellation of bidding by bid opening committee - Rs.2.000 million

According to Rule-33 of Public Procurement Rules, the procuring agency may reject all bids or proposals at any time prior to the acceptance of a bid or proposal. The procuring agency shall upon request communicate to any supplier or contractor who submitted a bid or proposal, the grounds for its rejection of all bids or proposals, but is not required to justify those grounds.

The Director General Rescue 1122 Gilgit approved a tender for purchase of emergency ambulance under the project “Establishment of Emergency Service at Roundu to cover JSR” in April 2023. The Procurement Committee before opening of the bids cancelled the bidding process on the ground that there is contradiction between bidding evaluation criteria and check list in the tender document. Relevant experience is not mentioned in the tender document. Financial worth of the bidders was not mentioned in the tender document. Specification of ambulance and fabrication items was not matched with tender document and scope of the PC-I. Audit observed that:

- i. Bid Opening Committee has no mandate to cancel the tendering process at its own rather to refer the case to competent authority who approve the tendering documents and authorize to accept or reject the tender.
- ii. No action has been taken of the negligence on the part of quarter concerned for floating defective bid documents.
- iii. Due to defective tendering process, the department would sustain loss of Rs.2.000 million on account of advertisement.

Audit is of the view that due to defective tendering and irregular cancellation of tender government sustained a loss of Rs.2.000 million.

The irregularity was pointed out during March 2024. The management replied that Ambulance under development project titled “Establishment of Emergency Service at Roundu to cover JSR” Was purchased after adopting due process as required in Public procurement rules.

The management did not reply the objection raised by audit regarding cancellation of tender.

The DAC meeting was held on 16.11.2024. The DAC did not agree with the stance of management and directed to constitute a fact-finding committee headed by DS (Admin) Home Department and submit its recommendations to PAO within 15 days for further decision.

Audit recommends that matter may be probe regarding defective tendering and cancellation of bidding by the bid opening committee.

AP-110/2022-23

17.4.3 Irregular expenditure on non-development after completion of the project – Rs.39.395 million

According to Para-3.33 and 3.35 of Project Management Guidelines issued by Planning Commission the final stage of the project is its completion. The project is considered to be completed/closed when all the funds have been utilized and objectives achieved, or abandoned due to various reasons. At this stage the project has to be closed formally, and reports to be prepared on its overall level of success, on a proforma PC-IV. After completion of project it should be handed over to the agency responsible for maintenance and operation.

The Director General Rescue 1122 Gilgit during the Financial Year 2022-23, was approved the PC-IV of the Project “Establishment of Emergency Services (Rescue 1122) at Ghizer, Astore, Shigar & Kharmang” in October 2022. Audit observed that an expenditure of Rs.39.395 million was incurred out of the project accounts after submission of PC-IV.

Audit is of the view that incurring of expenditure after closure of project is violation of instructions of Panning Commission.

The irregularity was pointed out during March 2024. The management replied that PC-I was modified within the same scope to cover the pay & allowances of 152 staff of Rescue-1122 after approval of competent forum owing to imposition of ban on creations of posts.

The management admitted the point of view of the audit.

The DAC in its meeting held on 16.11.2024 directed the management to constitute a fact-finding committee headed by AS (Home) to ascertain the facts and submit the recommendations to PAO within 15 days for further decision.

Audit recommends that decision of the DAC may be implemented.

AP-111/2022-23

17.4.4 Non-implementation of Gilgit-Baltistan Emergency Services Act 2012

According to Section-6 of Gilgit-Baltistan Emergency Service Act 2012, there shall be constituted a Council to be known as the Gilgit-Baltistan Emergency Council. The Council shall meet at least once in three months. Section 7 provides that the Council shall lay down the policy and issue directions for efficient, effective and expeditious actions in dealing with emergencies. Oversee the working of the Service and the training institutions established or controlled by the Service. Issue regulations to prescribe the minimum standards for the officers and staff to maintain efficiency and effectiveness of the Service. Review and analyze statistics relating to all emergency incidents, accidents and disasters and the actions which have been taken by the Service. Approve the annual budget of the Service. Make recommendations to the Government for the prevention and mitigation of hazards endangering public safety. Determine the number of rescue stations in different areas and the staff and equipment to be provided to the Service for achieving the objectives of adequate standards of emergency care.

During the audit of Director General Rescue 1122, Gilgit for the Financial Year 2022-23, it was observed that:

- i. Neither meeting of the council was held nor any policy, rules and regulation were formulated to regulate the business.
- ii. The approval of annual budget of service was not obtained from the Council.
- iii. Rescue stations, staff and equipment were not determined by the Council in violation of the provision of Act.
- iv. The District Emergency Board as required under Section-8 of the Act was not constituted.
- v. The emergency service fund as required under Section-15 of the Gilgit-Baltistan Emergency Service Act 2012 was not established.

Audit is of the view that Gilgit-Baltistan Emergency Service Act has not been implemented in true letter and spirit which is lapse on the part of the management.

The irregularity was pointed out during March 2024. The management replied that owing to cancellation of membership of one member of Gilgit-Baltistan Assembly meeting of the council could not be held. Gilgit-Baltistan Emergency Service is working to maintain an emergency fund in analogy of disaster endowment fund as maintained by Gilgit-Baltistan Disaster Management Authority (GBDMA) and the same shall be placed as agenda in forth coming Gilgit-Baltistan Emergency Council meeting for its approval.

The management admitted the point of view of the audit.

The DAC meeting was held on 16.11.2024. DAC after detail deliberation decided to refer the Para to PAC.

Audit recommends that the Act may be implemented in true letter and spirit to achieve the laid down objectives.

AP-113 and 114/2022-23

17.4.5 Non-framing of rules and regulations

According to Section-11 of Gilgit-Baltistan Emergency Service Act 2012, the Service may, from time to time, employ such officers or servants or appoint such experts or consultants, as it may consider necessary for the performance of its functions. The number and nature of the posts in the Service, necessary criteria and the manner of appointment thereto shall be determined by the Council and the employees appointed to these posts shall receive such remuneration allowances and privileges and shall be subject to such terms and conditions of service as are laid down by the Council.

During audit of Director General Rescue 1122 Gilgit for the Financial Year 2022-23, it was observed that despite lapsed of 11 years the management did not formulate the recruitment rules, service regulations to govern the day to day affairs of the services.

Audit is of the view that appointments, promotions, leave, salary and other privileges given to employees of emergency service have no legal validity.

The irregularity was pointed out during March 2024. The department replied that the recruitment rules in respect of Gilgit-Baltistan Emergency Services Rescue 1122 were submitted to FPSC for vetting on 22.08.2023. However, same was returned by FPSC with observation to place the draft rules before Gilgit-Baltistan Emergency Council in analogy of Punjab Emergency Services Department (PESD). Accordingly, same shall be placed before Gilgit-Baltistan Emergency Services for approve once the Council is made functional.

The DAC meeting was held on 16.11.2024. The DAC after detail deliberation decided to refer the Para to PAC.

Audit recommended that recruitment rules/service regulations in the light of provisions of Act be framed to regulate the service matters of emergency service.

AP-115/2022-23

17.4.6 Irregular promotion of two emergency officers

According to Section-11 of Gilgit-Baltistan Emergency Service Act 2012, the Service may, from time to time, employ such officers or servants or appoint such experts or consultants, as it may consider necessary for the performance of its functions. The number and nature of the posts in the Service, necessary criteria and the manner of appointment thereto shall be determined by the Council (constituted under Section 6 of GBES Act 2012) and the employees appointed to these posts shall

receive such remuneration allowances and privileges and shall be subject to such terms and conditions of service as are laid down by the Council.

Governors' Secretariat Gilgit-Baltistan directed the Secretary S&GAD that no promotion shall be made without publication of recruitment rules in Gazette, which have been duly vetted by the Federal Public Service Commission.

During audit of Director General Rescue 1122 Gilgit for the Financial Year 2022-23, it was revealed that one Rescue & Safety Officer and One Control Room Incharge were promoted as Emergency Officer BS-17 vide S&GAD notification dated 16.05.2022 with one-year probation period on acting charge basis. Subsequently, Secretary Home and Prisons Department vide notification dated 26.06.2023 confirmed the promotion w.e.f 03.03.2023. with one-year probation basis. Audit observed that:

- i. Promotion of officers from back date (03.03.2023 instead of 16.05.2023) is irregular.
- ii. Promotion of officers without publicly available rules was violation of GBES Act 2012 and Governor's Secretariat Instructions as well.

Audit is of the view that promotion in violation of Act and directions of Governor's Secretariat stands irregular and may result in litigation in future.

The DAC in its meeting held on 16.11.2024 directed the management to constitute a fact-finding committee headed by Deputy Secretary (Admin) to inquire the matter and to submit the report within 15 days to PAO for further decision.

Audit recommended to probe the matter besides taking corrective actions.

AP-116/2022-23

17.4.7 Irregular purchase of goods and services without inviting tenders – Rs.6.619 million

According to Rule-12(2) of public procurement rules, 2004 all procurement opportunities over three million should be advertised on the Authority's website as well as in other print media or newspapers having wide circulation. The advertisement in the newspapers shall principally appear in at least two national dailies, one in English and the other in Urdu.

The Deputy Commissioner Astore during the Financial Year 2022-23, incurred an amount of Rs.6.619 million on account of procurement of goods and services for holding of Rama Festival at Astore with effect from 18.07.2022. Audit observed that procurements of goods and services were made without inviting tenders and even calling quotations, which compromised the competitiveness of rates.

Audit is of the view that procurement of goods and services without open competition was violation of public procurement rules.

The irregularity was pointed out during May 2024. The management replied that owing to short span of time the procurement was made through quotations instead of calling open tender.

The management admitted the point of view of the audit.

The DAC meeting was held on 16.11.2024. The DAC did not agree with the stance of management and directed to constitute a fact-finding committee headed by Deputy Secretary (Home-II) to inquire the matter and to submit the report within 15 days to PAO for further decision.

Audit recommends that matter may be investigated for fixing responsibility against the person(s) at fault besides strengthening the internal controls.

AP-186/2022-23

17.4.8 Irregular utilization of mitigation and relief fund – Rs.4.105 million

According to Section-8 (iv) & (v) of Finance Act 2022, cost estimates relating to mitigation and relief works and other activities were to be framed by the XENs B&R Divisions, LG&RD and officers of other concerned departments. The approving forum consists of Deputy Commissioner being Chairman and the concerned XEN, B&R, Treasury Officer and Representative of Member of Gilgit-Baltistan Assembly as member of the forum.

According section-8 (vii) and (viii) of Finance Act 2022, relief work to be executed under public procurement rules and mitigation work under GBDMA Act and execution of civil work through B&R Division or LG&RD concerned and procurement through Deputy Commissioner.

The Deputy Commissioner Astore during the Financial Year 2022-23, incurred an expenditure of Rs.4.105 million (Rs.1,660,579/- on POL for heavy machinery and Rs.2,696,576/- on account of procurement of HDPE pipes of different dia) for mitigation & relief work. Audit observed that POL accounts was not maintained to ascertain the fuel consumption factor. Moreover, neither estimate of HDPE pipes were framed through B&R/LG&RD nor fixing/execution was done through said departments. Furthermore, neither tenders were called nor quotations were obtained. Moreover, no approval from the approving forum was sought against all cases of mitigation and relief works.

Audit is of the view that grant of mitigation and relief was utilized without observing the required parameters as defined in the GB Finance Act 2022. The irregularity occurred due to weak internal controls.

The irregularity was pointed out during May 2024. The management replied that the work was executed in accordance with the provision of Finance Act.

The reply was not supported with documentary evidence.

The DAC in its meeting held on 16.11.2024 directed the management to constitute a Fact-Finding Committee headed by Deputy Secretary (Home) for conducting an inquiry and to submit report within 15 days to PAO for further decision.

Audit recommends that matter may be investigated for fixing responsibility against the person(s) at fault.

AP-187/2022-23

17.4.9 Irregular expenditure on entertainment – Rs.1.916 million

According to Sub-section (i)(k) of section 21 of Gilgit-Baltistan Finance Act 2022, there shall be a ban on serving official lunch, dinners and refreshments from the public exchequer.

The Deputy Commissioner, Astore during the Financial Year 2022-23, incurred Rs.1.916 million on account of serving lunch, dinners and refreshment as per following details:

(Rs. in million)		
S. No.	Amount	Remarks
1	1.375	Regular grant under head of account A06301-Entertainment and Gifts
2	0.324	Food Charges for VVIPs on the eve of Rama Festival with effect from 18-20 th July, 2022 under head of account A-03918-Exhibition, Fair and other National Celebrations
3	0.217	Dry fruit, mineral water and juices etc on the eve of Rama Festival with effect from 18-20 th July, 2022 under head of account A-03918-Exhibition, Fair and other National Celebrations
Total	1.916	

Audit observed that under the proviso of Act, there was a complete ban on serving lunches, dinners and refreshment from public exchequer; however, management incurred Rs.1.916 million on said account in contravention of provision of the Act.

Audit is of the view that irregularity was occurred due to non-adherence to the provision of the Act and weak internal controls.

The irregularity was pointed out during May 2024. The management replied that the expenditure was made in accordance with provision of rules and requirements.

The DAC meeting was held on 16.11.2024. The DAC did not accept the justification of the management and decided to constitute a fact-finding committee

headed by Additional Secretary Home for conducting an inquiry and to submit report within 15 days to PAO for further decision.

Audit recommends that responsibility may be fixed for the irregularity.

AP-188/2022-23

17.4.10 Irregular expenditures on holding of 9th Rama Festival - Rs.2.140 million

According to Para-10 of GFR Vol-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. Moreover, the expenditure should not be prima facie more than the occasion demands. Furthermore, no authority should exercise its powers of sanctioning expenditure to pass an order which will be directly or indirectly to its own advantage

The Deputy Commissioner Astore during the Financial Year 2022-23, incurred Rs.2.140 million against various supplies and services during 9th Rama Festival held on 18-20th July, 2022 at District Astore as per following details: -

(Rs. in million)

S. No.	Names of Vendors	Amount	Remarks
1	City Departmental Store	0.324	Food Charges for VVIPs
2	Ammar & Brothers	0.217	Dry Fruits, mineral waters, juices for VVIPs/Guests
3	Hanif ullah Khan	0.445	Traditional gifts for VVIPs
4	Tabseel Hotel and Restaurant	0.304	Room rent & services charges for VVIPs
5	Seven Brothers	0.250	Rend of bedding for tent village for three days
6	Hanif ullah Khan	0.850	Rs.500,000/- for cultural show + Rs.200,000/- for Press Club, Astore + Rs.150,000/- for Meena Bazar
	Total: -	2.140	

Audit observed as under:

- As per list 111 VVIPs guests were invited to attend the event, however, detail or list of actual participants to whom food and accommodation was provided was not available with management to substantiate the expenditure.
- As per work plan arrangement issued by DC, Astor's letter No.DSO-9th (R.F)/2022 dated 5th July, 2022; cultural show was to be organized by District Arts & Culture Council, Astore but payment was made to third party without seeking acknowledgment of actual payees.
- No provision for organizing of Meena Bazar was made part of work plan however, payment of Rs.150,000/- was again paid to thirty party without seeking acknowledgment of actual payee.
- Payment of Rs.200,000/- to Press Club, Astore was out of scope of event.

Audit is of the view that irregularity occurred due to weak control environment within the entity.

The irregularity was pointed out during May 2024. The management replied that expenditure was made according to approved plan and with approval of competent authority.

The stance of the management is not supported with documentary evidence.

The DAC in its meeting held on 16.11.2024 directed the management to constitute a fact-finding committee headed by Additional Secretary Home to conduct inquiry and submit the report within 15 days to PAO for further decision.

Audit recommends that responsibility may be fixed for the irregularity.

AP-191/2022-23

17.4.11 Non-maintenance of cash book– Rs.1,970.868 million

According to Rule-77 of FTR Vol-I, every officer receiving money on behalf of the Government should maintain a cash book in Form T. R. 4. 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. 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.

The various offices of Home & Prisons Department during the Financial Year 2022-23, received funds of Rs.1,970.868 million on account of Land Compensation. Details are as under:

(Rs. in million)				
S. No.	AP No.	Office Name	Amount	Remarks
1.	327	Deputy Commissioner Skardu	1,150.000	Land Compensation
2.	333	Deputy Commissioner Nagar	820.868	Land Compensation
Total			1,970.868	

Audit observed that cash book of the government receipt was not maintained as required under the rules.

Audit is of the view that non-maintenance of cash book can lead to misappropriation of government receipts/funds.

The DAC in its meeting held on 16.11.2024 directed the management to issue the instructions to DCs / Land Acquisition Collectors for adherence of rules in true letter and spirit.

Audit recommends that responsibility may be fixed for the irregularity.

17.4.12 Irregular purchase of machinery & equipment– Rs.93.945 million

According to Para-56 of CPWD Code, properly detailed estimates must be prepared for the sanction of competent authority for seeking technical sanction to those estimates. The estimates so framed are considered a guarantee that the proposals are structurally sound, accurately calculated and based on adequate data.

The Central Police Office Gilgit executed the different projects and purchased the machinery & equipment under following development schemes. The expenditure of Rs.93.945 million was made during the year. Details are as under:

(Rs. in million)			
S No.	Name of Project	PC-I Cost	Expenditure incurred during 2022-23 for purchase of equipment
1.	Const of 28 seasonal check posts	125.000	9.093
2.	Automation of GB Police Phase-II	98.881	42.785
3.	Gilgit-Baltistan Digital Forensic Lab	56.800	30.630
4.	Video Conference Facility for GB Police	33.023	11.437
Total			93.945

During the audit for the Financial Year 2022-23, it was observed that neither detail estimates were prepared nor technical sanction of estimates was sought from the competent authority.

Audit is of the view that purchases of machinery & equipment without technical sanction was irregular and violation of rules.

The irregularity was pointed out during May 2024. The management replied that the machinery and equipment against development projects were purchased after adopting due process in accordance with the provision of Public Procurement Rules. However, the office could not prepare detailed estimates for obtaining technical sanctions of competent authority as pointed out by audit.

The management admitted the point of view of the audit.

The DAC in its meeting held on 16.11.2024 directed the management to constitute a fact-finding committee headed by AS (Home) to probe the facts regarding irregularities and to submit report within two weeks to PAO for further decision.

Audit recommends that responsibility may be fixed for the irregularity.

AP-225/2022-23

17.4.13 Un-necessary purchases of equipment for forensic lab without infrastructure – Rs.30.630 million

According to Rule-8 of Public Procurement Rules 2004, all procuring agencies shall devise a mechanism, for planning in detail for all proposed procurements with the object of realistically determining the requirements of the procuring agency, within its available resources, delivery time or completion date and benefits that are likely to accrue to the procuring agency in future.

The Central Police Office Gilgit purchased Equipment & Gadgets for Digital Forensic Lab from M/s XPERT Solutions under project titled “Gilgit-Baltistan Digital Forensic Lab”. The expenditure of Rs.30.630 million was made during the year. During the audit for the Financial Year 2022-23, it was observed that:

- i. After lapse of one and half year equipment and accessories are still lying in store due to non-availability of infrastructure of lab.
- ii. Equipment and gadgets were purchased without adhering the installation criteria resultantly warranty period of equipment and software has been expired.
- iii. Payment was made to contractor without installation and commissioning in violation of contract agreement.
- iv. Training of staff to operate the machine from the contractor not yet arranged.
- v. Performance guarantee has also been expired.
- vi. Equipments have not been installed so far whereas inspection was carried by an inspection team of the department rather than the specialized trained persons of the field.
- vii. Time extension was granted by the PAO however, contract agreement and performance guarantee were not renewed.
- viii. The machine was imported item being specialized equipment, however, no information/record was available with the management showing import of said item.

Audit is of the view that purchase of costly equipment without observing the SOPs/Protocol required for installation and commissioning of equipment is serious negligence of the management. Furthermore, after lapse of considerable time equipment will become ineffective due to rapid improvement/up-gradation/changes taking place in field of technology. Furthermore, contractual obligations were not fulfilled by the management and contractor.

The irregularity occurred due to weak administrative & internal controls and ill planning of the management.

The irregularity was pointed out during May 2024. The management replied that equipments were purchased in accordance with scope of the project.

The reply was not accepted as the procurement of equipment was made without construction of installation station and just to utilize the available funds.

The DAC in its meeting held on 16.11.2024 directed the management to constitute a fact-finding committee headed by Additional Secretary (Home) to ascertain the facts and submit the report within two weeks to PAO for further decision.

Audit recommends that matter may be inquired to fixing the responsibility person at fault.

AP-226/2022-23

17.4.14 Wasteful expenditure on purchase of incompatible 20 KVA UPS – Rs.2.457 million

According to Rule-4 of the Public Procurement Rules 2004, a procuring agency, while engaging in procurements, shall ensure that the procurements are conducted in a fair and transparent manner, the object of procurement brings value for money to the agency and the procurement process is efficient and economical.

The Central Police Office, Gilgit purchased 20KVA UPS from M/s XPERT Solutions under project titled “Gilgit-Baltistan Digital Forensic Lab” for provision of uninterrupted supply of electricity to Digital Forensic Lab. The management incurred an expenditure of Rs.2.457 million. During the audit for the Financial Year 2022-23, it was observed that:

- i. UPS purchase by the management without mentioning specification and compatibility.
- ii. During the inspection of UPS, member from Water and Power Department pointed out that UPS is not capable to regulate the supply of electricity in load-shedding and does not fulfill the requirement of sensitive equipment.
- iii. As the manufacturer (Elektra Series Germany) explicitly communicated that connecting external batteries to the UPS is not recommended and any such modification will absolve them of responsibility for any issues that may arise, thereby voiding the warranty.
- iv. After lapse of one and half year UPS is lying in store it is likelihood that built in battery might be lost its efficacy without charging in the long run.

Audit is of the view that purchase of costly equipment without mentioning specification, compatibility and capacity to provide the uninterrupted supply of electricity to sensitive nature equipment, is serious negligence of the management. Furthermore, built in battery of UPS has might become idle without charging and utilization and resulted in loss to government.

The irregularity occurred due to weak administrative & internal controls and ill planning of the management.

The irregularity was pointed out during May 2024. The management replied that that UPS was purchased for protection of sensitive equipment of Forensic Lab from low voltage electricity and fluctuation of power as per requirement of the lab.

The reply was not accepted as the equipment procured without mentioning specification, compatibility and capacity.

The DAC in its meeting held on 16.11.2024 directed to constitute a fact-finding committee headed by Additional Secretary (Home) and submit the report within two weeks to PAO for further decision.

Audit recommends that matter may be inquired to fixing the responsibility person at fault.

AP-227/2022-23

17.4.15 Loss due to non-investment of land compensation funds – Rs.1,188.668 million

According to Section-23 of the Gilgit-Baltistan Finance Act, 2022 all the Deputy Commissioners/Collectors shall invest the land compensation money available in current accounts into daily product saving accounts through competitive bidding and interest earned on it shall be deposited into Gilgit-Baltistan Consolidated Fund before 15th May of each financial year.

The following offices of Home and Prisons Department, Gilgit-Baltistan were maintaining bank accounts in different commercial banks for depositing land compensation funds. As on 30.06.2023 balance of Rs.6,603.714 million was available in these accounts. Details are as under:

(Rs. in million)			
S. No.	AP No.	Office Name	Amount
1.	242	Deputy Commissioner, Chilas	600.409
2.	332	Deputy Commissioner, Skardu	1,150.000
3.	253 & 255	Deputy Commissioner, Shigar	68.899
4.	317 & 319	Deputy Commissioner, Ghizer	1,188.111
5.	337	Deputy Commissioner, Nagar	747.847
6.	454	Deputy Commissioner, Gilgit	1,518.807
7.	706	Deputy Commissioner, Ghanche	251.177
8.	733	Deputy Commissioner, Hunza	1,078.464
Total			6,603.714

During the audit for the Financial Years 2022-23 and 2023-24, it was observed that funds of Rs.6,603.714 million were retained in commercial banks in current accounts which resulted average annual loss of Rs.1,188.668 million @ 18%.

Audit is of the view that placing funds in current account instead of making investment is not only violation of the Finance Act but also resulted in loss to the Government.

The irregularity was pointed out during March to June 2024. The management replied that accounts in various banks are maintained in compliance with Chief Secretary Gilgit-Baltistan letter No. P & D -21(1)/96 dated 13.03.1998, letter No. CS-I & C-1(1(0)/2013 dated 11.04.2014.

The reply was not accepted as the compensation amount was placed in accounts opened in various banks without the approval of the Finance Department in violation of rules.

The DAC meeting was held on 16.11.2024. The DAC after detailed deliberation/ discussion decided that henceforth fresh amount of land compensation shall be deposited in National Bank of Pakistan (NBP) and no fresh amount of compensation be deposited in any private banks. All kind of payments of land compensation be made by Collectors from the amounts previously maintained in various scheduled/ non-scheduled banks except National Bank of Pakistan. All DCs / LACs shall pursue the court cases vigorously in concerned court of law in connection with closing of bank accounts in private banks and shifting of amounts into accounts maintained in NBP. Funds transferred to Assistant Commissioners shall be disbursed forthwith, in case any dispute /litigation the amount shall be transferred to Referee Courts immediately as per law and monthly progress report of financial activities (deposit, disbursement of land compensation amount) shall be submitted to secretary office/PAO by all DCs / Collectors.

Audit recommend that decision of the DAC may be implemented.

Note: *The issue was reported earlier also in the Audit Report for the Audit Year 2023-24 vide para number 14.4.5 having financial impact of Rs.778.629 million respectively. Recurrence of same irregularity is a matter of serious concern.*

17.4.16 Non-award of land–Rs.349.622 million

According to Section-31(1) of the Land Acquisition Act 1894 on making an award under Section-11, the Collector shall tender payment of the compensation awarded by him to the persons entitled thereto according to the award, and shall pay it to them unless prevented by some one or more of the contingences.

The Deputy Commissioner Chilas during the Financial Year 2022-23, issued notification under section-4 of land Acquisition Act 1894 for the acquisition of land amounting to Rs.349.622 million. Details are at **Annexure-22**. Audit observed that the collector did not make payment of the compensation to entitled persons so far.

Audit is of the view that non-awarding of land within stipulated period is

violation of the rules. The irregularity occurred due to non-adherence to the rules and weak internal controls.

The irregularity was pointed out during June 2024. The management replied that in most of the cases after issuance of award the funds have been released to respective Assistant Collectors for further payment to the land owners. However, some awards are pending due to site selection/ land Administration is trying its best to resolve the disputes through negotiations. The remaining cases will be awarded as soon as the disputes are resolved.

The management admitted the point of view of the audit.

The DAC in its meeting held on 16.11.2024 directed the management to provide complete record to the audit relating to award and disputed cases.

Audit recommend that responsibility may be fixed for the irregularity.

Note: *The issue was reported earlier also in the Audit Report for the Audit Year 2023-24 vide para number 14.4.11 having financial impact of Rs.129.492 million respectively. Recurrence of same irregularity is a matter of serious concern.*

AP-245/2022-23

17.4.17 Non-imposition of Section-4–Rs.172.184 million

According to Section-4 of the Land Acquisition Act 1894, whenever it appears to the Provincial Government that land in any locality is needed or is likely to be needed for any public purpose, a notification to effect shall be published in the official Gazette, and the Collector shall cause public notice of the substance of such notification to be given at convenient places in the said locality.

The different departments of government of Gilgit-Baltistan remitted an amount of Rs.864.869 million upto close of financial year 2022-23 to DC Diamer/Land Acquisition Collector (LAC) for acquisition of land for 130 development schemes in the district.

During the audit for the Financial Year 2022-23, it was observed that LAC did not notify the Section-4 in 77 schemes involving Rs.172.184 million so far. Details are at **Annexure-23**.

Audit is of the view that non-imposition of Section-4 is violation of the rules. The irregularity occurred due to non-adherence to the rules and weak internal controls.

The irregularity was pointed out during June 2024. The management replied that due to some site selection issues the section-4 could not be imposed. After

fulfilling the codal formalities, the Section-4 for the schemes as identified by audit has been issued and in most cases the acquisition process has been finalized.

The management admitted the point of view of the audit.

The DAC in its meeting held on 16.11.2024 directed the management to provide all the record relating to imposition of Section-4 and case pended due to non-selection of site. The DAC also directed to ensure completion of formalities for timely imposition of Section-4.

Audit recommend that responsibility may be fixed for the irregularity.

AP-246/2022-23

17.4.18 Irregular expenditure disaster and mitigation work - Rs.4.999 million

According to Section-16 of the Gilgit-Baltistan Disaster Management Act 2017, there shall be a plan for disaster management for every district of Gilgit-Baltistan. The District Plan shall be prepared by the District Authority in accordance with the guidelines, policies and plans made by the Gilgit-Baltistan Disaster management Commission, Gilgit-Baltistan Disaster Management Authority and shall be laid down before the Gilgit-Baltistan Disaster Management Authority so for approval in accordance with the time line schedule devised and circulated by the Gilgit-Baltistan Disaster Management Authority for the purpose. The District plan shall be review annually.

The Deputy Commissioner Shigar during the Financial Year 2022-23, incurred an expenditure of Rs.4.999 million on following works under the head disaster relief and mitigation work. Audit observed as under:

- i. According to Section 8 of -Baltistan Finance Act-2022 funds of Rs.2.500 each were allocated to Deputy Commissioner Office for relief and mitigation respectively with different scope. Whereas the management neither segregated the expenditure nor maintained the record separately to substantiate the expenditure on respective activity.
- ii. The funds were released under the head A-03921 unforeseen whereas as no power has been delegated to the PAO and subordinate.
- iii. The district disaster management authority did not prepare district disaster management plan in accordance with the requirement of the GBDMA Act for execution of schemes in effective and efficient manner.
- iv. According to available record the management executed schemes involving execution of civil works, purchase of gabion but the expenditure is not supported with estimates, measurement book etc. to substantiate the expenditure.

- v. Gabion involving expenditure of Rs.1.358 million was purchased on quotation basis without specification in violation of public procurement rules.
- vi. Formalities relating to identification, execution and approval of schemes from respective forum were not fulfilled.

Audit is of the view the funds were provided for two different components and the management did not segregate the expenditure in accordance with provision of the Finance Act. Moreover, the entire expenditure was sanctioned by DC who had no power to accord such sanctions therefore, expenditure therefore; audit could not ascertain the authenticity of expenditure.

The irregularity was pointed out during June 2024. The management replied that the expenditure was made after fulfilling code formalities.

The reply was not accepted the procurement was made in violation of rules.

The DAC in its meeting held on 16.11.2024 directed the management to constitute a Fact-Finding Committee headed by Additional Secretary (Home) to probe the issue and submit the report to PAO within Four weeks for further decision.

Audit recommends that responsibility may be fixed for the irregularity.

Note: *The issue was reported earlier also in the Audit Reports for the Audit Years 2022-23 and 2023-24 vide para number 11.4.10 and 14.4.12 having financial impact of Rs.54.368 million and Rs.3.168 million. Recurrence of same irregularity is a matter of serious concern.*

AP-248 /2022-23

17.4.19 Irregular expenditure on sarfranga desert jeep rally-Rs.9.800 million

According to Rule-12(1) of Public Procurement Rules, 2004 procurements over five hundred thousand Pakistani Rupees and up to the limit of three million Pakistani Rupees shall be advertised on the Authority's website in the manner and format specified by regulation by the Authority from time to time. These procurement opportunities may also be advertised in print media, if deemed necessary by the procuring agency:

The Deputy Commissioner Shigar during the Financial Year 2022-23, made payment of Rs.9.800 million to M/s Rajaab Ali and Company for Sarfranga desert jeep rally. Details are as under:

(Rs. in million)			
S. No.	Cheque No. and date	Amount	Activity
1.	0496797 dated 12.10.2022	2.430	Tent, Carpets and stage etc.
2.	0496799 dated 13.10.2022	3.087	Fire work, photography, cultural shows and musical program

3.	0496798 dated 13.10.2022	0.840	Trophies for winner and runners-up
4.	0496812 dated 20.10.2022	2.000	Hiring of vehicles, petrol/diesel, refreshment and dry-fruits
5.	0496796 dated 12.10.2022	1.443	Pena-flex, billboard and stands
	Total	9.800	

Audit observed that expenditure was made without adopting open competition in violation of provision of Public Procurement Rules. Furthermore, claims were not supported with name of guests, journalist, photographers etc. to substantiate the expenditure.

Audit is of the view that the provision of vehicles to private guests at government cost was neither covered in the rules nor was the responsibility of the management.

The irregularity was pointed out during June 2024. The management replied due to short time and late release of budget by the Finance Department the expenditure was made on quotation basis instead of calling open tender. The quotation submitted by M/S Rajab Ali and Co. was accepted on the basis of the lowest rate as per negotiation tendering process.

The management admitted the point of view of the audit.

The DAC meeting was held on 16.11.2024. The DAC did not agree with the stance of the management and directed to constitute a Fact-Finding Committee headed by Additional Secretary (Home) to inquire the matter and to submit the report to PAO within 4 weeks for further decision.

Audit recommends that decision of the DAC may be implemented.

AP-249/2022-23

17.4.20 Irregular expenditure on hiring of private vehicles- Rs.4.020 million

According to Rule-7(b,c) of the Gilgit-Baltistan System of Financial Control and Budgeting Rules, 2009 while sanctioning expenditure out of the funds placed at his disposal, the Principal Accounting Officer shall ensure that the requirements of the relevant rules and regulations are fully met and that the approval of the Finance Department has been obtained in all cases which are not covered by a standing authorization that may have been delegated. The Principal Accounting Officer shall ensure that the funds allotted to a department, etc. are spent for the purpose for which these are allotted. The Principal Accounting Officer is responsible for any laxity in matters of control over expenditure including that on the part of subordinates. He shall ensure that neither he nor his subordinates disregard the instructions issued by government from time to time for proper utilization of funds placed at his disposal.

The Deputy Commissioner office Gilgit during the Financial Year 2023-24, incurred an expenditure of Rs.4.020 million on hiring of private V8-vehicles. Audit observed that neither the hiring of private V8-vehicles for Judges of Chief Court is covered under the Gilgit-Baltistan Staff Vehicles (Use & Maintenance) Rules 2021 nor the mandate of district administration to provide the vehicles to government departments. Further S&GAD provided nine V8-vehicles to NATCO on subsidies monthly rent, whereas DC Gilgit hired the private vehicles from open market for use of Judges, resultantly government sustained loss.

Audit is of the view that expenditure was made in violation of rules and against the principle of financial propriety.

The irregularity was pointed out during August 2024. The management replied that the vehicles were provided on the directions of S&GAD.

The reply was not satisfactory as the provision of vehicles to judiciary was not the responsibility of the Deputy Commissioners office. Moreover, on side the government handed over the official vehicles to NATCO for commercial use on other side the government is hiring private vehicles for official use at heavy rent.

The DAC meeting was held on 30.11.2024. The DAC after detail deliberation decided to refer the Para to PAC.

Audit recommends that responsibility may be fixed for the irregularity besides stopping the irregular practice.

AP-449/2024-25

17.4.21 Whereabout of transaction not known-Rs.1,000.923 million

According to Para-7 of GFR Vol-I, unless otherwise expressly authorized by any law or rule or order having the force of law, moneys may not be removed from the Public Account for investment or deposit elsewhere without the consent of the Ministry of Finance.

The Deputy Commissioner office Gilgit was maintaining thirty-three bank accounts in different commercial banks for depositing land compensation funds received from different executing agencies. As per information provided by the District Kanoongo during financial year 2023-24 funds of Rs.319.682 were deposited into these accounts in addition of opening balance of Rs.1,199.125 and payment amounting to Rs.500.836 million was made. As on 30.06.2024 balance of Rs.1,518.807 million was available in these accounts.

During the audit for the Financial Year 2023-24, it was observed that according to bank statements provided by the Budget section of the DC office Gilgit closing balance of Rs.1,518.807 million were available in these account as on 30.06.2024, whereas, as per statement of funds provided by the District Kanoongo closing balance Rs.1,018.720 million which shows difference of Rs.1,000.923

million. Further, no reconciliation was made with bank to ascertain the authenticity of closing balance as the funds of Land Acquisition are placed in different bank opened illegally.

Audit is of the view that variation in figures shows lack of internal controls and responsibility which resulted in huge variation in figures reported by both section of the DC office.

The irregularity was pointed out during August 2024. The management replied that requisite record has been prepared and difference has been reconciled.

The reply was not accepted as the management has not provided any documentary evidence in support of their stance.

The DAC in its meeting held on 30.11.2024 directed to resolve the issue as identified by audit and directed to update the reconcile statement within two weeks.

Audit recommends that responsibility may be fixed on person (s) at fault.

AP-452/2024-25

17.4.22 Un-authorized retention of public money-Rs.435.536 million

According to Section-31(1) of the Land Acquisition Act, 1894 on making a ward under Section-11, the Collector shall tender payment of the compensation awarded by him to the persons interested entitled thereto according to the award, and shall pay it to them unless prevented by some one or more of the contingences mentioned in sub-section-2.

During audit of Deputy Commissioner Office Gilgit for the Financial Year 2023-24, it was revealed that funds of Rs.1,518.807 million were available in different bank accounts as on 30.06.2024. Audit observed that funds of Rs.435.536 million relating to deleted/completed schemes were also retained by the office instead of refunding the funds to the respective agency or depositing the amount into government treasury. Details are at **Annexure-24**. The retention of government money outside the treasury was not only violation of the rules but can lead to misappropriation of funds.

Audit is of the view that retention of unspent balance outside government treasury was not only violation of the rules but it also deprived the government of its due receipt which also resulted in loss.

The irregularity was pointed out during August 2024. The management replied that the banks have obtained stay from the court and at present the case is sub-judice.

The management admitted the point of view of the audit.

The DAC meeting was held on 30.11.2024. As the case is sub-judice in court of law, therefore the DAC decided to pend the para till final decision of the court.

Audit recommends that unspent balances may be deposited into government treasury besides stopping the irregular practice.

Note: *The issue was reported earlier also in the Audit Report for the Audit Year 2023-24 vide para number 14.4.4 having financial impact of Rs.451.260 million respectively. Recurrence of same irregularity is a matter of serious concern.*

AP-453/2024-25

17.4.23 Irregular expenditure on hiring of residential accommodation - Rs.14.910 million

According to Serial-9(17) of Annex I of GB System of Financial Control and Budgeting Rules, 2009 at the time of sanctioning rent of residential building the merits and local conditions in each case may be kept in mind and the power may be exercised only in the case of government servants who are entitled to provision of residential accommodation under any general or specific orders.

The Deputy Commissioner Office Gilgit during the Financial Year 2023-24, incurred an expenditure of Rs.14.910 million on account of rent of residential buildings. Audit observed that the office hired various buildings for accommodation for a law enforcing agency deployed in the district for which the government of Gilgit-Baltistan has not framed any rules to regulate the expenditure. Therefore, the expenditure was irregular and unauthorized and violation of the Gilgit-Baltistan System of Financial Control and Budgeting Rules 2009.

Audit is of the view that irregularity occurred due to non-adherence to the provision of rules.

The irregularity was pointed out during August 2024. The management replied that buildings were hired for check posts and use of law enforcing agencies deployed in district on requisition basis.

The reply was not accepted as the rent was paid on account of rent of residential building whereas instant case the buildings were hired for check posts for which no rules exist.

The DAC in its meeting held on 30.11.2024 directed the management to formulate a policy for payment of rent in respect of buildings hired for law enforcing agencies. Being a policy issue the DAC after detail deliberation decided to refer the para to PAC.

Audit recommends that responsibility may be fixed for the irregularity besides compliance of rules in future while making such expenditure.

AP-455/2024-25

17.4.24 Irregular expenditure on electricity charges - Rs.22.150 million

According to Section-70(3) of the Government of Gilgit-Baltistan Order, 2018 the payment of money into that Fund, the withdrawal of money there from, the custody of other moneys received by or on behalf of the Government, their payment into, and withdrawal from the Public Account of the Government, and all matters connected with or ancillary to the matters aforesaid, shall be regulated by the Act of the Assembly or, until provision in that behalf is so made, by rules made by the Governor.

The Deputy Commissioner Office Gilgit during the Financial Year 2023-24, incurred an expenditure of Rs.22.150 million on account of electricity charges. Audit observed that the office paid electricity charges for various hired buildings for accommodation of law enforcing agency deployed in the district for which the government of Gilgit-Baltistan has not framed any rules to regulate the expenditure. Therefore, the expenditure was irregular and unauthorized.

Audit is of the view that irregularity occurred due to non-adherence to the provision of rules.

The irregularity was pointed out during August 2024. The management replied that buildings were hired for check posts and use of law enforcing agencies deployed in district on requisition basis. Therefore, the bills were paid.

The reply was not accepted as the management has not formulated any policy for payment of utility bills in respect of buildings hired for law enforcing agencies.

The DAC in its meeting held on 30.11.2024 directed the management to formulate a policy for payment of utility bills in respect of buildings hired for law enforcing agencies. Being a policy issue the DAC after detail deliberation decided to refer the para to PAC.

Audit recommends that responsibility may be fixed for the irregularity besides compliance of rules in future while making such expenditure.

AP-456/2024-25

17.4.25 Irregular posting on attachment and un-justified expenditure of Rs.5.158 million

According to Section-9 of Gilgit-Baltistan Civil Servants Act 2011, every civil servant be liable to serve anywhere within or outside the Province in any post under the Government of the Gilgit-Baltistan or the Federal Government or any

Provincial Government or a local authority or a corporation or a body set up or established by any such Government through posting and transfer.

During the audit of Deputy Commissioner office, Ghanche for the Financial Year 2023-24, it revealed that following officials/ staff of other offices were working in this office on attachment basis. Details are as under:

(Rs. in million)					
S. No.	Name of Officials/Officers and Designation	Parent Department	BPS	Date of Attachment	Pay and allowance
1.	Muhammad Ishaq, SFO Khaplu	Fire Service, Khaplu	16	30.06.2015	2.122
2.	Mr. Sanaullah, H.C	AC Office Mashabrum	16	--do----	1.638
3.	Mr. Akhlaq Hussain, LDC	AC Office Dagboni	11	13.12.2012	0.749
4.	Mr. Anwar Hameed, patwari	AC Office, Khaplu	11	21.06.2024	0.649
Total:					5.158

Audit observed that:

- i. The above-mentioned staff were drawing pay from parent office and performing duties in DC office.
- ii. Mr. Muhammad Ishaq, Station Fire Officer (SFO), transferred from Fire Office to DC Office Ghanche on attachment basis on 30.06.2015 was working against 03 three different posts in DC office Ghanche including AO, ST and DK alongwith his original post i.e. SFO.
- iii. The Deputy Commissioner's office has 22 staff members, including a regular Admin Officer (BPS-17) and Steno Typist and several capable/technical officials for the post of DK but One official who is on attachment was looking after all these three posts which had created serious conflicts of interest and unrest in regular employees of the office.
- iv. Office orders and other related documents related to the posts which were held by SFO were not provided to Audit.
- v. Mr. Muhammad Ishaq, who holds the position of SFO (BPS-16), was also provided with and utilized a government vehicle that came along with a fuel allocation from the department.

The irregularity was pointed out in September 2024. The management replied that the employees belong to sub-ordinate and line departments of the district. It is common practice that services of the employees are transferred on attachment and additional duties are assigned to ensure smooth functioning of the offices.

The reply is inconsistent with the rules.

The DAC meeting was held on 30.11.2024. The DAC after detail deliberation decided to refer the para to PAC.

Audit recommends that staff members currently on attachment at the Deputy Commissioner Office, Ghanche be returned to their parent offices.

AP-709/2024-25

17.4.26 Un-authorized retention of un-utilized funds- Rs.99.792 million

According to Para-96 of GFR Vol-I, grants 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.

The different departments remitted an amount of Rs.591 million upto close of financial year 2023-24 to DC Hunza/Land Acquisition Collector (LAC) for acquisition of land for 56 development schemes in the district. The LAC further released an amount of Rs.223.775 million to Assistant Land Acquisition Commissioners up to close of financial year 2023-24. Similarly, saving of Rs.65.419 million in respect of 13 sick schemes was retained by the Land Acquisition Commissioner instead of depositing the unspent balance into government treasury.

During the audit for the Financial Year 2023-24, it was observed that saving of Rs.34.373 million in respect of 13 completed development schemes was retained by the Land Acquisition Commissioner instead of depositing the unspent balance into government treasury. Details are at **Annexure-25**.

Audit is of the view retention of unspent balance outside government treasury was not only violation of the rules but it also deprived the government of its due receipt which also resulted in loss.

The irregularity was pointed out during October 2024. The management replied that the acquiring agencies remitted funds against land compensation in advance as per PC-1. On the request of written application by affectees, the acquiring agencies usually utilize the savings in another development schemes.

The management admitted the point of view of the audit.

The DAC in its meeting held on 30.11.2024 directed to constitute a fact-finding committee headed by DS (Home-II) Home Department to prob the issue and to submit its finding and recommendations within 15 days to PAO for further decision.

Audit recommends that unspent balances may be deposited into government treasury besides stopping the irregular practice.

AP-735/2024-25

17.4.27 Non-award of land–Rs.518.107 million

According to Section-31(1) of the Land Acquisition Act 1894, on making an award under Section 11, the Collector shall tender payment of the compensation awarded by him to the persons entitled thereto according to the award, and shall pay it to them unless prevented by some one or more of the contingences.

The Deputy Commissioner Hunza during the Financial Year 2023-24, issued notification under section-4 of land Acquisition Act 1894 for the acquisition of land amounting to Rs.518.107 million. Details are at **Annexure-26**. Audit observed that the collector did not make payment of the compensation to entitled persons so far.

Audit is of the view that non-awarding of land within stipulated period is violation of the rules.

The irregularity was pointed out during October 2024. The management replied that award of land involved lot of work for preparation of land compensation papers. Due to shortage of revenue field staff award in some cases was delayed.

The DAC meeting was held on 30.11.2024. The DAC after detail deliberation directed the management to issue instructions to all LACs to prepare list of all cases relating to pending of award with full justification/reasons for delay and submit the report to PAO within two weeks for further decision.

Audit recommends that responsibility may be fixed for irregularity beside strengthening the internal controls.

AP-736/2024-25

17.4.28 Non-imposition of Section-4–Rs.59.345 million

According to Section-4 of the Land Acquisition Act 1894, whenever it appears to the Provincial Government that land in any locality is needed or is likely to be needed for any public purpose, a notification to effect shall be published in the official Gazette, and the Collector shall cause public notice of the substance of such notification to be given at convenient places in the said locality.

The different departments remitted an amount of Rs.59.345 million upto close of Financial Year 2023-24 to DC Hunza/Land Acquisition Collector (LAC) for acquisition of land for 13 development schemes in the district. During audit it was observed that LAC did not notify the Section-4 in 13 schemes involving Rs.59.345 million so far.

Audit is of the view that non-imposition of Section-4 is violation of the rules.

The irregularity was pointed out during October 2024. The management replied that that schemes are reflected in ADP(s) and the acquiring agencies have remitted the compensation amount as per PC-1 scope after the approval of the

schemes from competent forum. But the acquiring agency has not made any correspondence with Collector office for imposition of Section-4 etc. and in some cases owing to site selection issues, Section-4 was not imposed. This office has informed the concerned departments to furnish the request letter for further proceedings in the matter.

The management admitted the point of view of the audit.

The DAC in its meeting held on 30.11.2024 directed that collector shall coordinate with concerned acquiring agencies/departments immediately and issue Section-4 within two weeks positively after fulfilling required formalities.

Audit recommends that Section-4 of the Land Acquisition Act may be imposed in order to acquire the land for which the funds have already been received.

AP-737/2024-25

17.4.29 Irregular expenditure on disaster and mitigation work -Rs.4.700 million

According to Section-16 of the Gilgit-Baltistan Disaster Management Act 2017, there shall be a plan for disaster management for every district of Gilgit-Baltistan. The District Plan shall be prepared by the District Authority in accordance with the guidelines, policies and plans made by the Gilgit-Baltistan Disaster management Commission, Gilgit-Baltistan Disaster Management Authority and shall be laid down before the Gilgit-Baltistan Disaster Management Authority so for approval in accordance with the time line schedule devised and circulated by the Gilgit-Baltistan Disaster Management Authority for the purpose. The District plan shall be reviewed annually.

The Deputy Commissioner Hunza during the Financial Year 2023-24, incurred an expenditure of Rs.4.700 million (Rs.2.268 million and Rs.2.432 million) on disaster relief and mitigation work respectively during the year. Audit observed that:

- i. The management declared the emergency in the month of April and June for execution of work in contrary to actually rains/snowfall and landslide hit the area, just for avoiding from tender process.
- ii. Keeping in view the terrain, land-sliding, rains, snowfall and cloud burst are regular feature of the region, so no pre-qualification of contractors was made by the management to execute the work in emergency.
- iii. No tender was called to obtained competitive rates in violation of rules.
- iv. The expenditure was split to avoid the tender and approval of competent authority.
- v. Stock register was not maintained to substantiate the receipt and utilization of the items purchased.

Audit is of the view that schemes executed and expenditure made was inconsistent with disaster relief and mitigation parameters.

The irregularity was pointed out during October 2024. The management replied that the schemes were executed on urgent basis by declaration of emergency. This office has tried its level best to make the expenditure of relief and mitigation work done by adopting rules and regulations in the best interest of public. Further, in future, all the codal formalities shall be adopted while executing relief and mitigation works.

The management admitted the point of view of the audit.

The DAC in its meeting held on 30.11.2024 directed the management to constitute a fact-finding committee headed by Commissioner Gilgit Division to prob the issues highlighted by the audit and submit its findings and recommendations within 15 days to PAO for further decision.

Audit recommends that responsibility may be fixed for the irregularity besides stopping the irregular practice.

AP-738/2024-25

17.4.30 Non-achievement of objectives of the project -Rs.59.086 million

According to Para-7.1 of Manual of Development, the objectives of any effort in project planning and analysis is to have a project that can be implemented to the benefit and socio-economic uplift of the society. The objective of initiating a project is to make it fully functional and getting them fully underway for achieving the goals envisaged without any time and cost over-run, in order that the economic benefits accrue according to the promises made in the scheme.

The Government of Gilgit-Baltistan initiated the project “Sustainable Production Centre for Cloth and Paper Bags Employing Specially-abled Persons in Hunza District” at the cost of Rs.25.000 million with completion period of two years through the Karakorum Area Development Organization (KADO) and the project was reflected in ADP 2019-20. Revised PC-I was approved by the DDWP on 27.07.2023 at the cost of Rs.59.086 million with completion time June, 2025. The expenditure of Rs.33.000 million was made by the management till 2023-24. During the audit of office of the Deputy Commissioner Hunza for the Financial Year 2023-24, it was observed that:

- i. Baseline survey to identify the current demand and supply of plastic bags for better understanding and to meet the needs of current demand for providing environmentally safe alternative was not conducted/ available with management.
- ii. The prime objective of the project was to protect the fragile environment and mountain ecosystem of Hunza through making available alternate options of

plastic bags to consumers has not been achieved despite laps of three years. Only 2% demand of Hunza is meeting through this project.

- iii. Sustainable business model for ultra-poor women of the region was not prepared/available with management.
- iv. Project executed by the government in District Hunza as role model for other districts whereas basic objectives of the project were not achieved so far.
- v. Plants/machinery for production of eco-friendly bags was not installed so far resultantly efforts of the government to protect the environment jeopardized.
- vi. Rules and regulations were not formulated by the government to ban, import, sale and usage of polythene bags.

Audit is of the view that due to non-achievement of core objectives despite laps of three years the project has lost its effectiveness.

The irregularity was pointed out during October 2024. The management replied that upon completion of the tender process, Zeem Enterprises was awarded the contract and a supply order was issued on 10.11.2023 with 20 days delivery time. However, the vendor failed to deliver the machinery and materials on time, which severely hindered the progress of the project. As the required automated plant was not delivered on time and the supply of alternative bags was not available in the market.

The management admitted the point of view of the audit.

The DAC meeting was held on 30.11.2024. The DAC after detailed deliberation perusal of record / documents directed the management to blacklist the firm besides forfeiting the security deposit.

Audit recommends that responsibility may be fixed for the irregularity.

AP-739/2024-25

17.4.31 Non-recovery of advance - Rs.6.236 million

According to Para-23 of GFR Vol-I, 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.

During the Special Audit of Central Jail Building for the Audit Year 2019-20, it was revealed that different works of construction of Central Jail Building at Minawar were awarded to various contractors at tender const of Rs.199.645 million during 2007. The management paid advances of Rs.12.485 million to contractors. Audit observed that an amount of Rs.5.449 million was recovered from the

contractors and advances amounting to Rs.6.236 million have not been recovered so far despite lapse of 15 years.

Audit is of the view that non recovery of advances resulted in loss to government.

The irregularity was pointed out during May 2020. The management replied that advances amounting to Rs. 6.936 million have not been recovered so far despite lapse of 15 years owing to litigation issues and will be finalized as per decision/directives of the honorable court.

The management admitted the point of view of the audit.

The PAO was requested on 13.08.2021 to convene DAC meeting followed by reminders dated 15.10.2021 and 25.10.2021. However, DAC meeting was not convened till finalization of this report.

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

CHAPTER-18

18. INFORMATION DEPARTMENT

18.1 Introduction

A. As per Gilgit-Baltistan Government Rules of Business, 2009, Information department is responsible for Implementation/Execution of Press, Newspapers, News Agencies & Books Registration Ordinance, 2002 within the territories of Gilgit-Baltistan. Formulation of Policies & Procedures regarding release and payments of official and semi-official advertisements (PSDP & ADP Projects), Special Supplements (Display Advertisements) through print, electronic & social media. Listing/de-listing of Local, regional and National Newspapers. Formulating criteria for newspapers in regards with publication of Public Sector advertisements and make amendments from time to time. Coordination with the Federal Government on all matters related to press, publicity and affairs related to media. Liaison with news agencies and media on the matters concerning Gilgit-Baltistan administration policies. Placement of Press Secretaries, PROs and Photographers with the Governor Office, Chief Minister Office, chief Secretary Office, Gilgit-Baltistan Assembly and Provincial Ministers. Distribution of grants in aid to Press Clubs and Journalists bodies etc. Arrangement of press conferences/press talks. Publicity campaigns on social media for projection of government initiatives in Gilgit-Baltistan.



Audit Profile of Information Department

(Rs. in million)

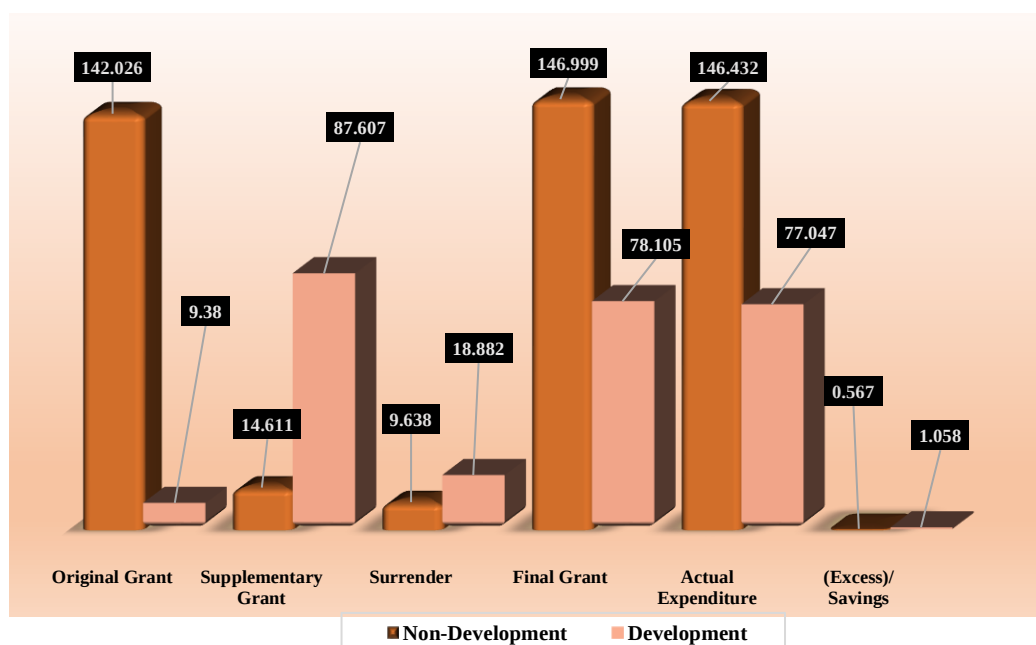
S. No.	Description	Total Nos.	Audited	Expenditures audited FY 2023-24	Revenue/Receipts FY 2023-24
1.	Formations	1	1	120.120	-

B. Comments on Budget & Accounts (Variance Analysis)

Budget allocation and expenditures of the department for the Financial Year 2023-24 is as under:

(Rs. in million)

Grant	Original Budget	Supplementary	Surrender	Final Grant	Actual Expenditures	Saving
Non-Dev-27	142.026	14.611	(9.638)	146.999	146.432	0.567
Dev	9.380	87.607	(18.882)	78.105	77.047	1.058
Total	9,593.595	2,616.628	(173.345)	12,036.878	12,010.189	26.689



An allocation of Rs.142.026 million was made for non-development budget. During the year, supplementary grant of Rs.14.611 million was approved which is 10.29% of the original allocation. The department also surrendered an amount of Rs.9.638 million which is 6.78% of original allocation. Against final grant of Rs.146.999 million, the department utilized funds of Rs.146.432 million which is 99.61% of the final grant.

An allocation of Rs.9.38 million was made for development budget. During the year supplementary grant of Rs.87.607 million was approved which constitute 933.97% Against final grant of Rs.78.105 million, the department utilized funds of

Rs.77.047 million which is 98.65% of the final grant and leaving the savings of Rs.1.058 million.

18.2 Classified summary of Audit observations

Audit observations amounting to Rs.45.900 million were raised in this report during current audit of the department. 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	45.900

18.3 Brief comments on the status of compliance with PAC directives

No meeting of Public Accounts Committee (PAC) has been held to discuss audit paras of the department.

18.4 AUDIT PARAS

18.4.1 Non-obtaining of adjustment accounts - Rs.20.000 million

According to Para-207(3) of GFR Vol-1, the recipient organization is required to submit vouched accounts or audited statement of the accounts to the sanctioning authority, in order to ensure that the grant was utilized for the purpose for which it was provided.

The Secretary Information office, Gilgit during the Financial Years 2022-23 & 2023-24, paid an amount of Rs.20.000 million to Gilgit Press Club on 12.10.2022 for establishment of the housing society for journalists. Audit observed that the management did not obtain adjustment account to ascertain the utilization of grant-in-aid for intended purposes. Further, the department has not formulated rules, regulation and policy to regulate the grant-in-aid to press clubs for establishment of the housing society for journalists.

Audit is of the view that non-adjustment of the advance was not only violation of the rule but in absence of adjustment accounts the authenticity of utilization of grant could not be ascertained.

The irregularity was pointed out during August 2024. The management did not furnish the reply till finalization of the report.

The PAO was requested to convene a DAC meeting vide letter dated 23.10.2024 and followed by reminders dated 29.11.2023 and 13.12.2024. However, the DAC meeting could not be convened till finalization of the report.

Audit recommends that audited accounts / utilization record may be obtained.

AP-673/2024-25

18.4.2 Irregular grants in aid to Press Clubs of Gilgit-Baltistan-Rs.25.900 million

According to Section-70 (3) of the Government of Gilgit-Baltistan Order, 2018 the payment of money into that Fund, the withdrawal of money there from, the custody of other moneys received by or on behalf of the Government, their payment into, and withdrawal from the Public Account of the Government, and all matters connected with or ancillary to the matters aforesaid, shall be regulated by the Act of the Assembly or, until provision in that behalf is so made, by rules made by the Governor.

The Secretary Information office, Gilgit during the Financial Years 2022-23 & 2023-24, released an amount of Rs.24.900 million to 10 press clubs of Gilgit-Baltistan in addition of Rs.1.000 million to press club Muzaffarabad as grant-in-aid. Audit observed that the department has not formulated rules, regulation and policy to regulate the grant-in-aid to press clubs in and outside the Gilgit-Baltistan.

The audit is of view that payment to press clubs in absence of approved rules and policy is irregular.

The irregularity was pointed out during August 2024. The management did not furnish the reply till finalization of the report.

The PAO was requested to convene a DAC meeting vide letter dated 23.10.2024 and followed by reminders dated 29.11.2023 and 13.12.2024. However, the DAC meeting could not be convened till finalization of the report.

Audit recommends that rules may be formulated to regulate the payment of grant-in-aid to press clubs.

AP-674/2024-25

CHAPTER-19

19. INFORMATION TECHNOLOGY (IT) DEPARTMENT

19.1 Introduction

A. As per Gilgit-Baltistan Government Rules of Business, 2009, Information Technology (IT) Department is responsible to formulate and implement IT-related laws and policies for the promotion and development of the IT sector in Gilgit-Baltistan. Facilitate the establishment of IT infrastructure including IT Parks, Software Technology Parks (STPs), IT Centers, Incubation Centers, Freelancing Hubs and IT institutes and promote digital literacy and IT awareness among the general public besides coordination with the federal government and provinces on IT-related projects and policies.



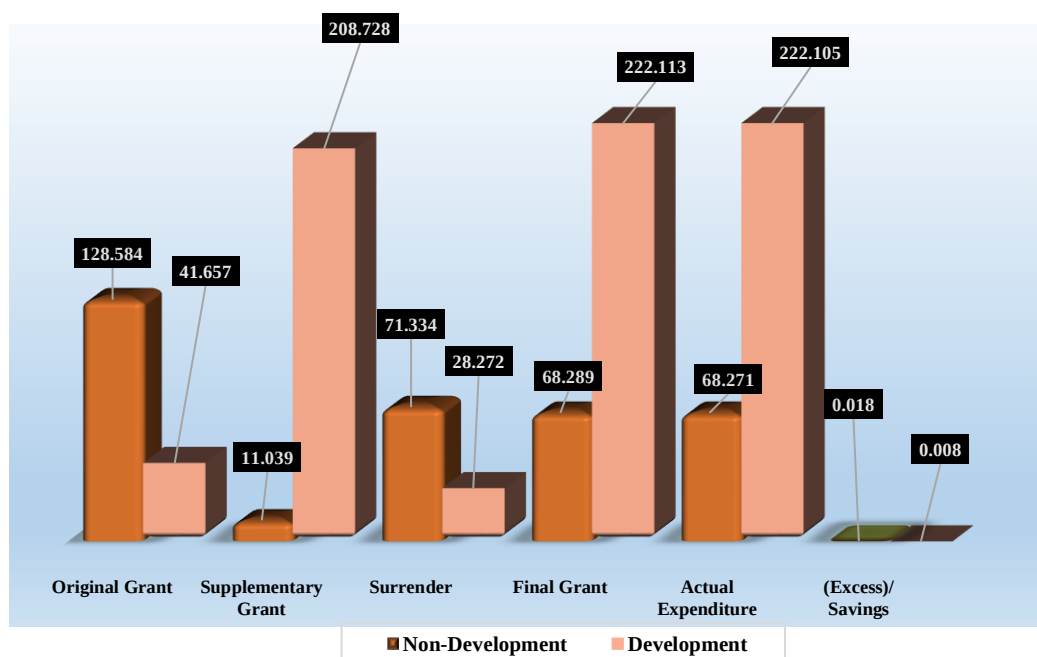
Audit Profile of Information Technology (IT) Department

(Rs. in million)					
S. No.	Description	Total Nos.	Audited	Expenditures audited FY 2023-24	Receipts FY 2023-24
1.	Formations	1	1	15.458	-

B. Comments on Budget & Accounts (Variance Analysis)

Budget allocation and expenditures of the department for the Financial Year 2023-24 is as under:

(Rs. in million)						
Grant	Original Budget	Supplementary	Surrender	Final Grant	Actual Expenditures	Saving
Non-Dev-31	128.584	11.039	(71.334)	68.289	68.271	0.018
Dev	41.657	208.728	(28.272)	222.113	222.105	0.008
Total	170.241	219.767	(99.606)	290.402	290.376	0.026



An allocation of Rs.128.584 million was made for non-development budget. During the year, supplementary grant of Rs.11.030 million was approved. The department also surrendered an amount of Rs.71.334 million which is 54.47% of original allocation. Against final grant of Rs.68.289 million, the department utilized funds of Rs.68.271 million which is almost 100% of the final grant.

An allocation of Rs.41.657 million was made for development budget. Against final grant of Rs.222.113 million, the department utilized funds of Rs.222.105 million which is almost 100% of the final grant.

19.2 Classified summary of Audit observations

Audit observations amounting to Rs.1.000 million were raised in this report during current audit of the department. Summary of the audit observations classified by nature is as under:

(Rs. in million)

S. No.	Classification	Amount
1.	Procurement related irregularities	1.000

19.3 Brief comments on the status of compliance with PAC directives

No meeting of Public Accounts Committee (PAC) has been held to discuss audit paras of the department.

19.4 AUDIT PARAS

19.4.1 Whereabout of laptops not known-Rs.1.000 million

According to Para-23 of GFR Vol-I, 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 he will also be held personally responsible for any loss arising from fraud or negligence on the part of any Government officer to the extent to which it may be shown that he contributed to the loss by his own action or negligence.

The Secretary Information Technology Gilgit-Baltistan, Gilgit issued the laptops to different officer and officials. During the audit for the Financial Years 2022-23 & 2023-2024, it was observed that six laptops of valuing Rs.1.000 million were missing as evident from physical verification report.

Audit is of the view that missing of laptops of Rs.1.000 million was occurred due to inefficient implementation of the internal controls.

The irregularity was pointed out during October 2024. The management replied that two laptops out of six have been recovered from the outgoing officers and efforts are being made to recovered the remaining laptops.

The DAC in its meeting held on 11.11.2024 directed the management that the remaining laptops be recovered from the concerned officers.

Audit recommends that action may be taken against person (s) at fault besides retrieval of laptops.

AP-759/2024-25

CHAPTER-20

20. LAW AND PROSECUTION DEPARTMENT

20.1 Introduction

A. As per Gilgit-Baltistan Government Rules of Business, 2009, Law and Prosecution Department is responsible for conduct of government litigation including appeals and applications for enhancement of sentences and conventions and filling and defending civil suits against government & public servants and advice to department on all legal matters including interpretation of laws rules and orders having the force of law. Government Law Officers, Public Prosecutors, Government Pleaders, Special Counsel, Appointment, Transfer, leave fees, etc. Matters relating to legal practitioners including scale of fees and Civil Law and Procedures besides Advocate General.



Audit Profile of Law and Prosecution Department

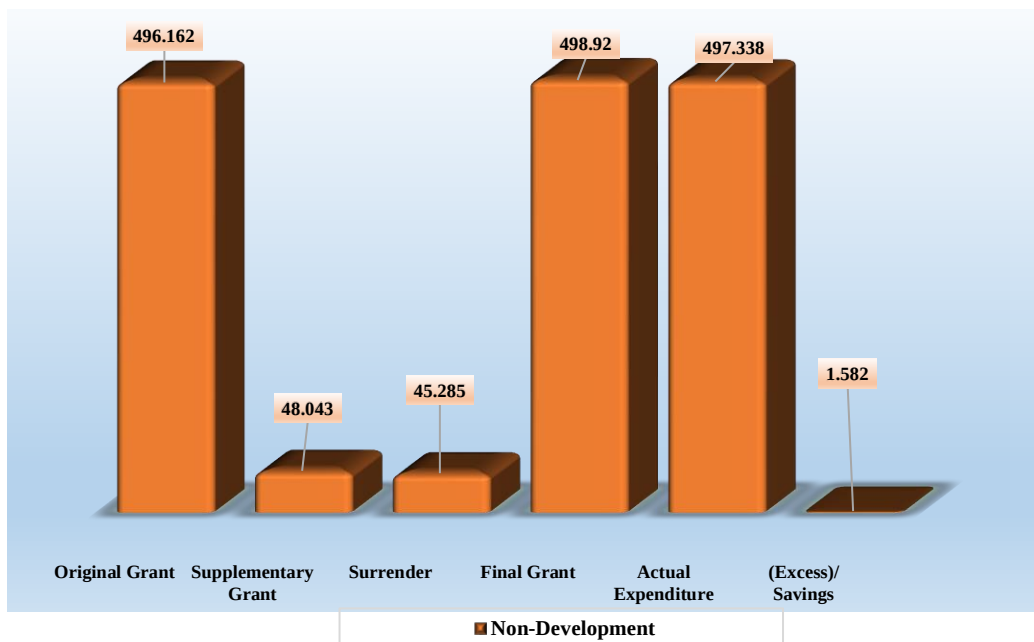
(Rs. in million)

S. No.	Description	Total Nos.	Audited	Expenditures audited FY 2023-24	Receipts FY 2023-24
1.	Formations	1	1	113.851	-

B. Comments on Budget & Accounts (Variance Analysis)

Budget allocation and expenditures of the department for the Financial Year 2023-24 is as under:

(Rs. in million)						
Grant	Original Budget	Supplementary	Surrender	Final Grant	Actual Expenditures	Saving
Non-Dev-16	496.162	48.043	(45.285)	498.920	497.338	1.582
Total	496.162	48.043	(45.285)	498.92	497.338	1.582

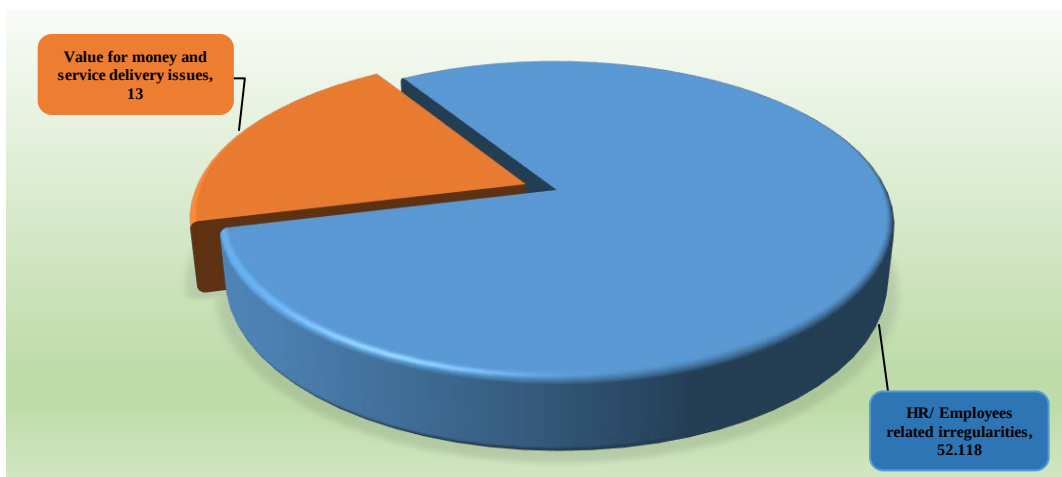


An allocation of Rs.496.162 million was made for non-development budget. During the year, supplementary grant of Rs.48.043 million was approved which comes to 9.68%. The department also surrendered an amount of Rs.45.285 million which is 9.13% of original allocation. Against final grant of Rs.498.92 million, the department utilized funds of Rs.497.338 million which is almost 100% of the final grant.

20.2 Classified summary of Audit observations

Audit observations amounting to Rs.65.118 million were raised in this report during current audit of the department. Summary of the audit observations classified by nature is as under:

(Rs. in million)		
S. No.	Classification	Amount
1.	HR/ Employees related irregularities	52.118
2.	Value for money and service delivery issues	13.000
Total		65.118



20.3 Brief comments on the status of compliance with PAC directives

Following PAC meetings were held to discuss the audit paras of the department:

Department	Years	No of audit paras	No of Actionable Points	Compliance	Non-Compliance	% of Compliance
Law & Prosecution	2013-14	2	2	0	2	0%
	2014-15	1	1	0	1	0%
	2015-16	2	2	0	2	0%
	2016-17	3	3	1	2	33%

20.4 AUDIT PARAS

20.4.1 Irregular payment of fee Rs.52.118 million

According to Section-70(3) of the Government of Gilgit-Baltistan Order, 2018 the payment of money into that Fund, the withdrawal of money there from, the custody of other moneys received by or on behalf of the Government, their payment into, and withdrawal from the Public Account of the Government, and all matters connected with or ancillary to the matters aforesaid, shall be regulated by the Act of the Assembly or, until provision in that behalf is so made, by rules made by the Governor.

The Secretary Law and Prosecution Department Gilgit-Baltistan during the Financial Year 2022-23 paid an amount of Rs.52.118 million to 25 Advocates on Record on account of law charges in different cases in Supreme Appellate Court. Details are at **Annexure-27**. Audit observed that the government has not formulated any rules/policy to regulate the payment of fee to private lawyers engaged as legal councils.

Audit is of the view that irregularity occurred due to non-adherence to the government instructions.

The irregularity was pointed out during December 2023. The management replied that The Law Department is competent authority to appoint Government Law officers, Public Prosecutors, Government Pleaders, Special Councils and also can fixed the Legal Fee to defend the Government cases before Law Courts.

The reply was not accepted as the audit has not objected the authority of Law Department regarding appointment of legal counsel. The audit objected that payment in absence of approved rules/policy regulating the payment.

The DAC in its meeting held on 21.11.2024 directed the management to pursue the case for formulation of policy for appointment of legal advisor/Advocate on Record.

Audit recommends that responsibility may be fixed for the irregularity besides formulating rules/policy to regulate the payment.

AP-324/2023-24

20.4.2 Non-obtaining of adjustment accounts – Rs.13.000 million

According to Para-207(3) of GFR Vol-1, the recipient organization is required to submit vouched accounts or audited statement of the accounts to the sanctioning authority, in order to ensure that the grant was utilized for the purpose for which it was provided.

The Secretary Law & Prosecution Department Gilgit during the Financial Year 2023-24, made advance payment of Rs.13.000 million to Gilgit-Baltistan High Court Bar Association, Gilgit for procurement of law related books, establishment of E-library and operational expenses vide cheque No.0620998 dated 16.10.2023. Audit observed that Gilgit-Baltistan High Court Bar Association, Gilgit did not submit the adjustment accounts despite laps of considerable time. In absence of the adjustment authenticity of the expenditure could not be verified.

Audit is of the view that the irregularity occurred due to non-adherence of the provision of the rule.

The irregularity was pointed out during October 2024. The management replied that despite repeated request the Bar Council has not provided the requisite vouched account.

The management admitted the point of view of the audit.

The DAC in its meeting held on 21.11.2024 directed the management to obtain vouched accounts from the Gilgit-Baltistan High Court Bar Association.

Audit recommends that decision of the DAC may be implemented.

AP-830/2024-25

CHAPTER-21

21. LOCAL GOVERNMENT AND RURAL DEVELOPMENT DEPARTMENT

21.1 Introduction

A. According to Gilgit-Baltistan Rules of Business, 2009, Local Government and Rural Development Department (LG&RDD), Gilgit-Baltistan deals with the matters relating to local councils, local rates and taxes, registration of birth, deaths and marriages, local council's development funds and schemes. Coordination for census is also the responsibility of the department.



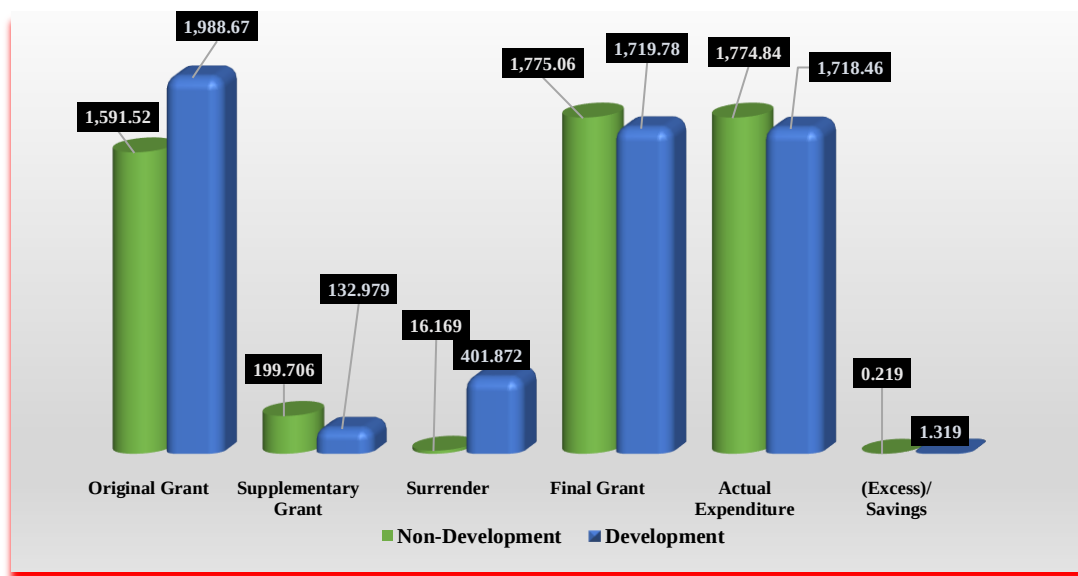
Audit Profile of Local Government and Rural Development Department

(Rs. in million)					
S. No.	Description	Total Nos.	Audited	Expenditures audited FY 2023-24	Receipts FY 2023-24
1.	Formations	17	11	3,867.953	2.630

B. Comments on Budget & Accounts (Variance Analysis)

Budget allocation and expenditures of the department for the Financial Year 2023-24 is as under:

(Rs. in million)						
Grant	Original Budget	Supplementary	Surrender	Final Grant	Actual Expenditures	Saving
Non-Dev-13	1,591.521	199.706	(16.169)	1,775.058	1,774.839	0.219
Dev	1,988.672	132.979	(401.872)	1,719.779	1,718.460	1.319
Total	3,580.193	332.685	(418.041)	3,494.837	3,493.299	1.538



An allocation of Rs.1,591.520 million was made for non-development budget. During the year, supplementary grant of Rs.199.706 million was approved which is 12.55% of the original allocation. The department also surrendered an amount of Rs.16.169 million which is 1.02%. Against final grant of Rs.1,775.060 million the department utilized funds of Rs.1,774.840 million.

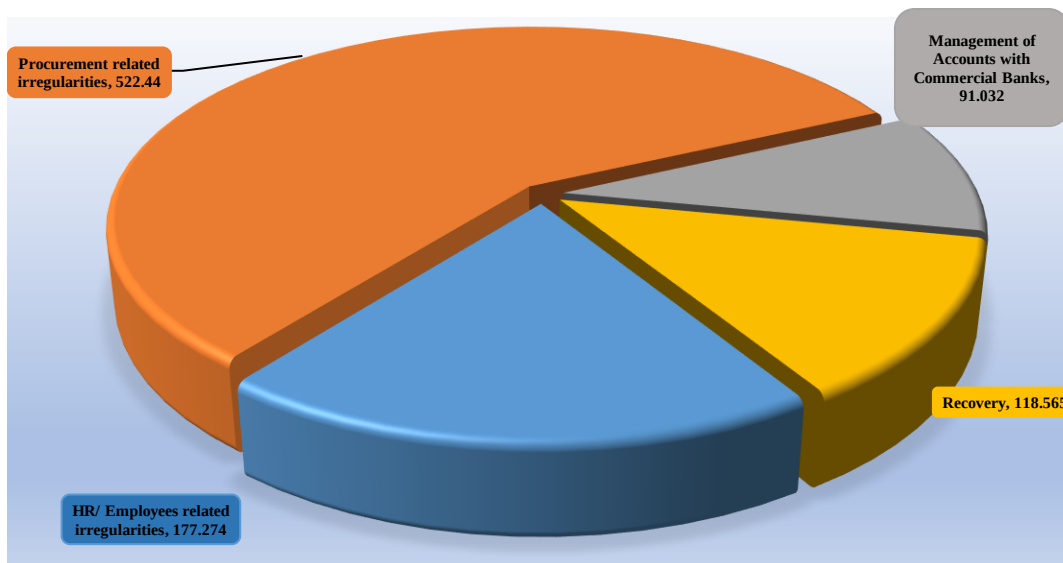
An allocation of Rs.1,988.670 million was made for development budget. Against final grant of Rs.1,719.780 million, the department utilized funds of Rs.1,718.460 million which is 99.92% of the final grant.

21.2 Classified summary of Audit observations

Audit observations amounting to Rs.909.311 million were raised in this report during current audit of the department. This amount also includes recoveries of Rs.118.565 million. Summary of the audit observations classified by nature is as under:

(Rs. in million)		
S. No.	Classification	Amount
1.	HR/ Employees related irregularities	177.274

2.	Procurement related irregularities	522.440
3.	Management of Accounts with Commercial Banks	91.032
4.	Recovery	118.565
Total		909.311



21.3 Brief comments on the status of compliance with PAC directives

Following PAC meeting was held to discuss the audit paras of the department:

Year	No of audit paras	No of Actionable Points	Compliance	Non-Compliance	% of Compliance
2011-12	4	4	1	3	25%

21.4 AUDIT PARAS

21.4.1 Irregular opening and maintenance of bank account-Rs.91.032 million

The Finance Department, Gilgit-Baltistan vide letters No.F.A&A-2(20)/2006, dated: 13.01.2014 & No.F.A&A-2(20)/2017 dated 27.09.2018 conveyed all departments of Gilgit-Baltistan to close all the bank accounts maintained in various scheduled and non-scheduled banks. The head of department can maintain only one bank account in the National Bank of Pakistan with the approval of Finance Department, if required.

The different offices of Local Government and Rural Development are maintaining accounts in commercial banks. Details are as under:

(Rs. in million)

(Rs. in million)					
S. No.	AP No.	Name of Bank	Account No.	offices	Balance as on 30.06.2024
1	05	Faysal Bank, Gilgit	029410900217407	LC Board Gilgit	3.843
2	412	Habib Metro, Chilas	PK28MPBL9805177140108055	DD office Diamer	0
3		NBP, Chilas	PK85NBPA0504004045409269		3.323
4	880	KCBL, Gilgit	2959/249537	DD office Gilgit	6.297
5		KCBL, Markaz, Gilgit	0322094/17135-00-3		25.243
6		KCBL, Danyore, Gilgit	249639		13.416
7		KCBL, Juglote, Gilgit	006296/01348-00-0		2.105
8	982	KCBL	0293873	DD office Ghizer	12.985
9		KCBL	0136715		10.209
10		KCBL	0165826		13.611
Total					91.032

During the audit for the Financial Years 2022-23 and 2023-24, it was observed that the bank accounts were opened without obtaining the approval of the Finance Department, Gilgit-Baltistan.

Audit is of the view that the opening of account without the approval of Finance Department was irregular.

The irregularities were pointed out during March to November 2024. The management replied that accounts were opened for disbursement of funds to village development committees. However, the approval of Finance Department will be obtained to regularize the bank accounts.

The management admitted the point of view of the audit.

The DAC in its meeting held on 05.12.2024 directed the management to obtain approval of Finance Department for bank account already opened.

Audit recommends that decision of the DAC may be implemented.

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 14.5.2 11.4.1, 13.4.10 and 15.4.7 having financial impact of Rs.63.725 million, Rs.60.630 million, Rs.21.207 million and Rs.1.798 million respectively. Recurrence of same irregularity is a matter of serious concern.

21.4.2 Non-preparation of annual accounts of the Gilgit-Baltistan Waste Management Company

According to Para-63(i) of the Articles of Association of Gilgit-Baltistan Waste Management Company (GBWMC), the company shall get its annual accounts audited from a firm of Chartered Accountants.

According to Para-63(vi) of the Articles of Association of Gilgit-Baltistan Waste Management Company (GBWMC), the company shall regularly maintain its books of accounts in accordance with generally accepted accounting principles and permit their inspection to the interested members of the public, without any hindrance, at all reasonable times.

During audit of the Local Council Board, Gilgit for the Financial Year 2022-23, it was observed that the management neither appointed auditor nor prepare annual accounts of the company since inception in accordance with provision of company Act and Articles of Association of Gilgit-Baltistan Waste Management Company.

Audit is of the view that non-preparation of annual accounts was due to non-existence of effective financial controls.

The irregularity was pointed out during March 2023. The management replied that the accounts are maintained properly, however, the accounts have not been got audited from a Chartered Accountant firm.

The management admitted the point of view of the audit.

The DAC in its meeting held on 05.12.2024 directed the management to prepare financial statements since inception of the Company and get the financial statements audited from a Chartered Accountant firm in accordance with provision of the Act. The DAC also directed the management that accounts of the proceeding years may also be presented before the Board for approval.

Audit recommends that the decision of the DAC may be implemented.

AP-09 and 10/2022-23

21.4.3 Non-formation of Board Committees

According to Rule-12(1) of the Public Sector Companies (Corporate Governance) Rules, 2013 the Board shall set up the committees to support it in performing its functions efficiently, and for seeking assistance in the decision-making process.

During audit of the Local Council Board Gilgit for the Financial Year 2022-23, it was observed that the following committees as required were not constituted for running the Company day to day operation efficiently and effectively:

- i. Audit committee, for an efficient and effective internal and external financial reporting mechanism;
- ii. Risk management committee, in case of Public Sector Companies either in the financial sector or those having assets of five Billion rupees or more, to effectively review the risk function;
- iii. Human resources committee, to deal with all employee related matters

including recruitment, training, remuneration, performance evaluation, succession planning, and measures for effective utilization of the employees of the Public Sector Company;

- iv. Procurement committee, to ensure transparency in procurement transactions and in dealing with the suppliers; and
- v. Nomination committee, to identify, evaluate and recommend candidates for vacant positions, including casual vacancies, on the Board, including the candidates recommended by the Government for consideration of shareholders or in case of casual vacancy to the board of directors after examining their skills and characteristics that are needed in such candidates.

Audit is of the view that due to non-formation of Committees by the Board, the Corporate Governance Rules 2013 could not be implemented in true letter and spirit.

The irregularity was pointed out during March 2023. The management replied that few committees have been constituted and the remaining will be constituted in accordance with provision of the rules.

The management admitted the point of view of the audit.

The DAC in its meeting held on 05.12.2024 directed the management to constitute the committees in accordance with the provision of rules for smooth functioning of Company.

Audit recommends that decision of the DAC may be implemented.

AP-12/2022-23

21.4.4 Non-deposit of government receipt into treasury-Rs.9.763 million

According to Para-26 of GFR-Vol-I, any special arrangement that may be authorized by competent authority with respect to any particular class of receipts, 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.

The local government department decided to issue computerized certificates for vital events and impose a fee w.e.f. 01.06.2015 with following distribution formula:

- i. NADRA 50%
- ii. LG&RD 40%
- iii. Incentive for CR Sites/ Union Council Staff 10%

The Deputy Directors LG&RD Astore, Diamer, Gilgit and Ghizer during the Financial Years 2022-23 and 2023-24 received revenue of Rs.19.526 million on account of issuance of computerized registration of certificates. An amount of

Rs.9.763 million was transferred to NADRA as their 50% share and the remaining 50% i.e. Rs.9.763 million was retained by the offices. Audit observed that instead of depositing the department share of Rs.9.763 million into government treasury, the department retained the amount in private bank accounts and utilized for day-to-day expenses. Further, rules were not formulated to regulate expenditure made out of departmental receipt.

Audit was of the view that non-deposit of government receipt in Treasury and its utilization without rules was irregular.

The irregularities were pointed out during September 2023. The management replied that the department incurred expenditure against the requirement of Union Council due to less allocation of funds from regular side.

The reply was not accepted as the receipt was retained and utilized without formulation of rules and approval of Finance Department.

The DAC in its meeting held on 27.12.2023 directed the management to take up the matter with Finance Department for formulation of a policy for retention and utilization of revenue generated by UCs from different assigned activities.

Audit recommends that the decision of the DAC may be implemented.

Note: *The issue was reported earlier also in the Audit Report for the Audit Year 2023-24 vide para number 15.4.10 having financial impact of Rs.1.882 million. Recurrence of same irregularity is a matter of serious concern.*

AP-166, 179, 180/2023-24, 413, 881 and 986/2024-25

21.4.5 Non-insurance of works and undue favour to contractors – Rs.6.528 million

According to Clause-14.1 of the contract agreement, the contractors were required to insure works, equipment and liabilities for death or injury to any person. The amount to be insured is contract amount plus 15%.

The Deputy Director LG&RD Diamer executed 30 Annual Development Program Gilgit-Baltistan (ADP) schemes amounting to Rs.567.662 million. During the audit for the Financial Years 2022-23 & 2023-24, it was observed that the department was required to obtain 1% insurance premium of Rs.6.52 million against 30 development schemes of Rs.567.662 million + 15% i.e. Rs.652.811 million. The management extended undue benefit and favour to the contractors at public expense.

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

The management replied that there was no practice in the department for obtaining insurance guarantees from the contractors.

The reply is inconsistent with the rules as the department being executing agency was required to fulfil the provision of rules.

The DAC in its meeting held on 05.12.2024 directed the management that insurance premium of Rs.6.528 million should be recovered as per rules from the concerned contractors.

Audit recommends that recovery of premium worth Rs.6.528 million be effected from the contractors besides strengthening the internal controls.

AP-415/2024-25

21.4.6 Loss due to un-authorized occupation of LG&RD building by NADRA – Rs.0.720 million

According to Para-23 of GFR-Volume-I, 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.

During the audit of the Office of the Director LG&RD Gilgit for the Financial Year 2022-23, it was observed that the office space consisting of 3 rooms was provided to NADRA for free of cost and the department did not charge rent from 2011. Further, due to non-availability of space, the LG&RD officer are accommodated in other offices as is evident from the office of Secretary which is housed in a building constructed for establishing a water testing laboratory.

Audit is of the view that occupation of Government accommodation without rent to NADRA was irregular and resulted in loss to government (Rs.60,000x12=720,000approx.) Rs.720,000/- Per annum.

The irregularity was pointed out during May 2024. The management replied that after audit observation the Communication & Works Department Gilgit-Baltistan has been requested to assess monthly rent of rooms occupied by NADRA since October 2011. On receipt of assessment from Works Department Gilgit, the NADRA authority will be asked for payment of rent.

The management admitted the point of view of the audit.

The DAC in its meeting held on 05.12.2024 directed the management to recover the rent from the NADRA after proper assessment of the rent by the Communication and Works Department.

Audit recommends that rent may be recovered and deposited into government treasury.

AP-416/2024-25

21.4.7 Un-authorized allocation of vehicles to other departments

According to Rule-9(1) of the Government of GB Staff Vehicles (Use and Maintenance) Rules 2021, there shall be vigilance Committees at provincial and district level to monitor the official transport system and to control the misuse of the Government vehicles.

During the audit of Director LG&RD Gilgit for the Financial Year 2023-24, it was revealed that thirteen vehicles of the department were placed at the disposal of other departments. Audit observed that vehicles were not returned by the respective departments to LG&RD. The retention of vehicles by other departments without approval of the vehicle vigilance committee was irregular.

Audit is of the view that irregularity occurred due to non-adherence to the rule and weak internal controls.

The irregularity was pointed out during August 2024. The management replied that these vehicles were given to other departments for emergency duty but the vehicles in question have not been returned to the department despite the lapse of requisitioned period and repeated requests.

The DAC in its meeting held on 05.12.2024 after detailed discussion referred the para to PAC for appropriate decision.

Audit recommends that matter may be pursued vigorously at appropriate forum for retrieval of vehicles from concerned departments.

AP-528/2024-25

21.4.8 Irregular attachment of staff outside office-Rs.11.086 million

According to Section-9 of Gilgit-Baltistan Civil Servants Act 2011, every civil servant be liable to serve anywhere within or outside the Province in any post under the Government of the Gilgit-Baltistan or the Federal Government or any Provincial Government or a local authority or a corporation or a body set up or established by any such Government through posting and transfer.

During the audit of the Director LG&RD Gilgit for the Financial Years 2022-23 and 2023-24, it was revealed that the thirteen employees were working in other offices on attachment basis since long. Details are at **Annexure-28**. Audit observed that the existing arrangement of attachment is not covered in Gilgit-Baltistan Civil Servants Act 2011. The staff were drawing pay from parent department but not working there.

Audit is of the view that existing arrangement of attachment is inconsistent with the provision of Gilgit-Baltistan Civil Servants Act 2011.

The irregularity was pointed out during August 2024. The management replied that the Secretary being the head of department is empowered to post the services of the staff of the department either on permanent or temporary basis within the department to run the official business on need basis.

The reply was not accepted as the transfer on the basis of attachment is not covered in Gilgit-Baltistan Civil Servants Act 2011.

The DAC in its meeting held on 05.12.2024 after detailed deliberation and discussion referred the para to PAC for appropriate decision.

Audit recommends that the attachment of all staff be withdrawn.

AP-178/2023-24 and 529/2024-25

21.4.9 Irregular retention of funds – Rs.12.141 million

According to Para-96 of GFR Vol-I, grants 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.

The Secretary Local Government and Rural Development Gilgit-Baltistan released funds of Rs.80.870 million for execution of schemes under Members Development Program funded by Gilgit-Baltistan Council to Deputy Directors Local Government and Rural Development Gilgit and Skardu during the Financial Year 2023-24. The office incurred an expenditure of Rs.68.729 million during the year leaving a savings of Rs.12.141 million. Audit observed that the unspent balance of Rs.12.141 million was retained by the department instead of refunding the amount to the Gilgit-Baltistan Council or depositing the same in Gilgit-Baltistan Consolidated Fund.

Audit is of the view that retention of unutilized funds was irregular and contrary to misuse of public funds and irregularity occurred due to non-adherence to the rules.

The irregularities were pointed out during September and October 2024. The management replied that due to social dispute and delay in provision of funds from competent authority prices of materials were increased manifold for that reason the remaining works against schemes cannot be executed by project committees. The unutilized funds will be refunded to Gilgit-Baltistan Council.

The management admitted the point of view of the audit.

The DAC in its meeting held on 05.12.2024 directed that management to refund the unspent amount of Member Development Program to the Gilgit-Baltistan Council.

Audit recommends that unutilized funds may be refunded to Gilgit-Baltistan Council.

AP-655 and 874/2024-25

21.4.10 Irregular payment without measurement-Rs.100.279 million

According to Rule-14 of the Gilgit-Baltistan Local Government and Rural Development (Works) Rules 2022, funds shall be drawn on the basis of the actual work done recorded on Measurement Book (MB) by the concerned district engineer, The concerned field staff shall ensure physical progress on the scheme before close of the financial year and submit completion documents by 10th of June every year in order to avoid laps of funds.

The Deputy Directors Local Government and Rural Development Gilgit and Skardu during the Financial Year 2023-24, incurred an expenditure of Rs.70.840 million on execution of different development schemes sponsored by Gilgit-Baltistan Council under members development program through community leaders. In addition, an expenditure of Rs.29.439 million was also made on execution of these schemes during 2016-17. Audit observed that:

- i. The management did not maintain the measurement book to record the work done to substantiate the payment.
- ii. Completion and Handing taking proforma signed by the community leaders and representative of department did not contain the date therefore, in such circumstances it cannot be ensured whether the schemes have actually been completed or otherwise.
- iii. Representative of community is not included in handing-taking proforma so it cannot be ascertained whether the schemes were actually executed and completed as per defined scop and owned by the community.

Audit is of the view that payment without making measurement was irregular, moreover, in absence of proper handing taking completion of schemes in accordance with scope, design and cost is doubtful.

The irregularity was pointed out during September and October 2024. The management replied that initially MDP schemes were started in 2012, accordingly, as per policy guideline issued by the Gilgit-Baltistan Council Secretariat Islamabad all MDP schemes were executed under the provision of Manual of Instructions, framed under Northern Areas Local Govt. Ordinance (LGO) 1979. Measurement book was not required to maintained in said manual. As per manual of instruction PD-V is completion certificate which is available.

The reply was not satisfactory as the manual was not adopted by the Gilgit-Baltistan Government after promulgation of Gilgit-Baltistan (Empowerment and Self-Governance) Order 2009. Moreover, the payment was made during 2023-24

after implementation of works rules 2022 which require maintenance of measurement book.

The DAC in its meeting held on 05.12.2024 directed the management to refer the para to Gilgit-Baltistan Council for seeking guidance in light of audit observation.

Audit recommends that responsibility may be fixed for making payment without measurement.

AP-656 and 871/2024-25

21.4.11 Irregular execution of members development schemes-Rs.147.700 million

According to Rule-3 of the Gilgit-Baltistan Local Government and Rural Development (Works) Rules 2022, other works include works sponsored by any other government department, federal government, autonomous body, development partners, donor agencies, NGO, INGO, both under emergency or regular programs, special development programs of the government to be executed by the Local Government and Rural Development Department provided that the department shall strictly determine the scope of such schemes in the light of Section 68 of the Act failing which no such work shall be undertaken by the department.

The Deputy Directors Local Government and Rural Development Gilgit and Skardu executed 124 schemes in phase V, VI&VII involving cost of Rs.147.700 million under member development program sponsored by Gilgit-Baltistan Council. During the audit for the Financial Year 2023-24, it was observed that neither the schemes were included in the Annual Rural Development Program (ARDP) nor provision was made in the budget. The schemes were executed outside the ARD and budget.

Audit is of the view that execution of schemes outside the ARDP and budget was irregular and violation of the provision of Act and Rules.

The irregularity was pointed out during September and October 2024. The management replied that the MDP schemes were started during the year 2012 and executed under LG&RD model like (PD-I) form. These funds were also released by the Gilgit-Baltistan Council Secretariat Islamabad. Accordingly, the district office executed that scheme as per policy document issued by the higher office i.e. Gilgit-Baltistan Council Secretariat Islamabad.

The reply was not accepted as per Section 68 of Local Government Act and LG&RD Works Rule the department was required to include the schemes in development plan which was not done.

The DAC in its meeting held on 05.12.2024 directed the management to refer the para to Gilgit-Baltistan Council for seeking guidance in light of audit observation.

Audit recommends that development schemes may be executed in accordance with provision of Act and rules.

AP-657 and 872/2024-25

21.4.12 Irregular payment to village development committee -Rs.267.933 million

According to Rule-157(1) of FTR Vol-I, the cheques drawn in favour of government officers and departments in settlement of government dues shall always be crossed "A/c payee only not negotiable".

According to Rule-14 of the Gilgit-Baltistan Local Government and Rural Development (Works) Rules 2022, funds shall be drawn on the basis of the actual work done recorded on Measurement Book (MB) by the concerned district engineer, The concerned field staff shall ensure physical progress on the scheme before close of the financial year and submit completion documents by 10th of June every year in order to avoid laps of funds.

The offices of the Deputy Director, Local Government and Rural Development Gilgit, Ghizer and Skardu during the Financial Years 2022-23 and 2023-24, incurred an expenditure of Rs.267.933 million on execution of 724 development schemes under Annual Rural Development Programme. Audit observed that amount was withdrawn in favour of DDO and placed in bank accounts in violation of Rule 157(1) of FTR. Further, payment to Village Development Committees (VDCs) was made out of bank accounts thus the disbursement was made without applying pre-audited checks in violation of the provisions of the CGA Act.

Audit is of the view that existing arrangement of withdrawal of funds in favour of DDO and further deposit into bank account and disbursement to VDCs without applying the pre-audit check was irregular and unauthorized.

The irregularity was pointed out during September 2024. The management replied that as per Gilgit-Baltistan LG&RD (Works) Rules 2022, the 50% amount was drawn as mobilization advance from AG office after provision of PD-I, TS estimates and no duplication certificate etc., and then, mobilization advance were paid to the village development committees (VDCs) through cross cheques under the provision of above mentioned rules and remaining 50% amount was drawn on the basis of actual work done recorded on measurement book (MB) by the technical team of LG&RD district Skardu. The remaining payments were made to the Village Development Committees (VDCs) after completion of all codal formalities.

The reply was not accepted as all payments are made to village development committee through private bank accounts opened by the LG&RD.

The DAC meeting was held on 05.12.2024. The DAC after detailed discussion directed the management to provide a letter from respective District Accounts Offices regarding withdrawal of funds in favour of DDO after pre-audit.

Audit recommends that payments to VDCs may be made through Accountant General office in accordance with provision of Control General of Accounts Act beside discontinuing the irregular practice.

AP-658, 873 and 987/2024-25

21.4.13 Non-surrender of saving and unauthorized retention of funds Rs.95.941 million

According to Rule-14 of the of the Gilgit-Baltistan Local Government and Rural Development (Works) Rules 2022, in case any scheme or schemes remain incomplete or work could not be initiated after release of mobilization advance, for whatsoever reason, the amount meant for such scheme or schemes shall be refunded into the joint account held by the deputy Director and the Project Manager. If in view of the concerned district officers, ample time is still left for conceiving/identification, execution and completion of any new such, change of nomenclature shall be proposed as per policy. However, the same amount shall be deposited into government treasury directly from the joint account of the concerned VDC if no such time/space is left.

During the audit of offices of the Deputy Director Local Government and Rural Development Gilgit and Skardu for the Financial Year 2023-24, it was revealed that unutilized funds of Rs.95.941 million were available with offices as on 30.06.2024. Audit observed that the department did not deposit the unutilized funds in government treasury and retained in bank accounts.

Audit is of the view that non-deposit of savings into government treasury was irregular and violation of rules.

The irregularity was pointed out during September 2024. The management replied that the funds were received at the close of financial year. The retention in the bank account was due to delay drawl by project leaders being in the far-flung areas of district Skardu.

The management admitted the point of view of the audit.

The DAC in its meeting held on 05.12.2024 directed the management to inquire the matter and submit report to the PAO for further decision.

Audit recommends that unutilized funds may be deposited into government treasury.

AP-659 and 875/2024-25

21.4.14 Un-authorized inclusion of scheme in ARDP-Rs.166.188 million

According to Rule-9 and 11 of the of the Gilgit-Baltistan Local Government and Rural Development (Works) Rules, 2022 minimum cost of each scheme at union

council, district and urban schemes shall be equal to or greater than Rs.0.300 million while the maximum cost of the scheme excluding community share, shall be Rs.3.000 million. The administrative approval of the schemes shall be accorded by a committee head by Secretary LG&RD.

The committee under the chairmanship of the Secretary approved the following Annual Rural Development Programme (ARDP) schemes involving cost of Rs.116.188 million.

(Rs. in million)				
S. No.	AP No.	Name of Schemes	Offices	Cost of Scheme
01	660	Pay of contingent paid staff 2022-23	DD LG&RD Skardu	18.000
02		Pay of contingent paid staff 2023-24		19.500
03	876	Pay of contingent paid staff 2022-23	DD LG&RD Gilgit	24.000
04		Pay of contingent paid staff 2023-24		27.082
05	983	Pay of contingent paid staff 2022-23	DD LG&RD Ghizer	12.900
06		Pay of contingent paid staff 2023-24		14.706
Total				116.188

During the audit of different offices of the Local Government and Rural Development Gilgit-Baltistan for the Financial Years 2022-23 and 2023-24, it was observed that the scope and cost of the development scheme titled pay of contingent paid staff involving cost of Rs.116.188 million was neither covered in the size of the development schemes required to be financed out of ARDP as prescribed in the rules nor the committee was competent to approve such development projects beyond the prescribed cost.

Audit is of the view that approval of ARDP schemes involving cost in excess of prescribed cost was violation of the provision of rules and held irregular.

The irregularity was pointed out during September 2024. The management replied that as per Gilgit-Baltistan LG&RD (Works) Rules 2022 the pay of development contingent paid staff was included in the ARDP on actual basis. Therefore, the same was included in ARDP and was approved by competent authority.

The reply is inconsistent with provisions of rules as the committee was empowered to approved ARDP schemes upto maximum limit of Rs.3.000 million.

The DAC was meeting held on 05.12.2024. The management apprised the DAC that schemes were included in accordance with the provision of rules. However, the audit was of the view that the committee was empowered to accord administrative approval of ARDP schemes maximum up to Rs.3.000 million. The DAC directed the management that in future the pay of CPS employees should not be shown as a scheme in admin approval.

Audit recommends that ARDP schemes may be prepared in accordance with approved criteria and cost besides regularizing the irregularity.

CHAPTER-22

22. MINERAL DEVELOPMENT, INDUSTRIES, COMMERCE & LABOUR DEPARTMENT

22.1 Introduction

A. As per Schedule-II of Gilgit-Baltistan Rules of Business, 2009, the functions of the Mineral Development, Industries, Commerce & Labour Department includes Geological surveys, development of mineral resources and regulation of mines, grant of prospecting licenses and mining leases besides planning and development of industries. It is also responsible for Industrial research, Industrial control and Industrial exhibitions within the country. The department conducts survey of Industries, preparing plans in respect of industries to be established in the public sector. It is responsible for preparation and implementation of Labour Laws and celebration of International Labour Day.



Audit Profile of Mineral Development, Industries, Commerce & Labour Department

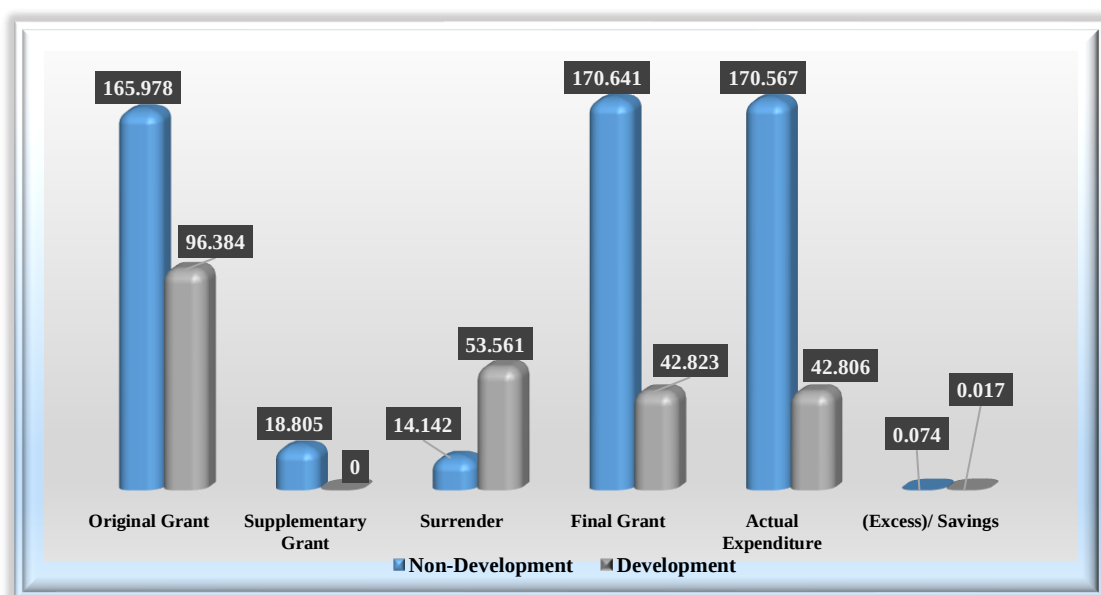
(Rs. in million)

S. No.	Description	Total Nos.	Audited	Expenditures audited FY 2023-24	Receipts FY 2023-24
1.	Formations	07	1	6.284	25.716

B. Comments on Budget & Accounts (Variance Analysis)

Budget allocation and expenditures of the department for the financial year 2023-24 is as under:

(Rs. in million)						
Grant	Original Budget	Supplementary	Surrender	Final Grant	Actual Expenditures	Saving
Non-Dev-19	165.978	18.805	(14.142)	170.641	170.567	0.074
Dev	96.384	-	(53.561)	42.823	42.806	0.017
Total	262.362	18.805	(67.703)	213.464	213.373	0.091



An allocation of Rs.165.978 million was made for non-development budget. During the year, supplementary grant of Rs.18.805 million was approved which is 11.33% of the original allocation. The department also surrendered an amount of Rs.14.142 million which is 8.52% of the original grant. Against final grant of Rs.170.641 million the department utilized funds of Rs.170.567 million which is almost 100% utilization.

An allocation of Rs.96.384 million was made for development budget. The department surrendered an amount of Rs.53.561 million which is 55.57% of the original allocation. Against final grant of Rs.42.823 million the department utilized funds of Rs.42.806 million which is 99.96% of the final grant.

22.2 Classified summary of Audit observations

Audit observations were raised in this report during current audit of the department. 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	0

22.3 Brief comments on the status of compliance with PAC directives

Following PAC meeting was held to discuss the audit paras of the department:

Years	No of audit paras	No of Actionable Points	Compliance	Non-Compliance	% of Compliance
2022-23	3	3	2	1	67%

22.4 AUDIT PARAS

22.4.1 Non-completion of geological survey of Gilgit-Baltistan region

According to Schedule-II of Gilgit-Baltistan Rules of Business 2009, Mineral Development, Industries, Commerce & Labour Department is responsible to carry out Geological Survey and development of mineral resources and regulation of mines.

The Mineral Development, Industries, Commerce & Labour Department was required to formulate the geological survey of the Gilgit-Baltistan region. During the audit of Secretariate for the Financial Year 2023-24, it was observed that the department did not carry out the complete survey of the entire Gilgit-Baltistan region till date.

Audit is of the view that non-carrying of complete geological survey of the Gilgit-Baltistan which was essential for the grant of lease fairly is failure of the department.

The irregularity occurred due to weak internal control which resulted in non-completion of Geological Survey.

The irregularity was pointed out during August 2024. The management replied that since government has no sufficient human resources to carry out the complete survey of the entire region. The Geological Survey of Pakistan is carrying out such surveys. However, the Minerals Department has undertaken an initiative to conduct the feasibility study of around 5000 Sq/Km area which has been completed through consultant however, conversion of area into blocks will be completed soon.

The management admitted the point of view of the audit.

The DAC in its meeting held on 07.11.2024 directed the management to complete the geological survey and to expedite the process of conversion of study area into Blocks.

Audit recommends that Geological Survey should be completed as per rules.

AP-576/2024-25

22.4.2 Revenue loss of millions of rupees due to the ban on lease

According to Schedule-II of Gilgit-Baltistan Rules of Business 2009, Mineral Development, Industries, Commerce & Labour Department is responsible for the development of mineral resources and regulation of mines.

During the audit of the office of the Secretary Mineral Development, Industries, Commerce & Labour Department for the Financial Year 2023-24, it was revealed that the department was required to formulate the rule and regulation for the development of mineral resources and mines. The Chief Minister Gilgit-Baltistan imposed ban on issuance of new lease due to issuance of non-responsive mining lease vide CM Directive-32 dated 04.03.2021. Audit observed that the ban has not been lifted so far and consequently, 269 applications were pending. Details of the applications are as under:

S. No	Districts	Nature of applications	Date of submissions	No. of applications
1.	Gilgit	Exploration license	December 2017 to Jan 2021	48
2.	Ghizer	Explorations and Mineral Licenses	February 2018 to April 2022	40
3.	Diamer and Astore	Explorations and Mineral Licenses	May 2013 to September 2020	46
4.	Baltistan Region	Explorations and Mineral Licenses	August 2011 to December 2022	68
5.	Hunza and Nagar	Explorations and Mineral Licenses	Jan 2018 March 2022	67
	Total			269

Audit is of the view that non-issuance of lease resulted in substantial revenue loss to the government.

The irregularity was pointed out during August 2024. The management replied that Gilgit-Baltistan Cabinet has decided to lift the ban after publication of Mining Concession Rules (Amendment) 2024. Moreover, the department is in the process of launching a web portal for online application/registration for Minerals titles. Once the portal is launched the applications pendency shall be processed in the first instant.

The management admitted the point of view of the audit.

The DAC in its meeting held on 07.11.2024 directed the management to clear all the pending applications just after launching of portal without further delay.

Audit recommends that decision of the DAC may be implemented.

AP-577/2024-25

22.4.3 Non-imposition of penalty on un-authorized mining

According to Rule-171 (1) of Gilgit-Baltistan Mining Concession Rules, 2016 “If person starts exploration or mining and mineral outside the area granted to him under a license or a lease or in any area for which he has not obtained a license or a lease or if any person obstructs free access of a license or a lease to the licensed or leases area or directly and indirectly tries to interfere with the exploration or mining operation by a license or a lessee, he shall be punishable by a court of competent jurisdiction, with imprisonment and fines stated as penalty for un-authorized mining, obstruction, abstraction, possession and transportation etc.”.

During the audit of the office of the Secretary Mineral Development, Industries, Commerce & Labour Department for the Financial Year 2023-24, it was revealed that lot of illegals mining were carried out in district Shigar and Skardu by the local community without any license and precautionary measures. Audit observed that the department has neither made any measures to stop the illegal mining nor imposed plenty in violation of rules. Being a licensing authority, the department was responsible to establish a robust monitoring system for controlling the illegal mining.



The irregularity occurred due to weak internal control which resulted in non-stoppage of illegal mining.

The irregularity was pointed out during August 2024. The management replied that the department has not permitted any local or non-local to conduct mineral activities as well as transportation without proper license. There are three mineral check posts in Skardu and Chilas aiming to regulate and seize any illegal transportation of minerals. However, due to non-existence of proper inspectorate the department is facing difficulties to properly monitor the illegal mining activities.

The management admitted the point of view of the audit.

The DAC meeting was held on 07.11.2024. The DAC directed the management to establish a proper mineral inspectorate for monitoring and control of illegal mining.

Audit recommends that a proper inspectorate for monitoring may be established for regular monitoring in order to control the illegal mining.

AP-580/2024-25

22.4.4 Non-inspection of mineral production

According to Rule-161 of Gilgit-Baltistan Mining Concession Rules, 2016 “If, as a result of inspection of the mines or areas demised under the license or the lease or otherwise it is discovered on available evidence that the license or the lease or the lessee has under-reported mineral production, the Licensing Authority shall charge royalty up to ten times the notified rate, on the quantity of mineral under reported by the licensee or the lessee, forfeit the security deposit and may also cancel the license or lease on the merits of the case.

During the audit of the office of the Secretary Mineral Development, Industries, Commerce & Labour Department for the Financial Year 2023-24, it was observed that no inspection was carried out by the department to ensure that the lessee has reported the actual mineral production or otherwise.

Audit is of the view that non-inspection of the department was the clear violation of rules and loss to the government which resulted non-stoppage of illegal mining.

The irregularity was pointed out during August 2024. The management replied that the department is currently facing a shortage of human resources, which has hindered its ability to set up check posts at every mining site for reporting of mineral production. As a result, the department is unable to implement the monitoring mechanisms like other provinces.

The management admitted the point of view of the audit.

The DAC in its meeting held on 07.11.2024 directed the management that a monitoring report based on all activities may be prepared and provided to audit.

Audit recommends that regular monitoring should be carried out as per rules.

AP-581/2024-25

CHAPTER-23

23. SERVICES AND GENERAL ADMINISTRATION DEPARTMENT

23.1 Introduction

A. Services and General Administration Department (S&GAD) manages District Management Service, service rules/service tribunal, Public Service Commission, preparation of Civil List and Official Gazette. Besides, preparation of Services Rules (other than Civil Service Rules) relating to various services and posts and interpretation thereof; provision of residential accommodation to government servants; training, cabinet matters, observance of national days, government hospitality and rent control and requisitioning of property are also the responsibilities of the department.



Services & General Administration
Department Gilgit-Baltistan



Audit Profile of Services and General Administration Department

(Rs. in million)

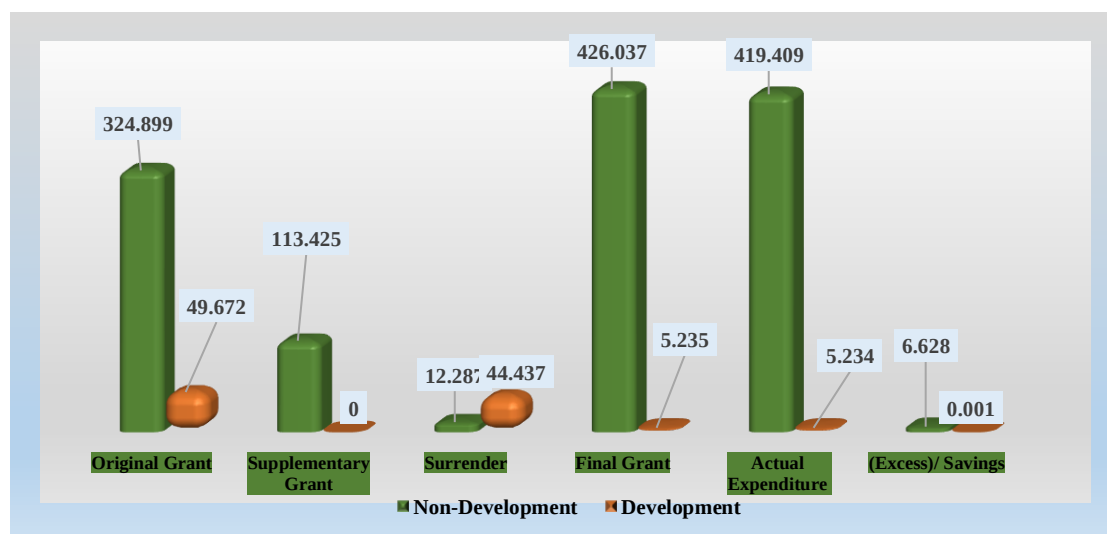
S. No.	Description	Total Nos.	Audited	Expenditures audited FY 2023-24	Revenue/Receipts FY 2023-24
1.	Formations	06	03	1,879.987	32.239

B. Comments on Budget & Accounts (Variance Analysis)

Budget allocation and expenditures of the department for the financial year 2023-24 is as under:

(Rs. in million)

Grant	Original Budget	Supplementary	Surrender	Final Grant	Actual Expenditures	Saving
Non-Dev-07	324.899	113.425	(12.287)	426.037	419.409	6.628
Dev	49.672	-	(44.437)	5.235	5.234	0.001
Total	374.571	113.425	(56.724)	431.272	424.643	6.629



An allocation of Rs.324.899 million was made for non-development budget. During the year, supplementary grant of Rs.113.425 million was approved which is 34.91% of the original allocation. The department also surrendered an amount of Rs.12.280 million which is 3.77%. Against final grant of Rs.426.037 million, the department utilized funds of Rs.419.409 million which is 99.44% of the final grant and leaving savings of Rs.6.628 million.

Similarly, allocation of Rs.49.672 million was made for development budget. Against final grant of Rs.5.235 million the department utilized funds of Rs.5.234 million which is almost 100% of the final grant.

23.2 Classified summary of Audit observations

Audit observations amounting to Rs.1,522.011 million were raised in this report during current audit of the department. This amount also includes recoveries of Rs.5.148 million. Summary of the audit observations classified by nature is as under:

(Rs. in million)		
S. No.	Classification	Amount
1.	HR/ Employees related irregularities	1,511.463
2.	Value for money and service delivery issues	5.400
3.	Recovery	5.148
Total		1,522.011

23.3 Comments on the status of compliance with PAC directives

Following PAC meetings were held to discuss the audit paras of the department:

Years	No of audit paras	No of Actionable Points	Compliance	Non-Compliance	% of Compliance
2014-15	5	5	4	1	80%
2015-16	1	1	0	1	0%
2016-17	3	3	0	3	0%
2019-20	2	2	1	1	50%
2020-21	2	2	2	0	100%
2021-22	4	4	3	1	75%
2022-23	3	3	3	0	100%

23.4 AUDIT PARAS

23.4.1 Irregular provision of government vehicles to NATCO on rent – Rs.5.400 million

According to Rule-11(a) of the Government of Gilgit-Baltistan Staff Vehicles (Use and Maintenance) Rules 2021, all vehicles of concerned department shall be disposed of by the committee through public auction.

The General Administration Department Gilgit during the Financial Year 2023-24, provided nine V8 Vehicles from general pool to NATCO @ Rs.125,000/- per month w.e.f. from 18.03.2024 for one year extendable for another year with mutual consent. Audit observed that:

- i. Vehicles were rented out to NATCO while neither the staff car rules have any provision for such arrangement nor the GAD has any mandate to provide the government vehicles on rent basis to different corporations, institutes and other government department.

- ii. Without assessing the market rates government vehicles were rented out to NATCO on nominal rates i.e. Rs.4,100/ per day, whereas, market rent of V8 vehicles is around Rs.20,000/- per day
- iii. NATCO Board in its 129th meeting held on 25.01.2024 decided to waive-off first 3 months' rent which comes to Rs.3.375 million who was not competent to take such decision regarding government vehicles allocated to NATCO on agreed rent basis.
- iv. Similarly, six vehicles including 02 Jiminy Jeeps were also rented to SMBR @ Rs.130,000/- per month whereas luxurious vehicles like V8 were rented out to NATCO at monthly rates of Rs.125,000.

Audit is of the view that renting out of Government Vehicle/Staff Cars was neither covered in the staff car rules nor GAD has the mandate to use government vehicles for commercial activities. The staff cars which became surplus or have completed their prescribed life are required to be disposed of through open auction.

The irregularity was pointed out during August 2024. The management replied that the Chief Secretary of Gilgit-Baltistan, as the Administrative Head of Government Departments and being Chairman of the NATCO Board of Directors, authorized the reallocation of surplus government vehicles to NATCO during the 129th NATCO Board meeting held on 25.01.2023. It was decided that these vehicles would be utilized to support NATCO's Tourist Transport Service.

The reply being inconstant with rule was not accepted.

The DAC meeting was held on 31.10.2024. The management apprised the DAC that under the decisions of Vehicle Rationalization Committee (VRC) the V8 vehicles were retrieved from the Secretaries and other HoDs and it was decided to place these vehicles at the disposal of NATCO for promotion of Tourism with the approval of competent authority. However, Audit was of the view that the existing arrangement is inconsistent with Gilgit-Baltistan Staff Vehicles (Use and Maintenance) Rules 2021. After detailed deliberations, it was decided that a case will be taken up with Gilgit-Baltistan Cabinet for legislation and amendments in the existing staff vehicles rules to legalize the renting of government vehicles.

Audit recommends that responsibility may be fixed for the irregularity.

AP-424/2024-25

23.4.2 Non-recovery of rent – Rs.5.148 million

According to Para-26 of GFR-Vol-I, any special arrangement that may be authorized by competent authority with respect to any particular class of receipts, 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.

The General Administration Department Gilgit during the Financial Year 2023-24, provided six vehicles (01 Land Cruiser, 01 Rocky, 01 Vigo, 02 Jiminy Jeeps and 01 Land Rover) on rent basis from general pool to SMBR @ Rs.130,000/- per month w.e.f. from 18.02.2023 initially for two years and extendable on yearly basis. Audit observed that rent amounting to Rs.5.148 million (four months and twelve days) was not recovered by the management till 30.06.2024.

Audit is of the view that non-recovery of rent resulted in loss to government.

The irregularity was pointed out during August 2024. The management replied that in response to the audit observation, the Board of Revenue (BoR) has been formally requested to expedite the payment of rent for the six vehicles provided by the General Administration Department.

The management admitted the point of view of the audit.

The DAC meeting was held on 31.10.2024. The management apprised the DAC that SMBR has already been requested to pay the outstanding rent. The DAC directed the management to recover the rent at the earliest.

Audit recommends that amount be recovered and deposited into the government treasury.

AP-425/2024-25

23.4.3 Non-operational of BF&GI fund- Rs.1,511.463 million

According to Section-3(1) of the Gilgit-Baltistan Government Servant Benevolent Fund & Group Insurance Act 2018, as soon, as may be, Government shall constitute a fund to be known as the Gilgit-Baltistan Government Servant Benevolent & Group Insurance Fund.

During the audit of General Administration Department Gilgit for the Financial Year 2023-24, it was revealed that that the management opened a bank account in National Bank of Pakistan main branch Gilgit in June, 2024 and deposited an amount of Rs.10.000 million as seed money of BF&GI Fund. Audit observed that:

- i. The government of Gilgit-Baltistan Benevolent Fund and Group Insurance Act has been enacted on 12.04.2018 but despite lapse of considerable time the government could not make Group Insurance and Benevolent Fund functional.
- ii. Compulsory deductions on account of BF&GI for the year 2022-23 amounting to Rs.662.128 million have not been transferred to Fund Account.
- iii. Amount calculated by the actuary amounting to Rs.4,246.674 million on account of actual liability as of 30.06.2023 in respect of beneficiaries, needs to be transferred into fund over the five years by the government. However, the management has not formulated any plan for arrangement of required funds.

- iv. If the Fund was operationalized pursuant to the provision of Act the government could have earned profit of Rs.434.693 million {Rs.1,511.463 million (Rs.662.128 million contribution 2022-23 + Rs.849.335 million average liability)}.

Audit is of the view that due to non-operational of Gilgit-Baltistan Group Insurance and Benevolent Fund deprived the government from the benefit of substantial revenue.

The irregularity was pointed out during August 2024. The management replied that due to the necessary legislative amendments and the establishment of an operational framework the fund was non-operational. Amounts deducted from government employees since July 1, 2023, have been transferred to the designated accounts for GB-BF&GI. The actuary-calculated liability of Rs.4,246.674 million for active employees upto 30.06.2023, which has been formally communicated to the Federal Employees Benevolent & Group Insurance Fund (FEB&GI) for fund transfer to GB-BF&GI. Efforts are ongoing to expedite the transfer of these funds from FEB&GI.

The management admitted the point of view of the audit.

The DAC meeting was held on 31.10.2024. The management apprised the DAC that meetings have been convened with Federal Government regarding transfer of funds from FEB&GI Islamabad to Gilgit-Baltistan Government so that the employees of GB Government could be facilitated in terms of BF&GI. Moreover, Ministry of KA&GB has assured that FEB&GI will be approached for transfer of funds amounting Rs.4,246.674 million to Gilgit-Baltistan as calculated by actuary against the active employees as on 30-06-2023. The S&GAD has requested FEB&GI to extend the facilities to Gilgit-Baltistan employees for upcoming two years without contribution for GB-BF&GI self-sustainability. After detailed deliberation the DAC pended the para till transfer of funds from FEB&GI to GB-BF&GI.

Audit recommends that Group Insurance and Benevolent Fund may be made operational in line with provision of the Act.

AP-426/2024-25

23.4.4 Irregular allotment of rooms in officer mess

According to schedule-I (10) of section-12 of the Gilgit-Baltistan Finance Act 2023, fee/rent of GAD guest house per month is rupees fifteen thousand and Officer Mess Jutial per room per night for official guest is rupees three thousand five hundred and for private guest is rupees six thousand.

The General Administration Department Gilgit vide letter No.SO(G)-Misc-1(31)/202 dated 27.12.2023 declared six rooms in the government officer mess Jutial, as bachelor guest rooms to accommodate the officers of Gilgit-Baltistan Secretariat/officers posted from down country to Gilgit-Baltistan. During audit for

the Financial Year 2023-24, it was observed that 12 rooms occupied by the officers of different department in officer mess against six designated/allocated rooms. Further, six rooms are also occupied by different officer/staff of various department without payment of rent which comes to Rs.285,000/- till 30.06.2024.

Audit is of the view that the allotment of rooms over and above the approved arrangement is irregular.

The irregularity was pointed out during August 2024. The management replied that in compliance with the audit observation notices have been issued to all occupants for immediate settlement of outstanding dues. Despite reminders, rent payments for these rooms have not been deposited.

The management admitted the point of view of the audit.

The DAC meeting was held on 31.10.2024. The DAC decided to take up the case with Chief Secretary Gilgit-Baltistan in respect of employees of Gilgit-Baltistan government who occupied the rooms for deduction of outstanding rent from their salary. Regarding recovery from Federal Government Employees the case will be taken up with their parent offices.

Audit recommends that outstanding rent be recovered and deposited into government treasury beside vacating the rooms from un-authorized occupants.

AP-427/2024-25

23.4.5 Whereabout of vehicles purchased under development projects not know

According to Rule-9(1) of the Government of Gilgit-Baltistan Staff Vehicles (Use and Maintenance) Rules 2021, all there shall be vigilance Committees at provincial and district level to monitor the official transport system and to control the misuse of the Government vehicles and no department/office shall procure a vehicle (s) unless NOC is obtained from S&GAD.

During the audit of General Administration Department Gilgit for the Financial Year 2023-24, it revealed noted that 393 vehicles were purchased by the different departments under various development projects through contractors. Audit observed that General Administration Department being regulator did not take any measures to identify and take the vehicles on general pool after completion of the projects.

Audit is of the view non-retravel of vehicles purchased out various development projects resulted in loss to government.

The irregularity was pointed out during August 2024. The management replied that S&GAD and Finance Department are jointly working to compile a comprehensive data on vehicles procured through development projects. Once this

data collection is completed the matter will be presented to the VRC for an appropriate decision.

The management admitted the point of view of the audit.

The DAC meeting was held on 31.10.2024. The DAC directed the management to carry out an exercise to identify the projects in which the vehicles were included in PC-I & contract agreements and to retrieve all the vehicles.

Audit recommends that all vehicles be retrieved and taken on the pool maintained in S&GAD.

AP-429/2024-25

23.4.6 Non-determining type of staff car to be used by the entitled officers in the rules

According to Rule-11(a) of the Government of Gilgit-Baltistan Staff Vehicles (Use and Maintenance) Rules 2021, officers in PBS-18 and above at Governor Secretariat, Chief Minister Secretariat and Civil Secretariat shall be entitled for use of official vehicles. Type and vehicle with engine power shall be decided by the head of the department keeping in view the job description, scale status of the officer and propriety of money.

During audit of General Administration Department, Gilgit for the Financial Year 2023-24, it was observed that:

- i. The entitlement of vehicles required to be used by different entitled officers was not determined in the staff car rules as the entitlement of staff car required to be used by the officers of a department is left at the discretion of the PAO.
- ii. Due to non-determination of entitlement of vehicles in the staff car rules the departments are using vehicles of maximum capacity ranging from 2000cc to 4800cc which are neither covered in staff cars nor cost effective both with regard to repair and POL consumption.

Audit is of the view that non-determining type/capacity of staff vehicles to be used by the entitled officers in the rules is also against the principle of financial propriety and has made the GB Staff Vehicles (Use and Maintenance) Rules, 2021 practically non- effective as the basic purpose of the rules were to regulate the use of public assets which was defeated.

The irregularity was pointed out during August 2024. The management replied that the current Staff Vehicles Rules were initially designed with consideration of Gilgit-Baltistan's challenging terrain. Subsequently, a committee was established to review and draft recommendations specifying the type and engine capacity of vehicles suitable for officers. The committee has now finalized its recommendations, which will be submitted to the competent forum for approval. The

vehicles like V8 with 4800cc engine capacity have already been retrieved from Secretaries. The committee reviewing the vehicle rules has proposed an upper limit on engine capacity for vehicles assigned to entitled officers. The GB Government intends to introduce these essential amendments to the existing Staff Vehicles Rules following approval from the competent authority.

The management admitted the point of view of the audit.

The DAC in its meeting held on 31.10.2024 directed the management to expedite the process for approval of proposed amendments.

Audit recommends that decision of the DAC be implemented.

AP-430/2024-25

CHAPTER-24

24. SCHOOL EDUCATION DEPARTMENT

24.1 Introduction

A. Education Department deals with the affairs of school education and grant of scholarship. The department is also responsible for education of handicapped children, promotion of scientific research, organization of all public libraries, promotion of sports, services matter except those entrusted to S&GAD Department.



Audit Profile of School Education Department

(Rs.in million)

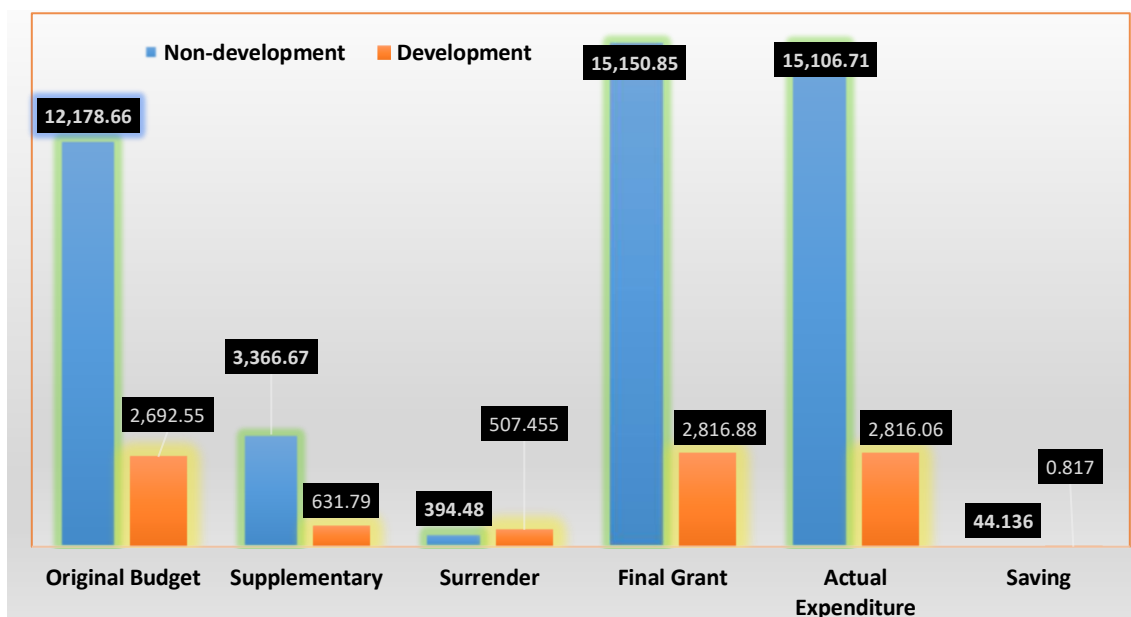
Sr. No.	Description	Total Nos.	Audited	Expenditures audited FY 2023-24	Receipts FY 2023-24
1.	Formations	193	14	6,636.202	13.546

B. Comments on Budget & Accounts (Variance Analysis)

Budget allocation and expenditures of the department for the Financial Year 2023-24 is as under:

(Rs.in million)

Grant	Original Budget	Supplementary	Surrender	Final Grant	Actual Expenditure	Saving
Non-Dev-11	12,178.662	3,366.667	(394.480)	15,150.849	15,106.713	44.136
Dev	2,692.546	631.790	(507.455)	2,816.881	2,816.064	0.817
Total	14,871.208	3,998.457	(901.935)	17,967.730	17,922.777	44.953



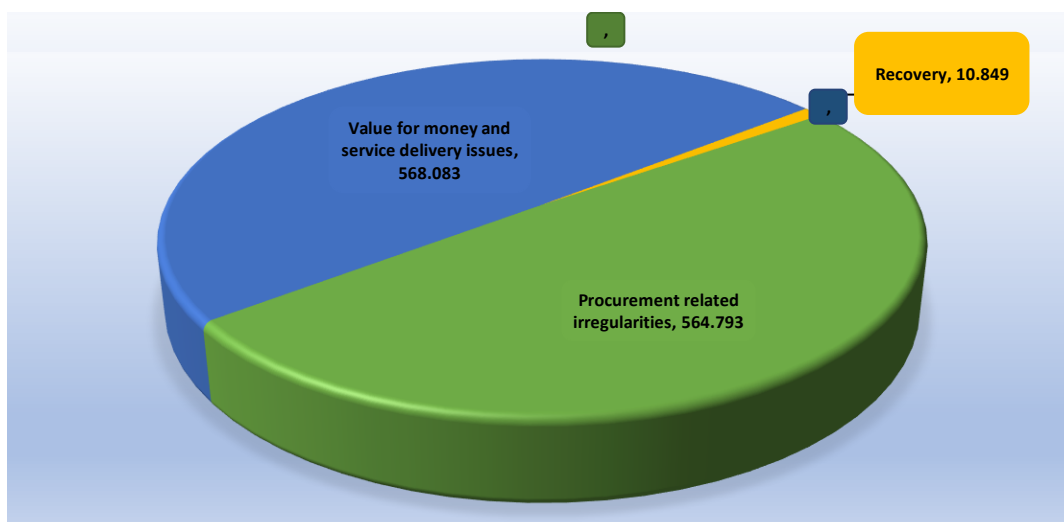
Originally, the department was granted non-development budget of Rs.12,178.660 million. During the year supplementary grant of Rs.3,366.670 million was granted which is 27.64% of the original allocation. After surrender of funds amounting to Rs.394.480 million, the final grant comes to Rs.15,150.850 million. The department utilized budget of Rs.15,106.710 million leaving a saving of Rs.44.136 million which is 0.29%.

Education department has its own technical cell for execution of development projects relating to education sector. During the year, development budget of Rs.2,816.880 million was allocated to the department for execution of development schemes across the region. The department utilized development budget of Rs.2,816.060 million.

24.2 Classified summary of Audit observations

Audit observations amounting to Rs.1,143.725 million were raised in this report during current audit of department. This amount also includes recoveries of Rs.10.849 million. Summary of the audit observations classified by nature is as under:

(Rs. in million)		
S. No.	Classification	Amount
1.	Procurement related irregularities	564.793
2.	Value for money and service delivery issues	568.083
3.	Recovery	10.849
Total		1,143.725



24.3 Comments on the status of compliance with PAC directives

Following PAC meetings were held to discuss the audit paras of the department:

Years	No of audit paras	No of Actionable Points	Compliance	Non-Compliance	% of Compliance
2010-11	2	2	0	2	0%
2011-12	1	1	1	0	100%
2013-14	2	2	0	2	0%
2014-15	1	1	0	1	0%
2015-16	9	9	2	7	22%
2016-17	9	9	4	5	44%
2017-18	1	1	0	1	0%
2019-20	14	14	2	12	14%
2020-21	2	2	0	2	0%
2021-22	3	3	1	2	33%
2022-23	22	22	9	13	41%

24.4 AUDIT PARAS

24.4.1 *Mis-procurement due to award of contract on composite rates resulted in loss of Rs.19.168 million*

According to Rule-20 of Public Procurement Rules 2004, save as otherwise provided hereinafter, the procuring agencies shall use open competitive bidding as the principal method of procurement for the procurement of goods, services and works.

According to Rule-2-h(i & ii) of Public Procurement Rules 2004, the lowest evaluated bid means, a bid most closely conforming to evaluation criteria and other conditions specified in the bidding document; and having lowest evaluated cost.

The Director Education Planning, Gilgit during the Financial Year 2022-23, awarded a contractor to M/s JV (GBEE Techive), Gilgit at the cost of Rs.84.681 million under a project hiring of ED-Tech Private Service Provider for implementing connectivity and digital learning in 34 schools in Gilgit-Baltistan. Audit observed that the contract was awarded to highest bidder by ignoring the lowest. Details are as under:

(Rs. in million)					
S. No.	Name of item	JV (GBEE Techive, Gilgit)	Tele Taleem	Irfan Brothers International	Difference
1	2	3	4	5	3 - (4+5)
1.	WLAN Server Preloaded with LMS	15.300	8.030	0	7.270
2.	Training of Teachers	6.494	0	1.400	5.094
3.	Connecting onsite LMS servers with central data center / cloud	7.794	0.990	0	6.804
Total		29.588	9.020	1.400	19.168

Audit is of the view that due to award of contract on composite rates government sustained a loss of Rs.19.168 million.

The irregularity was pointed out during March 2024. The management replied that the contract was awarded to the M/s. GBEE Techive Gilgit by the committee considering the composite lowest rates. In Gilgit it was not possible to consider item-wise rates hence the committee approved the lowest composite rates of bidders.

The reply was not accepted as the purchases were made in violation of rules.

The DAC meeting was held on 16.10.2024. The DAC was not convinced and referred the para to PAC.

Audit recommend that responsibility may be fixed for the irregularity.

AP-24/2022-23

24.4.2 Irregular payment to trust - Rs.55.000 million

According to Rule-20 of Public Procurement Rules 2004, the procuring agencies shall use open competitive bidding as the principal method of procurement for the procurement of goods, services and works.

The Director Education Planning, Gilgit during the Financial Year 2022-23, paid an advance of Rs.55.000 million to Allah Walay Trust as a Grant-in-Aid on 19.05.2023. The grant was provided for provision of meal to Primary Schools students in district Gilgit and Diamer under Primary School Khurak Program. Audit observed that the management invited tender in August 2022, however, it was cancelled without recording any reason. The Trust was selected without adopting open competition in violation of provision of Public Procurement Rules 2004.

Audit is of the view that selection of trust and advance payment was violation of the rules and held irregular.

The irregularity was pointed out during March 2024. The management replied that tender was invited for provision of meal to students however, on directive of Chief Secretary of Gilgit-Baltistan the tender was cancelled. Later-on the case was presented in the Gilgit-Baltistan Assembly for approval of grant-in-id to the Allah Walay Trust and the Cabinet in its 30th meeting held on 02.05.2023 approved the proposal.

The reply was not tenable as the contract was awarded in violation of rules.

The DAC meeting was held on 16.10.2024. The management apprised the DAC that the Trust was selected with the approval of the Cabinet and payment was made accordingly. The DAC was not convinced with the stance of management and referred the para to PAC.

Audit recommends that responsibility may be fixed for the irregularity.

AP-25/2022-23

24.4.3 Irregular up-gradation of schools

According to Para-7.1 of Manual of Development, the objectives of any effort in project planning and analysis is to have a project that can be implemented to the benefit and socio-economic uplift of the society. The objective of initiating a project is to make it fully functional and getting them fully underway for achieving the goals envisaged without any time and cost over-run, in order that the economic benefits accrue according to the promises made in the scheme.

193 schools form Primary to Higher Secondary level were under the administrative control of the Deputy Director Education Gilgit. Out of 193 schools 13 Schools were up-graded from primary to middle, middle to high and high to higher secondary level. Further, in district Ghizer 36 Schools were also up-graded from primary to middle, middle to high, high to higher secondary level. During the audit for the Financial Years 2021-22 and 2022-23, it was observed that the schools were up-graded without the approval of the government.

Audit is of the view that irregularity occurred due to weak administrative controls and non-adherence to the rules.

The irregularity was pointed out during March 2024. The management replied that the schools were up-graded on public demand within the available resources as the approval of PC-IVs of all un-approved schools are awaited.

The reply was not accepted as the schools were up-graded without the approval of the government and diversion of resources to un-approved schools without the approval of government was irregular.

The DAC meeting was held on 16.10.2024. The management apprised the DAC that up-gradation was made on public demand. The DAC was not convinced with the reply and stance of the management and referred the para to PAC.

Audit recommends that up-gradation of schools may be got approved from the government besides stopping the irregular practice.

AP-79/2023-24 and 899/2024-25

24.4.4 Non-availability of specialized teaching staff at LMS and non-functioning of IT labs.

According to Para-7.1 of Manual of Development, the objectives of any effort in project planning and analysis is to have a project that can be implemented to the benefit and socio-economic uplift of the society. The objective of initiating a project is to make it fully functional and getting them fully underway for achieving the goals envisaged without any time and cost over-run, in order that the economic benefits accrue according to the promises made in the scheme.

The Deputy Directors Education Gilgit, Ghizer and Shigar were running learning management system (LMS) in different schools. Further, the management established smart class rooms as IT Labs in schools by providing chrome books/desktop computer and allied equipment. During audit for the Financial Years 2021-22, 2022-23 and 2023-24, it was observed that no specialized IT teachers were available in these schools to provide technical assistance and online education to students as is evident from data/ information provided by the management.

Similarly, IT labs/ smart class rooms were not functional due to non-functioning of Server, missing internet facility and non-installation of Microsoft. Audit further observed that IT teachers were also not available in these schools as evident from the data provided the management.

Audit is of the view that initiative was an innovative idea however due to non-availability of specialized staff the whole exercise become futile. This also resulted in wastage of government funds. The irregularity occurred due to weak administrative controls.

The irregularities were pointed out during March 2024. The management replied that this office has submitted demand to competent authority for placement of IT teachers in LMS Schools.

The management admitted the point of view of the audit.

The DAC meeting was held on 16.10.2024. The DAC was not convinced with the reply and referred the para to PAC.

Audit recommends that IT trained teachers may be appointed to functionalize the LMS and IT labs at optimum level.

AP-81,82, 83 /2023-24, 671, 900 and 901/2024-25

24.4.5 Non-availability of basic facilities in schools

According to Rules-3(3) Schedule-II (8) of the Gilgit-Baltistan Rules of Business, the Education Department deals with the affairs of school and college education and grant of scholarship. The department is also responsible for education of handicapped children, promotion of scientific research, organization of all public libraries, promotion of sports.

During the audit of office of the Deputy Director Education Gilgit and Ghizer for the Financial Years 2021-22, 2022-23 and 2023-24, it was revealed that 397 schools of HSS, High, Middle and Primary level are providing education to 55,916 students in districts. Audit observed that basic facilities like minimum class rooms, toilets and clean drinking water were not available in 48 schools of districts as evident from data/ information provided by the management.

Audit is of the view that non-availability of basic facilities in schools located in urban and rural areas is not only against the basic rights of the students but also affecting the performance of the students.

The irregularities were pointed out during March and November 2024. The management replied that due to non-availability of required financial resources the department is facing problem to address the issue.

The reply was not accepted despite having a full-fledged Civil Division non-provision of basic facilities is failure of the department.

The DAC meeting was held on 16.10.2024. The DAC was not convinced with the stance of the department and referred the para to PAC.

Audit recommends that basic necessities may be provided in schools.

AP-88/2023-24 and 903/2024-25

24.4.6 Late/non-provision of text books to students

According to Section-27 of the Gilgit-Baltistan Order 2018 the government shall provide free and compulsory education to all children of the age of five to sixteen years in such manner as may be determined by law.

During the audit of office of the Deputy Director Education Gilgit and Ghizer for the Financial Years 2021-22, 2022-23 and 2023-24, it was revealed that 397 schools of HSS, High, Middle and Primary level are providing education to 55,916 students in Gilgit and Ghizer Districts. Audit observed that:

- i. Indent for text books was initiated by the department on 18.08.2022 for provision of books of different grades. Whereas the session was started in April.
- ii. Indent were received by the focal person district Gilgit on 02.02.2023 with the note that books of 10th class (science, Arts and Islamiyat) are not provided by the Director Education.
- iii. In some cases, books were delivered to students in September 2023.
- iv. In most cases detail regarding provision of Books to students are missing.
- v. As informed by the management that text books of Islamiyat for 10th class were not provided during entire academic session.

Forgoing above, it could not be ascertained whether the books were delivered intime or otherwise.

Audit is of the view that non-provision of books to students intime is not only against the spirit of the provision of Gilgit-Baltistan Order 2018 but it also affected the performance of the students.

The irregularity occurred due to weak administrative control and negligence of the department.

The irregularity was pointed out during March 2024. The management replied that National Book Foundation supplied the books in piece-meal manner. The department further distribute the books to respective head masters for further distribution to students.

The reply is not accepted as the management has not formulated any mechanism for printing and distribution of books well before the start of academic year.

The DAC in its meeting held on 16.10.2024 directed the management to formulate a policy for timely printing and distribution of books and referred the para to PAC.

Audit recommends that matter may be inquired to fixing the responsibility person at fault besides formulating a policy for timely printing and distribution of books.

AP-89/2023-24 and 904/2024-25

24.4.7 Non-imposition of penalty for delay delivery – Rs.3.819 million

According to the supply orders issued by Deputy Director, Education, Diامر, payment was to be made after completion of supply of required articles in the relevant schools of Diامر and on submission of proper receipt duly verified by the verification committee /In-Charge of the respective schools. In case of failure, 10% performance security was to be forfeited in favor of department.

The Deputy Director, Education Diامر during the Financial Years 2018-19 to 2023-24, issued 09 supply orders to different contractors amounting to Rs.38.198 million for supply of furniture, machinery & equipment and lab equipment. As per acknowledgments/receipts of In-charge of respective schools all the required articles delivered after 30th June of each financial year (between July to Oct). Audit observed that contractors failed to complete delivery of required articles within the stipulated period. However, management did not impose penalty against the contractors as per condition of supply orders, which works out to Rs.3.819 million (Rs.38.198 x 10/100).

Audit is of the view that irregularity was occurred due to non-adherence to the terms and conditions of the supply orders due to weak internal controls.

The irregularity was pointed out during July 2024. The management replied that the contractors have supplied all the items well in time before closing of June. In cases where supply was delayed the time extension was granted to the contractors. All the items have been delivered to the schools as per the specifications of the PC-1.

The reply was not accepted as the items were received after expiry of the delivery period.

The DAC in its meeting held on 25.12.2024 directed the management to impose the penalty on respective contractors in accordance with the provision of contract and to affect the recovery accordingly.

Audit recommends that pointed out recovery be effected from the contractors.

AP-556/2024-25

24.4.8 Loss to government due to award of contract at higher rates-Rs.2.399 million

According to Rule-4 of Public Procurement Rules 2004, procuring agencies, while engaging in procurements, shall ensure that the procurements are conducted in fair and transparent manner, the object of procurement brings value for money to the agency and the procurement process is efficient and economical.

The Deputy Director Education, Shigar during the Financial Year 2023-24, awarded the contracts involving the cost of Rs.4.358 million to different contractors on account of supply of machinery & equipment under different development schemes. Audit observed that an identical specification of IT equipment was formulated for purchase of these item from different projects. However, the management obtained separate quotation from bidders for each project instead of grouping the procurement in order to obtain competitive rates resultantly the government sustained a loss of Rs.2.399 million.

Audit is of the view that the management did not plane the procurement which resulted in loss to government.

The irregularity was pointed out during September 2024. The management replied that the tender was divided into five lots with the condition that one contractor can apply for one lot. Due to which different contractors applied for different projects and quoted different rates against the same items and accordingly the supply order issued to the lowest bidders as per rule.

The management admitted the point of view of the audit.

The DAC meeting was held on 25.12.2024. The DAC was not convinced with the reply and stance of department and referred the para to PAC for deliberation and decision.

Audit recommends that responsibility may be fixed for the irregularity besides stopping such practice.

AP-667/2024-25

24.4.9 Irregular purchase of machinery & equipment– Rs.23.435 million

According to Para-56 of CPWD Code, properly detailed estimates must be prepared for the sanction of competent authority for seeking technical sanction to those estimates. The estimates so framed are considered a guarantee that the proposals are structurally sound, accurately calculated and based on adequate data.

The Deputy Directors Education Shigar and Ghizer during the Financial Years 2021-22 and 2022-23, purchased the machinery & equipment under various development schemes involving cost of Rs.23.435 million. Audit observed that neither detail estimates were prepared nor technical sanction of estimates were

sought from the competent authority. Moreover, sanction of expenditure was accorded by the respective head of offices whereas no power has been delegated to the offices for sanctioning of expenditure out of development schemes.

Audit is of the view that the development expenditure without obtaining technical estimates and sanction was violation of provision of CPWD code and irregular.

The irregularity was pointed out during September 2024. The management replied that financial sanction was accord within delegated power.

The reply was not accepted as the power was delegated for non-development expenditure and not for development expenditure.

The DAC meeting was held on 25.12.2024. The DAC was not convinced with the reply and stance of department and referred the para to PAC for deliberation and decision.

Audit recommends that responsibility may be fixed for the irregularity besides stopping such practice.

AP-668 and 895/2024-25

24.4.10 Non-taking over completed projects due to non-payment of liabilities-Rs.10.671 million

According to Para-3.33 of the Guidelines for Project Management issued Projects Wing of Planning Commission, the project is considered to be completed / closed when all the funds have been utilized and objectives achieved, or abandoned due to various reasons.

The Deputy Director Education Shigar during the Financial Year 2023-24, completed eight development schemes involving cost of Rs.95.434 million. The management incurred an expenditure of Rs.84.763 million. However, liabilities of Rs.10.671 million have not been cleared against these projects. Audit observed that these projects have been deleted from ADP after completion whereas the management did not take over the projects being incomplete due to non-clearance/payment of the liabilities of the contractors amounting to Rs.10.671 million.

Audit is of the view that non-payment of liabilities against work done at closing stage has not only made the projects ineffective but with the passage of time the built-up structure will further deteriorate and will require repair and maintenance cost.

The irregularity was pointed out during September 2024. The management replied that the timely released of funds was a major issue in completion of the

buildings within the stipulated time frame. Despite repeated requests funds have not been provided.

The DAC meeting was held on 25.12.2024. The DAC directed the management to inquire the issue regarding deletion of schemes whether the deletion was made on the request of department or otherwise.

Audit recommends that liabilities of the contractor may be cleared in order to take over completed projects and to make them functional.

AP-669/2024-25

24.4.11 Un-authorized utilization of funds –Rs.400.000 million

According to Rule-7(b) of Gilgit-Baltistan System of Financial Control and Budgeting Rules 2009, the Principal Accounting Officer shall ensure that the funds allotted to a Department, etc. are spent for the purpose for which these are allotted. He shall ensure that neither he nor his subordinates disregard the instructions issued by government from time to time for proper utilization of funds placed at his disposal.

The Director Education (Planning) Gilgit during the Financial Year 2023-24, awarded the work on account of “Transformation of 178 Govt. Schools into Smart Schools in Gilgit-Baltistan” to Special Communication Organization (SCO) at contract cost of Rs.400.000 million. Audit observed that funds were released by the Gilgit-Baltistan Council for procurement of 100 digital screens and 2000 laptops vide letter No. FI.5(3)/2019/GBC dated 21.07.2023 under development scheme. Whereas the department utilized the funds for project “Transformation of 178 Govt. Schools into Smart Schools in Gilgit-Baltistan” under recurrent budget without the approval of Gilgit-Baltistan Council and without preparation of PC-I as the funds were released for development scheme.

Audit is of the view that funds were neither utilized for intended purpose nor concurrence was obtained from sponsoring agency for utilization of grant under existing arrangement.

The irregularity was pointed out during October 2024. The management replied that the funds Rs.400.000 million were released by the Finance Department for transformation of 178 Govt. Schools.

The reply was not accepted as the funds were not utilized for intended purpose.

The DAC meeting held on 25.12. 2024. The DAC was not convinced with the stance of management and being a policy issue the DAC referred the case to PAC.

Audit recommends that responsibility may be fixed for the irregularity beside regularizing the expenditure from competent forum.

AP-715/2024-25

24.4.12 Un-due favour to contractor –Rs.400.000 million

According to Rule-45-f (ii) of Gilgit-Baltistan Public Procurement Rules 2022, the organization or the body shall accomplish the work or the services including consultancy services, exclusively through its own resources without involving private sector as a partner or in the form of a joint venture or as a sub-contractor.

The Director Education (Planning) Gilgit during the Financial Year 2023-24, awarded the work on account of “Transformation of 178 Govt. Schools into Smart Schools in Gilgit-Baltistan” to Special Communication Organization (SCO) at contract cost of Rs.400.000 million. The management incurred the expenditure of Rs.400.000 till June, 2024. Audit observed that:

- i. The SCO is neither manufacturer of LCDs, Laptops, Solor Panels and LMS system therefore, does not qualify for award of contract in terms of Rule 45-f (ii) of Gilgit-Baltistan Public Procurement Rules 2022.
- ii. No record was available regarding decision of the competent authority for initiating of this project.
- iii. Initially funds were released as Development Grant later on the funds were transferred non-development budget without the approval of government.
- iv. Final payment was made to contractor whereas no record was available with management regarding installation, testing and commissioning the Learning Management System (LMS), Solor System, Chromebooks and LCDs in accordance with provision of the agreement.
- v. Contract period i.e. one year was to be completed in November 2024. Whereas final and total payment of Rs.400.000 million was paid to contractor in advance in the month of June 2024 just to utilize the available funds.
- vi. LMS system alongwith source code was to be provided by the SCO in 178 schools whereas the SCO only upgraded the existing LMS system.

Audit is of the view that irregularities occurred due to non-adherence to the rules and weak internal controls, resultantly, undue favour was extended to contractor.

The irregularity was pointed out during October 2024. The management replied that the project was executed through inviting State-Owned Entities under rule 45 (f) of Gilgit-Baltistan Procurement Rules 2022. Performance security bond submitted by the Firm legally covers the security deposit. As per RFP, provision of LMS with Source Code was the responsibility of IT department which has been done as per RFP. Moreover, SCO has not been paid against the provision of LMS with Source Code.

The reply was not accepted as the contract was awarded in violation of rules.

The DAC meeting held on 25.12. 2024. The DAC was not convinced with the stance of management and being a policy issue the DAC referred the case to PAC.

Audit recommends that responsibility may be fixed for the irregularity beside strengthening the internal controls.

AP-716/2024-25

24.4.13 Un-authorized advance payment-Rs.12.978 million

According to Rule-397 of Federal Treasury Rules, Vol-I, a general rule, and subject to such exceptions as may be authorized by the Government, no payment can be made to a contractor, except for work actually done or supplies actually received.

The Deputy Director Education Ghizer during the Financial Years 2022-23 and 2023-24, made payment of Rs.12.978 million to different contractors on account of supply of machinery & equipment and furniture under different development schemes. Audit observed that supply order was issued on 07.06.2024 with 05 days delivery time whereas, the contractor supplied the items during the month of September-October 2024 as evident from delivery challan and acknowledgments. However, the payment was made during month of June.

Audit is of the view that payment to contractor was made in advance just to utilize the funds and undue favour to the contractors.

The irregularity was pointed out during November, 2024. The management did not furnish the reply till finalization of the report.

The PAO was requested to convene a DAC meeting vide letter dated 29.11.2024 followed by reminder dated 09.12.2024 and 19.12.2024. However, the DAC meeting could not be convened till finalization of the report.

Audit recommends that responsibility may be fixed for the irregularity besides stopping such practice.

AP-896/2024-25

24.4.14 Overpayment to contractor– Rs.3.353 million

According to Para-228 and 229 CPWA Code advances to contractors are as a rule prohibited, and every endeavor should be made to maintain a system, under which no payments are made except for actual work done.

The office of the Executive Engineer Works Division, Education Department Gilgit-Baltistan for the Financial Year 2023-24, it was revealed that the management

executed different schemes through various contractors. Audit observed that contractors were paid Rs.3.353 million in excess on account of non-utilization of stone. Details are at **Annexure-29**.

Audit is of the view that the total stone quantity available at site was not utilized and higher rate was allowed to the contractors, which resulted in overpayment amounting to Rs.3.353 million to contractors.

The irregularity was pointed out during November, 2024. The management did not furnish the reply till finalization of the report.

The PAO was requested to convene a DAC meeting vide letter dated 29.11.2024 followed by reminder dated 09.12.2024 and 19.12.2024. However, the DAC meeting could not be convened till finalization of the report.

Audit recommends that overpaid amount be recovered from the contractors besides strengthening of technical and financial controls.

24.4.15 Loss to government due to award of work to the 2nd lowest bidder – Rs.6.388 million

According to Clause-28.4 of invitation to bid, if the bid of the successful bidder is seriously unbalanced in relation to the employer's estimates of the cost of work to be performed under the contract, the employer may require the bidder to produce detailed price analyses for any or all items of the bill of quantities to demonstrate the internal consistency of those prices with the construction methods and schedule proposed. After evaluation of the price analyses, the employer may require that the amount of the performance security set forth in clause IB.32 be increased at the expense of the successful bidder to protect the employer against financial loss in the event of default of the successful bidder under the contract.

The Executive Engineer Works Division, Education Department Gilgit-Baltistan during the Financial Year 2023-24, awarded different works to various contractors at cost of Rs.26.399 million. Audit observed that the contracts were awarded to 2nd lowest bidder without affording opportunity of providing detailed price analysis of items of BoQ to seek internal consistency of prices with the construction methods and sufficient times. Details are as under:

(Rs. in million)					
AP No.	Schemes	1st lowest	2nd lowest	Amount	Remarks
1021	Up-Gradation of PS Asumber Tehsil Ishkoman District Ghizer	13.193	16.282	3.089	1 st lowest M/S Bugdad Shah & Sons bid rejected and contract awarded to second lowest M/S Asad Brothers.
1022	Construction of Primary of Primary School Giyote Makal	4.173	5.299	1.126	1 st lowest M/S Bugdad Shah & Sons bid rejected and contract awarded to second lowest M/S Raqeeb Shah & Sons.

1023	Construction of boys and girls primary schools in GBLA-17 Darel	2.645	4.818	2.173	1 st lowest M/S Muhammad Bashir & Brothers bid rejected and contract awarded to second lowest M/S Mehmood Hassan.
Total		20.011	26.399	6.388	

Audit is of the view that the works were awarded at higher rates to the 2nd lowest bidders due to non-adherence to clause 28.4 of invitation to bid and imprudent decision of the management, which resulted in loss of Rs.6.388 million.

The irregularity was pointed out during November 2024. The management did not furnish the reply till finalization of the report.

The PAO was requested to convene a DAC meeting vide letter dated 29.11.2024 followed by reminder dated 09.12.2024 and 19.12.2024. However, the DAC meeting could not be convened till finalization of the report.

Audit recommends that responsibility may be fixed for the irregularity.

24.4.16 Irregular award of contracts –Rs.62.337 million

According to Rule-38-B(1)(a)&(c) of Public Procurement Rules 2004, the procuring agency shall consider single bid in goods, works and services if it meets the evaluation criteria, ensures compliance of specifications and other terms & conditions expressed in advertisement or bid solicitation documents and conforms to the technical specifications. According to Rules-50 of Public Procurement Rules 2004, any unauthorized breach of these rules shall amount to mis-procurement.

The Executive Engineer Works Division, Education Department Gilgit-Baltistan during the Financial Year 2023-24, awarded different works to various contractors at cost of Rs.62.337 million. Audit observed that the contracts were awarded to different contractors being a single participant bidder at cost of Rs.62.337 million. Details are **Annexure-30**.

Audit is of the view that Rs.62.337 million contracts were awarded through articulated and manipulative practices in violation of public procurement rules.

The irregularity was pointed out during November, 2024. The management did not furnish the reply till finalization of the report.

The PAO was requested to convene a DAC meeting vide letter dated 29.11.2024 followed by reminder dated 09.12.2024 and 19.12.2024. However, the DAC meeting could not be convened till finalization of the report.

Audit recommends that responsibility may be fixed for the irregularity.

24.4.17 Wasteful expenditure on sick schemes of Rs.113.083 million

According to Para-7.1 of Manual of Development the objectives of any effort in project planning and analysis is to have a project that can be implemented to the benefit and socio-economic uplift of the society. The objective of initiating a project is to make it fully functional and getting them fully underway for achieving the goals envisaged without any time and cost over-run, in order that the economic benefits accrue according to the promises made in the scheme.

During the audit of the Executive Engineer Works Division Education Department Gilgit-Baltistan for the Financial Year 2023-24, it was revealed that two schemes were started in 2006-07. Audit observed that after making an expenditure of Rs.113.083 million the schemes are still incomplete despite laps 18 years. Details are as under:

(Rs. in million)				
S. No	Name of Scheme	Date of approval	Expenditure incurred till date	Status
1	Up-gradation of schools (adhoc) in Gilgit	07.07.2007	94.993	In complete
2	Up-gradation of 4 Nos. m/S Huddur, Sair Dass Khinner, Sari Thore and Shaheen Village Chilas to H/S	28.08.2006	18.090	In complete
	Total		113.083	

Audit is of the view that non-completion of schemes resulted in substantial loss of Rs.113.083 million. The irregularity occurred due to weak internal control which resulted in blockage of government funds.

The irregularity was pointed out during November, 2024. The management did not furnish the reply till finalization of the report.

The PAO was requested to convene a DAC meeting vide letter dated 29.11.2024 followed by reminder dated 09.12.2024 and 19.12.2024. However, the DAC meeting could not be convened till finalization of the report.

Audit recommends that responsibility may be fixed for the irregularity.

AP-1028/2024-25

24.4.18 Non-revalidation of performance security– Rs.27.418 million

According to Clause-10.1 of COC Part-II the contractor shall provide Performance Security equal to 10% of contract price to the Employer within 28 days after the receipt of the Letter of Acceptance in the form of either (a) bank guarantee from any Scheduled bank in Pakistan or (b) bank guarantee from a bank located outside Pakistan duly counter-guaranteed by a Scheduled Bank in Pakistan (c) an insurance company having at least AA rating from PACRA/JCR to valid up till completion of project.

The Executive Engineer Works Division Education Department Gilgit-Baltistan during the Financial Year 2023-24, awarded various contracts amounting to Rs.274.196 million to various contractors, which were not completed within the stipulated period of time. Audit observed that the management did not get revalidated the 10% performance guarantee amounting to Rs.27.418 million till the expiry of the defect liability period in violation of provisions of the contracts. Details are at **Annexure-31**.

Audit is of the view that the violation occurred due to non-adherence to the contracts provision and weak internal controls.

The irregularity was pointed out during November, 2024. The management did not furnish the reply till finalization of the report.

The PAO was requested to convene a DAC meeting vide letter dated 29.11.2024 followed by reminder dated 09.12.2024 and 19.12.2024. However, the DAC meeting could not be convened till finalization of the report.

Audit recommends that performance guarantees as required may be obtained from the contractors besides strengthening of internal controls.

AP-1030/2024-25

24.4.19 Non-obtaining of insurance coverage and non-recovery of inbuilt premium– Rs.3.677 million

According to Clause-21.1 of COC Part-1 the contractor shall, without limiting his or the employer's obligation and responsibilities under clause 20, insure the work together with materials and plant for incorporation therein, to the full replacement cost. An additional sum of 15 per cent such replacement cost, or as may be specified in Part II of these conditions, to cover any additional costs of and incidental to the rectification of loss or damages including professional fees and the cost of demolishing and removing any part of the works and of removing debris of whatsoever nature and the contractor's equipment and other thing brought on the site by the contractor for a sum sufficient to provide for their replacement at the site.

The Executive Engineer Works Division Education Department Gilgit-Baltistan during the Financial Year 2023-24, awarded various works to different contractors involving agreements cost of Rs.367.818 million. Audit observed that the department did not obtain the required insurance policies from the contractors. Insurances were not invoked, which not only tantamount to undue benefits to the contractors to extent of Rs.3.677 million but also put the entire works, equipment, property and labour at risk. Details are at **Annexure-32**.

Audit is of the view that irregularity occurred due to weak internal control which resulted in non-obtaining of insurance.

The irregularity was pointed out during November, 2024. The management did not furnish the reply till finalization of the report.

The PAO was requested to convene a DAC meeting vide letter dated 29.11.2024 followed by reminder dated 09.12.2024 and 19.12.2024. However, the DAC meeting could not be convened till finalization of the report.

Audit recommends recovery of insurance premium against uninsured period from the contractors.

AP-1031/2024-25

CHAPTER-25

25. SOCIAL WELFARE, POPULATION WELFARE AND WOMEN DEVELOPMENT DEPARTMENT

25.1 Introduction

A. The functions of the Social Welfare, Population Welfare and Women Development Department include professional and financial assistance to registered voluntary social welfare agencies, social and economic development of the people particularly women, training and rehabilitation of the handicapped and chronically sick, provision of opportunities and training for social and economic development to poor women in both urban and rural areas through development schemes and programs. The department provides professional and financial support to voluntary women welfare and development agencies/organizations, training, income generating skills and rendering opportunities for income generation to poor women.

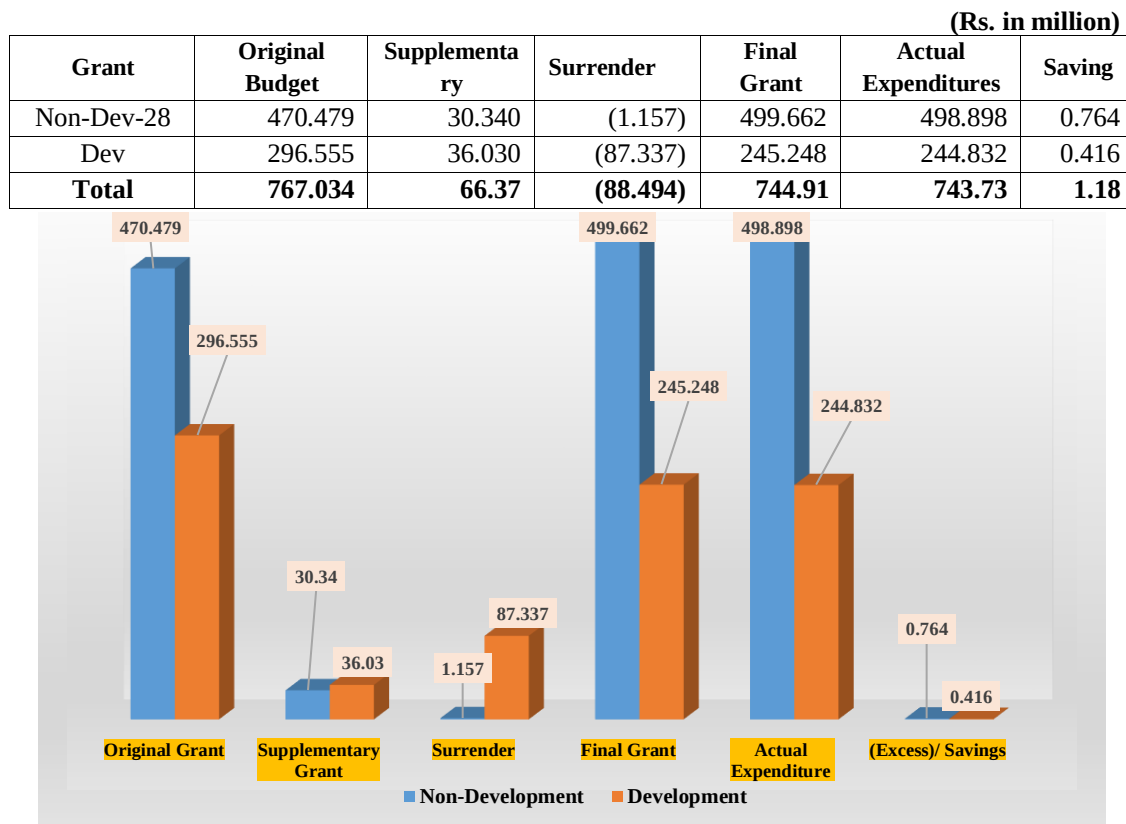


Audit Profile of Social Welfare, Population Welfare and Women Development Department

(Rs in million)					
Sr. No.	Description	Total Nos	Audited	Expenditures audited FY 2023-24	Receipts FY 2023-24
1.	Formations	23	02	783.589	1.877

B. Comments on Budget & Accounts (Variance Analysis)

Budget allocation and expenditures of the department for the financial year 2023-24 is as under:



An allocation of Rs.470.479 million was made for non-development budget. During the year, supplementary grant of Rs.30.340 million was approved which is 6.45% of the original allocation. The department also surrendered an amount of Rs.1.157 million. Against final grant of Rs.499.662 million, the department utilized funds of Rs.498.898 million which is 99.85% of the final grant.

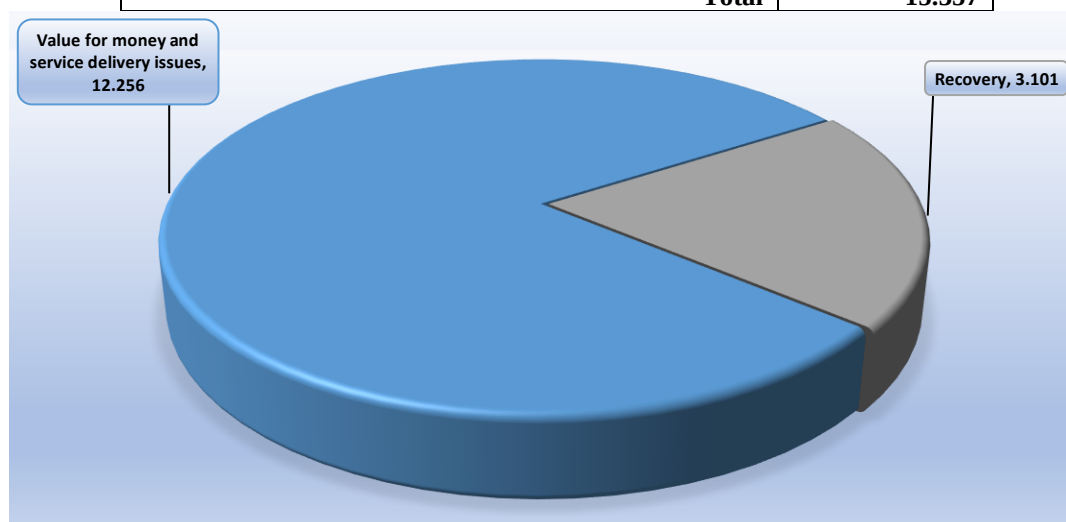
Similarly, allocation of Rs.296.555 million was made for development budget. Against final grant of Rs.245.248 million the department utilized funds of Rs.244.832 million which is 99.83% of the final grant.

25.2 Classified summary of Audit observations

Audit observations amounting to Rs.15.357 million were raised in this report during current audit of the department. This amount also includes recoveries of Rs.3.101 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	12.256
2.	Recovery	3.101
Total		15.357



25.3 Comments on the status of compliance with PAC directives

Following PAC meetings were held to discuss the audit paras of the department:

Years	No of audit paras	No of Actionable Points	Compliance	Non-Compliance	% of Compliance
2021-22	1	1	1	0	1
2023-24	2	2	0	2	0

25.4 AUDIT PARAS

25.4.1 Loss to government due non-investment of funds – Rs.12.256 million

According to Rule-11 of GFR 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.

The Social Welfare Department Gilgit-Baltistan deposited Rs.203.000 million for endowment fund under Chief Minister Self Employment in Bank of Punjab. The management withdraw profit as well as principal amount on 19.11.2019 upon maturity of term leaving a balance of Rs.4.429 million. During the audit for the Financial Years 2022-23 and 2023-24, it was observed that the outstanding balance was neither withdraw nor invested in next bidding process. Credit Balance of Rs.4.429 million lying outstanding with the bank without generating profit to the department. This resulted in loss Rs.1.736 million to government on account of unutilized balance of Rs.4.429 million.

Similarly, the funds of Rs.203.000 million were re-invested in National Bank of Pakistan on 19.11.2019. TDR was matured on 19.11.2020 having balance of Rs.230.339 million (Principal amount + interest). The funds remained in current account without generating profit from 20.11.2020 to 26.03. 2021. The funds remained in current account without generating profit from 20.11.2020 to 26.03. 2021, resultantly, due to non-encashment of TDR timely and its non-reinvestment, the government sustained loss of Rs.10.820 ($230338534 \times 13.5\% \times 127$ days).

Audit of the view that loss occurred due to weak financial management and internal controls.

The irregularity was pointed out during May 2024. The management did not furnish the reply till finalization of report.

The PAO was requested to convene a DAC meeting vide letter dated 02.07.2024 and followed by reminders dated 23.10.2024, dated 29.11.2023 and 13.12.2024. However, the DAC meeting could not be convened till finalization of the report.

Audit recommends that responsibility may be fixed.

AP-286 and 287/2023-24

25.4.2 Non-recovery of profit from bank – Rs.3.101 million

According to Para-23 of GFR volume-I, 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.

The Social Welfare Department Gilgit-Baltistan deposited Rs.203.000 million in one-year TDR and Rs.15.561 million realized from profit for endowment fund under Chief Minister Self Employment in Karakorum Cooperative Bank Limited on 18.04.2022. TDR was matured on 18.04.2023. The bank statement showing profit amount of Rs.24.815 million (40.376 -15.561) up to maturity period i.e., 18.04.2023. During the audit for the Financial Years 2022-23 and 2023-24, it

was observed that the Karakorum Co-Operative Bank Limited bank statement of Account No. MMA 09161-005 opened on 13.04.2022 showed profit of Rs.24,815,565 instead of Rs.27,917,159 ($203,000,000 \times 12.55\% = 25,476,500.00 + 15,560,845 \times 16\%$ on monthly basis= 2,440,659) which resulted in lesser profit of Rs. 3,101,594.

Audit is of the view that less recovery occurred due to weak financial management and internal controls.

The irregularity was pointed out during May, 2024. The management did not furnish the reply till finalization of report.

The PAO was requested to convene a DAC meeting vide letter dated 02.07.2024 and followed by reminders dated 23.10.2024, dated 29.11.2023 and 13.12.2024. However, the DAC meeting could not be convened till finalization of the report.

Audit recommends that balance amount be recovered from the bank.

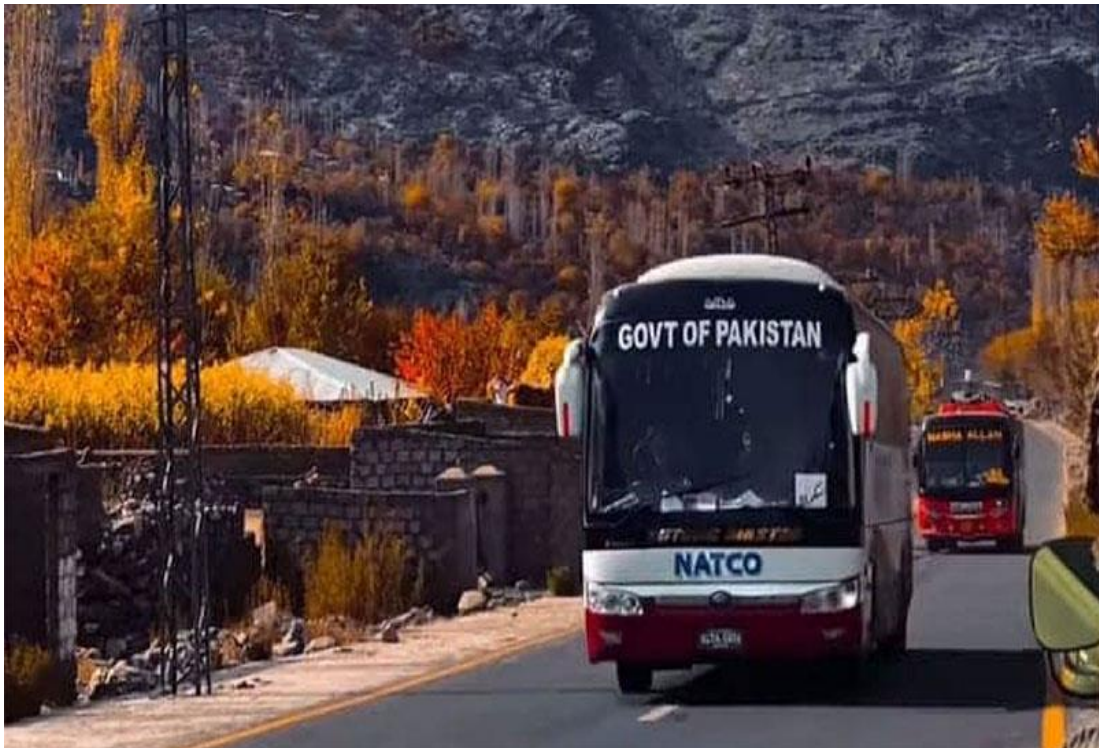
AP-288/2023-24

CHAPTER-26

26. NORTHERN AREAS TRANSPORT CORPORATION (NATCO)

26.1 Introduction

A. Northern Areas Transport Corporation (NATCO) (Private) Limited was incorporated in 1989 as a Private Limited Company. The company is primarily engaged in providing transportation facilities in northern areas of Pakistan. The company also provides subsidized transport service in the far-flung areas besides provision of concessional tickets to the students of Northern Areas. In accordance with provision of Memorandum of Association, the company is also authorized to promote and undertake the formation and establishment of such institutions, business or companies as may be considered to be conducive to the profit and interest of the Company. The company is wholly owned by the government of Gilgit-Baltistan. Under Article 52 of the Article of Association of the Company, the Chief Secretary Gilgit-Baltistan is the Chairman of the Board of Directors of NATCO, working under the supervision of the government. The managing director (MD) is the Chief Executive of the Company and he functions and exercises powers in relation to management and administration of the company subject to the general supervision and control of the chairman of Board/Chief Secretary, Gilgit-Baltistan.



Audit Profile of Northern Areas Transport Corporation (NATCO)

(Rs. in million)

S. No.	Description	Total Nos.	Audited	Expenditures audited FY 2022-23	Revenue FY 2022-23
1.	Formations	01	01	431.161	

B. Comments on Revenue and Expenditure (Variance Analysis)

Revenue and expenditure position of the Company for the Financial Year 2022-23 is as under:

(Rs. in million)

	Revenue from Passenger, Cargo, Operations and subsidy from Govt.	Cost of Service (Fleet, traffic and workshop charges)	Gross Profit/ Loss	Administrative expenses	Financial expenses	Operating Profit/ Loss	Other Income/ Loss	Net Profit/ Loss
NATCO	1,463.018	1,391.870	71.148	108.922	1.742	39.516	0.685	38.831

The revenue of the company for the Year 2022-23 was Rs.1,463.018 million including grant of Rs.220.000 million received from government. The revenue includes an amount of Rs.671.478 million generated from passenger operation which constitutes 45.89% of the revenue. Whereas, the company also generated revenue of Rs.571.540 million from cargo operation which comes to 39.07% of revenue of the company. In addition of revenue from passenger and cargo operation the company earned an amount of Rs.0.685 million as other incomes.

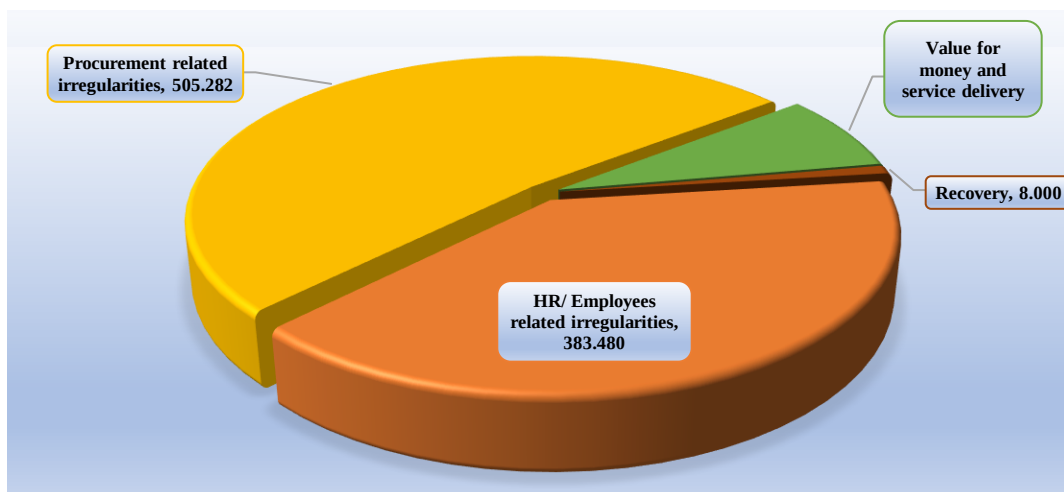
The overall expenditure of the company including cost of service, administrative expenses and financial expenses comes to Rs.1,502.534 million. During the year, the company sustained a gross profit of Rs.71.148 million whereas the operating loss was Rs.39.516 million. However, after making adjustment of other incomes the net loss of the company was Rs.38.831 million.

26.2 Classified summary of Audit observations

Audit observations amounting to Rs.972.364 million were raised in this report during current audit of the company. This amount also includes recoveries of Rs.8.000 million. Summary of the audit observations classified by nature is as under:

(Rs. in million)

S. No.	Classification	Amount
1.	HR/ Employees related irregularities	383.480
2.	Procurement related irregularities	505.282
3.	Value for money and service delivery issues	75.602
4.	Recovery	8.000
Total		972.364



26.3 Brief comments on the status of compliance with PAC directives

No meeting of PAC has been held to discuss audit paras of the company.

26.4 AUDIT PARAS

26.4.1 *Operating loss due to non-conducting of root cause analysis -Rs.39.516 million*

According to Rule-7(1) of the of the Public Sector Companies (Corporate Governance) Rules 2013, significant issues including annual business plans, cash flow projections, forecasts and long-term plans; budgets including capital, manpower and expenditure budgets, along with variance analyses should be placed before the Board for its information and consideration, in order to formalize and strengthen the corporate decisions making process.

The Northern Areas Transport Corporation (NATCO) was maintaining a fleet of 185 passengers' vehicles of different make and models including buses, coasters etc. including 150 cargo vehicles for cargo operation. During the year the NATCO generated revenue of Rs.1,463.018 million from passengers and cargo operations. During the audit for the Financial Year 2022-23, it was observed that:

- i. During the year 2022-23 the company generated revenue of Rs.1,463.018 million and made expenditure of Rs.1,502.534 million resulting into operating loss of Rs.39.516 million. The Government of Gilgit-Baltistan in the year 2022-23 has also granted annual subsidy of Rs.220.000 million.
- ii. For the year 2022-23 the management neither prepared annual budget nor any business plan to estimate the revenue and expenditure of the Corporation. Due to non-existence of budgetary mechanism the management also utilized the deductions made from the salaries of employees (CP Fund, EBOI, State life Pension, Group Insurance) for its operational activities.
- iii. The company did not operate its online booking system and fuel management system to reduce the operational losses/leakages.

- iv. For exploring new avenues and opportunities in the market either in cargo or in passenger operations the marketing section of the NATCO neither devised any strategy nor made any major contribution for revenue generation except to the extent of issuance of passenger's discount card.
- v. The management did not carry out root cause analysis of its operation at its own or by consultancy firm as well as no segment accounting was carried out.

Audit is of the view that the dependency of the Company on the government grant is increasing due to operational inefficiencies, non-preparation of annual budget and a well thought business plan.

The irregularity was pointed out during March 2024. The management replied that the gross income for the year 2022-23 increased to Rs.1,438.000 million as compared to previous year gross income of Rs.1,233.000 million. NATCO has sustained net loss during financial year 2022-23 since the cargo business won by NATCO from Food department has been decreased from Rs.704.000 million to Rs.569.000 million as Federal Government reduced wheat quota of Gilgit-Baltistan by 400,000 bags for the FY 2022-23. The management of NATCO has taken steps to increase revenue of Rs.209.000 million per annum of the Corporation.

The reply is not supported by the measures taken to reduce the losses and to increase the operational efficiencies.

The DAC meeting was held on 06.06.2024. The DAC did not convince with the stance, as no concrete steps were taken for conducting root cause analysis to reduce operational loss by increasing revenues through sustainable business plan. After detailed discussion, the committee referred the para to PAC for deliberation.

Audit recommends that to run the affairs of the Company in most economical and efficient manner by keeping in view the objective of profit maximization, each year a proper budget be prepared.

AP-92/2023-24

26.4.2 Overpayment due to non-deduction of income tax – Rs.8.000 million

According to Section-153(1)(b) of Income Tax Ordinance 2001, 4% tax on services is liable to be charged by the withholding agents while making payments. As per Federal Board of Revenue vide its Circular No. 14 of 2016 (Income Tax) vide No. C.No. 1(26)/Secy(ITP)/2016/1266903-2 dated 03.10.2016 income shall be taxable with reference to the place where the contract is actually executed, irrespective of the place where the contract is made or payment is received.

The Northern Areas Transport Corporation (NATCO) executed a contract for purchase of 08 Yutong Buses with M/s Master Motors Pvt Limited for Rs.200.000 million on 03.03.2022 in Islamabad through direct contracting under Public

Procurement Rule-42(c). During the audit for the Financial Year 2022-23, it was observed that while making advance/full payment of Rs.200.000 million, withholding tax @ 4% was not deducted from the supplier. Non-deduction of withholding tax resulted in overpayment of Rs.8.000 million.

Audit is of the view that overpayment occurred due to weak financial controls.

The irregularity was pointed out during March 2024. The management replied that the payment was made through Accountant General Gilgit-Baltistan, if withholding tax was applicable then AG-GB should have deducted the tax as per rule.

The reply is inconsistent with the provision of Federal Board of Revenue letter dated 03.10.2016.

The DAC meeting was held on 06.06.2024. The DAC directed either recovered the amount from Company by writing letter to them or seek guidance from Inland Revenue Department.

Audit recommends that amount may be recovered and deposited in government treasury.

AP-93/2023-24

26.4.3 Irregular expenditure without calling open tender-Rs.82.121 million

According to Sub-rules-(5)(c)(iii) of Rule 5 of the Public Sector Companies (Corporate Governance) Rules, 2013 the principle of relationship with stakeholders requires the Board to ensure compliance with the law and the Public Sector Company's internal rules and procedures relating to public procurement, tender regulations, purchasing and technical standards, when dealing with suppliers of goods and services.

The Northern Areas Transport Corporation (NATCO) incurred an expenditure of Rs.52.547 million and Rs.29.574 million on the procurement of spare parts & repair of passengers and cargo operations vehicles respectively. Detail is as under:

(Rs. in million)		
S. No.	Detail	Amount
1	Repair and Maintenance on Passenger Operations vehicles	52.547
2	Repair and Maintenance on Cargo Operations vehicles	29.574
Total Repair and Maintenance Expenditure (Rs)		82.121

During the audit for the Financial Year 2022-23, it was observed that:

- i. The repair and maintenance work of the vehicles was required to be advertised on the PPRA's website as well as in two leading newspapers (Urdu and English), whereas, the management of NATCO carried out the repair work on Request for Quotation (RFQ) basis by various vendors / workshops.
- ii. The entire repair and maintenance works were carried out on cash basis.
- iii. To bring transparency in procurement transactions, neither the Board of Directors nor the procurement section of NATCO formulated significant policy / mechanism to ensure the genuineness of the spares parts purchased. Further, no technical committee exists to determine the need assessment of the repair work.
- iv. The company has a full-fledged workshop at Gilgit and an annual expenditure of Rs.15.753 million (including salaries of workshop employees) was incurred.

Audit is of the view that in the absence of approved policy and repair mechanism the existing arrangement of carrying out repair work on cash basis is not only against the rules but it is most conducive for fraud and misappropriation.

The irregularity was pointed out during March, 2024. The management replied that the company always keeps following the public procurement rules and calls for tenders as well as Requests for Quotations (RFQ) as per the cost of repairs etc. This method of public procurement rules is also endorsed by the BOD in its meeting held on 8th June, 2018. However, repair and maintenance above Rs.500,000/- has been carried out after uploaded on websites of PPRA and NATCO as per rules.

The reply of the management was not tenable, as neither the Board has formulated any policy nor the management observe the Rule 12(2) of PPRA.

The DAC in its meeting held on 06.06.2024 directed the management to place the issue before the Board for making a policy to reduce cash/RFQ basis repair and maintenance in order to make the entire process transparent and effective. The DAC also directed that existing mechanical department/workshop may be strengthened to cope with routine repair and maintenance.

Audit recommends that decision of the DAC be implemented.

Note: *The issue was reported earlier also in the Audit Report for the Audit Year 2023-24 vide para number 17.4.1 having financial impact of Rs.132.403 million. Recurrence of same irregularity is a matter of serious concern.*

AP-94 and 99/2023-24

26.4.4 Non-preparation of business improvement plan

The Chief Minister Gilgit-Baltistan office vide letter dated 16.02.2021 allotted an amount of Rs.551.150 million to undertake the reform in Transport Sector/NATCO with the directives that the management shall come up with business improvement plan within a month and gets its approved from its Board. The management shall submit with budget estimates proposal of expenditure cuts through control over the recurring expenditure against the existing vehicular fleet, down/right sizing of employees and freezing employment related expenses and operating expenses. The management shall not only avoid to demand additional funds in future but also to ensure withdrawal from the existing grant in aid gradually by introducing the long-term business plan for sustainable improvements.

The Northern Areas Transport Corporation (NATCO) was maintaining a fleet of 185 passengers' vehicles of different make and models including buses, coasters etc. including 150 cargo vehicles for cargo operation. During the audit for the Financial Year 2022-23, it was noted observed that:

- i. The management of NATCO did not chalk out any business improvement plan in compliance of the directives of the Chief Minister.
- ii. The management was required to submit a proposal of expenditure cuts through control over the recurring expenditure against the existing vehicular fleet, down/right sizing of employees and freezing employment related expenses and operating expenses. However, no action was taken by the management in this regard.
- iii. Despite reduction in grant-in-aid, the management of NATCO obtain Rs.20.000 million more subsidy/grant-in-aid from the government as compare to last year.

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

The irregularity was pointed out during March, 2024. The management replied that several proposals for business improvement were presented to Board in its meeting held on 25.01.2024 and the Business Plan for Passenger Operations, Cargo Operations, NATCO Workshop, NATCO Fuel Pumps, Urban Transport Service, right sizing was approved.

The reply was not accepted as the management has not prepared a comprehensive business plan in line with mandate and objectives of the company.

The DAC meeting was held on 06.06.2024. The DAC was not convinced with the abnormal delay in implementation of the directives of CM. The DAC directed to conduct fact finding inquiry on the issue.

Audit recommends that to inquire the matters besides implementation of directives.

AP-95/2023-24

26.4.5 Un-authorized investment from contributory provident fund-Rs.172.476 million

According to Section-227(2) of the Companies Ordinance, 1984 substituted with Section-218(2) of the Companies Act 2017, where a provident fund has been constituted by a company for its employees or any class of its employees, all moneys contributed to such fund, whether by the company or by the employees, or received or accruing by way of interest, profit or otherwise from the date of contribution, receipt or accrual, as the case may be, shall be deposited in a National Savings Scheme, in a special account to be opened by the company for the purpose in a scheduled bank; or be invested in Government securities.

The NATCO made investment of Rs.172.476 million out of Contributory Provident Fund (CPF). Details are as under:

(Amount in Rs.)		
S. No.	Detail	Investment
1	Short Term Fixed Deposit	111,500,000
2	Investment in NATCO Stores Department (NSD)	7,038,300
3	Investment in EFU	22,704,401
4	State life Pension	31,232,801
Total		172,475,502

During the audit for the Financial Year 2022-23, it was observed that as on the 28.02.2021 the NSD sustained net loss of Rs.20.306 million. Due to persistent loss and increasing liabilities each year, the NATCO Board of Directors in the meeting held on 03.03.2021 decided to disposed of five NSD stores (including Dar Plaza, Jutial, FCNA, Wazir Plaza and Al-Saba branch). In these circumstances the invested amount of Rs.7.038 million out of CPF turned into loss. Further, investments were made in contravention of above-mentioned provisions of the Act which was un-authorized.

Audit is of the view that investment of CPF amount i.e. Rs.172.476 million in contrary to the above provision of the section 218(2) of Companies Act 2017 was un-authorized.

The irregularity was pointed out during March 2024. The management replied that the NSD earned huge profit of Rs.10.452 million from 2004 to 2014. Due to losses, the Board decided to shut down the NSD in 2021. CPF fund has been invested in Fixed Deposit and Insurance Companies with the willingness of the employees. Being an Autonomous body, the Corporation has no such fund by the Government to utilize in crises/emergency situations or to pay the salaries of its employees. The corporation earns and pays all the liabilities by its own resources. NATCO is trying its best to overcome the losses and pay off its outstanding liabilities.

The management did not reply regarding investment which was made in violation of section 218(2) of Companies Act 2017.

The DAC in its meeting held on 06.06.2024 directed the management to make the investment of contributory provident fund in accordance with the provisions of the Company Act in order to make the scheme more beneficial and effective for the employees of the company. DAC also directed the management to chalk out a comprehensive business plan to overcome the losses and to pay off the liabilities including the funds used out of employee's provident fund.

Audit recommends that decision of the DAC be implemented.

Note: *The issue was reported earlier also in the Audit Report for the Audit Year 2023-24 vide para number 17.4.2 having financial impact of Rs.172.476 million. Recurrence of same irregularity is a matter of serious concern.*

AP-96/2023-24

26.4.6 Un-authorized utilization of employee's compulsory contribution-Rs.211.004 million

According to Rule-18 of the Northern Areas Transport Corporation (Pvt) Limited (NATCO) employees service rules modified and amended 2015, all employees of the Company shall be covered by the employee's old age benefits scheme and Section-218 (2) of the Companies Act 2017, where a pension fund or any other contributory retirement fund has been constituted by a company for its employees or any class of its employees, all moneys contributed to such fund, whether by the company or by the employees, or received or accruing by way of interest, profit or otherwise from the date of contribution, receipt or accrual, as the case may be, shall be deposited in a National Savings Scheme, in a special account to be opened by the company for the purpose in a scheduled bank; or be invested in Government securities.

The NATCO management deducted an amount of Rs.16.658 million on account of EOBI contribution and Group Insurance from the NATCO Employees. Detail is as under:

(Rs. in million)		
S. No.	Particular	Amount
1	EOBI Contribution	12.720
2	Group Insurance	3.938
Total		16.658

During the audit for the Financial Year 2022-23, it was observed that the management utilized the employees' contribution of Rs.16.658 million for operational and non-development activities instead of investment. Similarly, from 2017-18 to 2022-23 the management has also utilized the deducted amount of CP fund i.e. Rs.194.346 million for operational activities as the same was not deposited into the employee's provident fund account.

Audit is of the view that the utilization of employee's compulsory contribution for operational activities was unauthorized and in violation of the rules

which needs to be justified. This incurred due to non-existence of effective internal controls.

The irregularity was pointed out during March 2024. The management replied that the company has no such fund to utilize in emergency situations. Due to increase in staff salary and increase in fuel prices, the transport sector is facing financial crisis. The management is trying its best to overcome the losses and payoff all liabilities.

The reply of the management was not tenable as no rule / policy exists to justify such utilization/expenditure. NATCO being the trustee was required to treat the deduction of CP Fund in accordance with rules.

The DAC in its meeting held on 06.06.2024 directed the management to refund the amount utilized to respective fund accounts along with interest besides devising a policy to overcome the losses.

Audit recommends that decision of the DAC be implemented.

Note: *The issue was reported earlier also in the Audit Report for the Audit Year 2023-24 vide para number 17.4.5 having financial impact of Rs.146.779 million. Recurrence of same irregularity is a matter of serious concern.*

AP-98 and 100/2023-24

26.4.7 Loss due to late procurement of buses – Rs.12.000 million

According to Para-4 of Gilgit-Baltistan Public Procurement Rules 2022 procuring agencies, while engaging in procurements shall ensure that the procurements are conducted in a fair and transparent manner, the object of procurement being value for money to the agency and the procurement process is efficient and economical.”

The Northern Areas Transport Corporation (NATCO) management received an amount of Rs.200.000 million on 01.09.2021 for purchase of buses. After lapsed of about a year, company entered into direct contracting PPRA Rule-42(c) with M/s Master Motors Pvt Limited on 03.03.2022 in Islamabad and transferred Rs.200.000 million on 12.04.2022. Further, the delivery of 02 buses was required to be made within 90 days and 06 buses within 120 days after the signing of the agreement i.e. 03.06.2022 and 03.07.2022 but the buses were received on 08.08.2022.

During the audit for the Financial Year 2022-23, it was observed that the management did not utilize the funds in efficient manner rather retain the funds idle for a year. Further the company was deprived/sustained loss of Rs.12.000 million (1.5*8) on account of opportunity revenue due to late delivery of buses as there was no clause of penalty on the part of supplier. This resulted loss to government and company for Rs.12.000 million.

Audit is of the view that loss occurred due to weak financial and management controls.

The irregularity was pointed out during March 2024. The management replied that situation was complicated by unforeseen logistic issues including shipping delays and custom clearance problems further exacerbating the situation, which posed significant challenges to import-dependent industries.

The management did not reply regarding a blocked of funds for almost a year.

The DAC meeting was held on 06.06.2024. The management explained that the country economic situation and other circumstances hindered our ability to expedite the procurement process. Audit contended that procurement was delayed due to poor procurement planning as well as buses were late in violation of contract agreement and penalty should have been imposed on the supplier. DAC referred the Para to PAC.

Audit recommends that the loss may be make good from the responsible besides strengthen internal controls.

AP-102/2023-24

26.4.8 Non-realization of outstanding escalation charges - Rs.423.161 million

According to Clause-4 of the Agreement deed signed between M/S NATCO and the Directorate of Civil Supplies and Transport, Gilgit-Baltistan on 07.07.2022, in case the Government of Pakistan (Oil & Gas Regularity Authority) fluctuates the prices of Diesel (HSD) by more than 15% during the contract period, escalation / de-escalation will be paid / adjusted by 25% over & above the increase / decrease of initial 15% during the contract period.

The NATCO management did not claim the price escalation in addition to already outstanding claim of Rs.423.161 million pertaining to previous years on account of escalation charges for transportation from Food Department Gilgit-Baltistan. During the audit for Financial Year 2022-23, it was observed that out of the total receivable amount of Rs.577.864 million from various parties/departments, claims amounting to Rs.423.161 million pertain to Directorate of Civil Supply and Transport, Gilgit on account of escalation charges on Transportation of Food which comes to 73 % of total accounts receivables.

Audit is of the view that the company is already facing financial crises due to non-recovery of escalation timely the company is compelled to run its affairs by borrowing money from various banks. This incurred due to existence of weak financial controls.

Audit is of the view that non-recovery of outstanding dues occurred due to weak financial controls.

The irregularity was pointed out during March, 2024. The management replied that the company is trying its best for early realization of outstanding dues and reminders are issued to the concerned departments.

The management admitted the point of view of the audit.

The DAC in its meeting held on 06.06.2024 directed to submit the claim of escalation amount for Financial Year 2022-23 to Food Department besides pursuing the recovery from all government departments including Food Department.

Audit recommends that outstanding dues may be recovered from Food Department besides strengthening the financial controls.

Note: *The issue was reported earlier also in the Audit Report for the Audit Year 2023-24 vide para number 17.4.6 having financial impact of Rs.423.161 million. Recurrence of same irregularity is a matter of serious concern.*

AP-103/2023-24

26.4.9 Un-authorized retention and utilization of passenger's insurance-Rs 2.755 million

According to Section-217 of the Companies Act, 2017 no company, and no officer or agent of a company, shall receive or utilize any money received as security or deposit, except in accordance with a contract in writing; and all moneys so received shall be kept or deposited by the company or the officer or agent concerned, as the case may be, in a special account with a scheduled bank.

During the Financial Year 2022-23, the NATCO collected an amount of Rs.1.377 million on account of passenger insurance. Audit observed that management neither took any decision to shift the financial risk on insurance company for insurance of passengers nor made any effort to invest the funds. Further, an amount of Rs.0.959 million was deposited while Rs.2.755 million was retained and utilized instead of depositing into passenger's insurance fund including retained balance of previous years.

Audit is of the view that the utilization of passenger insurance proceeds for other activities was unauthorized.

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

The irregularity was pointed out during March, 2024. The management replied that the company is trying its best to overcome the losses and payoff all liabilities. Expression of Interest (EOI) has been invited from reputable insurance companies for provision of insurance to passengers travelling in NATCO buses.

The reply was not acceptable as no provision exist for such utilization.

The DAC in its meeting held on 06.06.2024 directed that the loan taken from insurance account may be refunded besides making an agreement with insurance company for provision of insurance coverage to the passengers.

Audit recommends that decision of the DAC be implemented.

Note: *The issue was reported earlier also in the Audit Report for the Audit Year 2023-24 vide para number 17.4.4 having financial impact of Rs.3.330 million. Recurrence of same irregularity is a matter of serious concern.*

AP-104/2023-24

26.4.10 Loss due to opening of current accounts instead of special deposit account - Rs.1.025 million

According to Para-3 of Office Memorandum of Finance Division, Government of Pakistan No. F. 4(1)/2002-BR. II dated 2nd July, 2003 regarding “Working Balance” under new policy, public sector enterprises and local/autonomous bodies can deposit their working balance required for their operations with any public or private bank subject to the requirement, the bank with “A” rating, should be transparent (based on bids from at least three independent banks), deposit should be diversified and working balance limit should be determined with the approval of administrative Ministry in consultation with Finance Division.

The NATCO management was maintaining thirty current bank accounts in various scheduled and non-scheduled banks. During the audit for the Financial Year 2022-23, it was observed that:

- i. The management did not operate special deposit accounts which have features of current account and saving account which resulted loss to NATCO for non-availing profit on working balance on daily product assuming Rs.5.000 million average balance of all thirty bank accounts.
- ii. The management was operating eleven accounts in non-schedule bank/cooperative society in violation of instruction of the Finance Department.
- iii. Management and operations of the company were mostly on cash basis handled by maintenance of non-profit-bearing accounts leads to deprive the corporation from other income/profit.

Audit is of the view that loss occurred due to weak financial controls.

The irregularity was pointed out during March 2024. The management replied that due to huge outstanding amount against government departments the Corporation is facing liquidity problems. The banks do not allow withdrawal about certain limit from PLS accounts therefore, transactions are made through current account.

The reply was not convincing as the management has not determined the working balance for effective utilization of financial resources and to utilize the surplus funds in profitable venture.

The DAC meeting was held on 06.06.2024. The DAC did not agree with the stance of management and directed to open/maintain accounts after getting approval from the Finance Department for efficient financial management. The DAC further directed the management to place the issue before the Board for making policy decision on the matter.

Audit recommends that corrective action may be taken for optimized utilization of working balance in the banks.

AP-106/2023-24

26.4.11 Non-achievement of the objectives of NSD and net losses - Rs.20.306 million

NATCO Store Department (NSD) was established on 30.06.2004 the main objective for the establishment of NATCO Store Department was to provide cheap and qualitative commodities to the general public of Gilgit-Baltistan and it was approved that the system will be run jointly by the NATCO Board of Trustees and Board of Directors of NATCO through its Managing Director. Initial investment of Rs.2.500 million each by NATCO Employees Provident Fund and from the savings of NATCO was made.

During the Special Audit of NATCO Store Department (NSD) for the Audit Year 2019-20, it was revealed that initially NSD established five stores in Gilgit. Later on, its branches were also opened in other Districts of Gilgit-Baltistan like Ghizer, Astore, Hunza& Skardu. The Board approved that the investment will be made @ 51% and 49% from the NATCO and Employees Provident Fund respectively. Audit observed that the NSD sustained net loss of Rs.20.306 million from 2015-19 due to competition, local purchases of goods and increase in administrative expenses.

Audit is of the view that the objectives for the establishment of NSD were not achieved.

The management replied that the NSD achieved its target, as all the branches were in profit till year 2014 with total profit of Rs.10,452,030. It was in the year 2015 when loss started due to market competition and local purchases of goods instead of down county due to shortage of funds. The NATCO BOD in its meeting held on 3.03.2021 decided to shut down all the NSD stores as these stores do not have the potential to improve sales/ profit and sustained net losses of Rs.20.306 million upto 2019-20. The NATCO BOD directed to sell out stock and other items and revenue generated from sale should be used to pay off the liabilities of vendors.

The DAC meeting was held on 30.12.2021. The management informed the DAC that the NATCO BOD directed to sell out stock and other items and revenue generated from sale should be used to pay off the liabilities of vendors. The DAC directed to implement the decision of the BOD.

Audit recommends that decision of the DAC be implemented.

CHAPTER-27

27. PLANNING AND DEVELOPMENT DEPARTMENT

27.1 Introduction

A. Planning and Development Department (P&DD) prepares the annual development programs in coordination with all departments of the government. The department also ensures proper monitoring of the utilization of ADP funds. It also approves the development schemes of the province. Coordination, training in economic development for all officers of government, preparation of five years plans and other provincial development plans are also the responsibilities of the department.

Planning and Development Department Gilgit-Baltistan



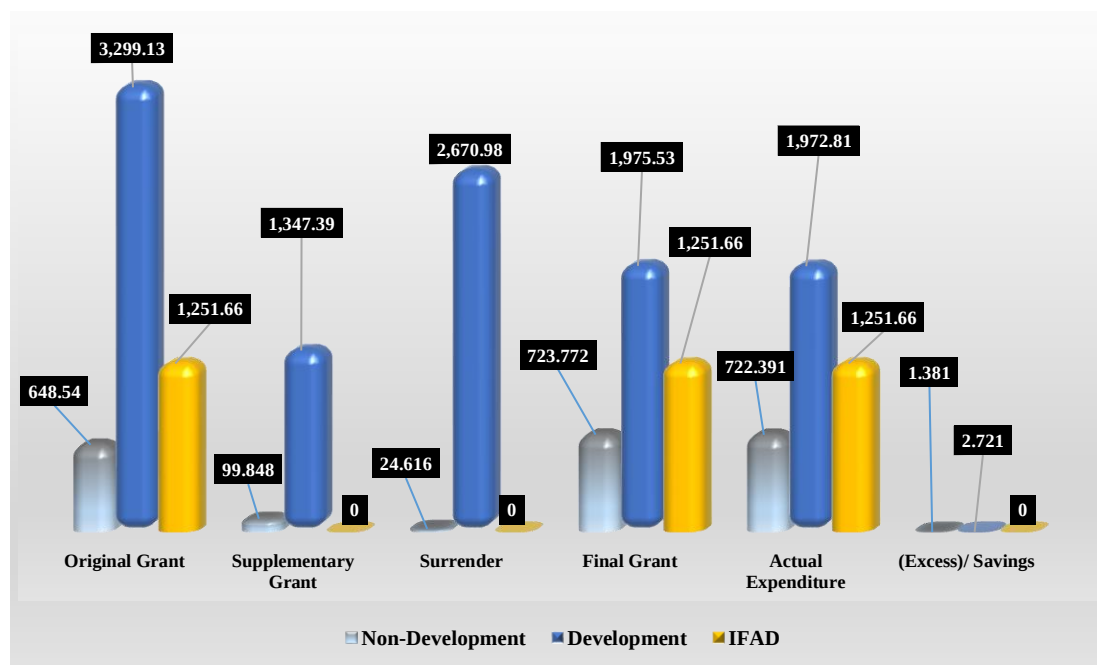
Audit Profile of Planning and Development Department

(Rs. in million)					
Sr. No.	Description	Total Nos.	Audited	Expenditures audited FY 2023-24	Receipts FY 2022-23
1.	Formations	05	05	18,698.157	0.688
2.	Foreign Aided Projects	01	01	1,251.662	-

B. Comments on Budget & Accounts (Variance Analysis)

Budget allocation and expenditures of the department for the financial year 2023-24 is as under:

(Rs. in million)						
Grant	Original Budget	Supplementary	(Surrender)	Final Grant	Actual Expenditures	Saving
Non-Dev-09	648.540	99.848	(24.616)	723.772	722.391	1.381
Dev	3,299.126	1,347.391	(2,670.984)	1,975.533	1,972.812	2.721
IFAD	1,251.662	-	-	1,251.662	1,251.662	0.00
Total	5,199.328	1,447.239	(2,695.600)	3,950.967	3,946.865	4.102



An allocation of Rs.648.540 million was made for non-development budget. During the year, supplementary grant of Rs.99.848 million was approved which constitutes 15.39% of the original allocation. The department also surrendered an amount of Rs.24.616 million which is 3.79% of the original grant. Against final grant of Rs.723.772 million, the department utilized funds of Rs.722.391 million which is 99.81% of the final grant.

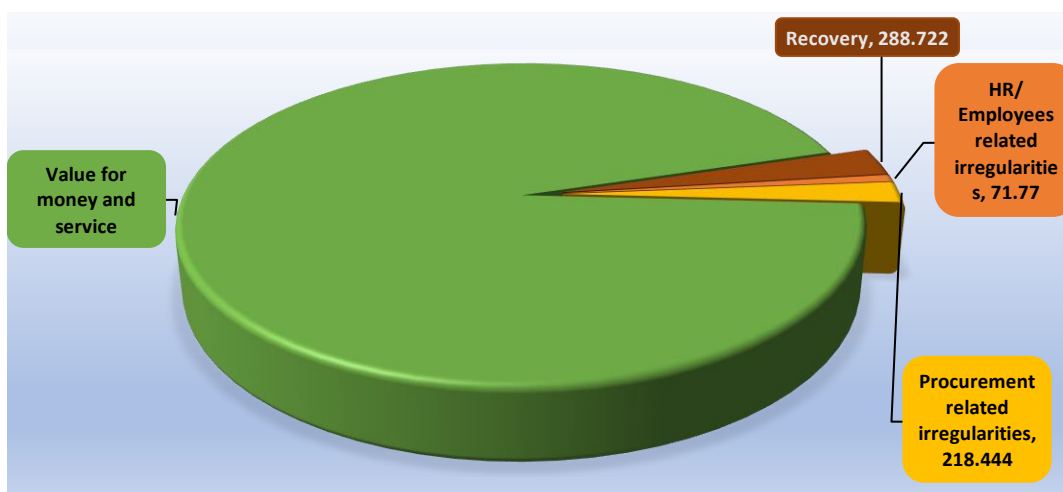
An allocation of Rs.3,299.13 million was made for development budget. Against final grant of Rs.1,975.53 million, the department utilized funds of Rs.1,972.81 million which is 99.86% of the final grant leaving saving of Rs.2.721 million.

Moreover, funds of Rs.1,251.66 million were provided to ETI under a project funded by IFAD. The entire grant was utilized.

27.2 Classified summary of Audit observations

Audit observations amounting to Rs.10,183.331 million were raised in this report during current audit of the department. This amount also includes recoveries of Rs.96.321 million. Summary of the audit observations classified by nature is as under:

(Rs. in million)		
S. No.	Classification	Amount
1.	HR/ Employees related irregularities	71.770
2.	Procurement related irregularities	186.043
3.	Value for money and service delivery issues	9,829.197
4.	Recovery	96.321
Total		10,183.331



27.3 Comments on the status of compliance with PAC directives

Following PAC meeting was held to discuss the audit paras of the department:

Department	Years	No of audit paras	No of Actionable Points	Compliance	Non-Compliance	% of Compliance
Planning Department (GDA)	2018-19	1	1	1	0	100%

27.4 AUDIT PARAS

27.4.1 Wasteful expenditure on sick development schemes-Rs.9,707.388 million

According to Para-7.1 of Manual of Development, the objectives of any effort in project planning and analysis is to have a project that can be implemented to

the benefit and socio-economic uplift of the society. The objective of initiating a project is to make it fully functional and getting them fully underway for achieving the goals envisaged without any time and cost over-run, in order that the economic benefits accrue according to the promises made in the scheme.

During the audit of office of the Secretary Planning & Development Department Gilgit-Baltistan Gilgit for the Financial Year 2020-21, it was revealed that an expenditure of Rs.9,707.388 million was incurred on execution of 210 development schemes upto June 2020. Audit observed that as no release and demand were made against these 210 schemes during the Financial Year 2020-21 which shows whether these schemes are sick or out of priority of the government and resulted in wasteful expenditure.

The audit is of the view that due to weak planning the schemes involving heavy expenditure could not be completed which resulted in loss to government.

The irregularity was pointed out during October 2022. The management replied the role of P&D is primarily coordination, planning, and external monitoring. The weak internal monitoring by the executing agencies leads to toward sickness of projects. The Planning & Development Department (P&D), following the direction of the Cabinet and Assembly, allocates funds to all projects. Departments that fail to submit their demands for allocated funds bear responsibility for delays, and their funds are likely to be redirected fast moving projects.

The reply is not tenable as the schemes were delayed due to non-conducting of external monitoring and lack of coordination with executing agencies.

The DAC meeting was held on 26.11.2024. The management apprised the DAC that due to multiple reasons some scheme become sick/slow. In most cases the scheme could not be implemented due to non-release of funds from Federal Government. However, the DAC was of the view that the P&DD should devise a mechanism for identifying bottlenecks and to resolve the challenges and issues in order to make these schemes effective and functional.

Audit recommends that decision of the DAC may be implemented.

AP-524/2021-22-MFDAC

27.4.2 Irregular expenditure on establishment of PSO bulk oil depot in Skardu-Rs.100.000 million

According to Schedule-II (Rule-3(3) S.No.15 (1,2 &3) of Gilgit-Baltistan Rules of Business 2009 the Planning and Development Department is responsible for preparing the annual development programme in coordination with all departments of the government besides monitoring the utilization of ADP funds and approving development schemes.

The Planning & Development Department Gilgit-Baltistan, Gilgit paid an amount of Rs.100.000 million to PSO on account of Grant-in-Aid for establishment of bulk oil depot at Skardu vide cheque No.0510185 dated 28.03.2022. During the audit for the Financial Year 2021-21, it was observed that:

- i. The funds were released as grant-in-aid for establishment of establishment of bulk oil depot at Skardu in compliance of Cabinet decision dated 17.09.2021.
- ii. The Pakistan State Oil Company Limited on 29.03.2022 furnished the site assessment report with request of allotment of alternate side for establishment of bulk oil depot at Skardu. Following observations were raised in the demarcated land.
 - a. Huge variation in terrain of the proposed plot.
 - b. Tanks, Gantry and other infrastructure are at different levels, therefore, difficult to construct and operate.
 - c. Substantial portion of the plot in at hill with steep slope.
 - d. Periphery road required for OGRA compliance will have huge level variation and same will not be safe for operation in case of emergency.

Audit is of the view that release of funds without allotment and proper assessment of land is irregular.

The irregularity was pointed out during October 2022. The management replied that the execution of the project is delayed due to non-allotment of land by Gilgit-Baltistan Board of Revenue. The Commissioner Baltistan Division has informed that the Deputy Commissioner/Collector Skardu has proposed a piece of land measuring 99 Kanals and 09 Marlas at Mouza Baghardu Sub-Division Roundu for allotment in favor of Pakistan State Oil (PSO). The Gilgit-Baltistan Board of Revenue has been requested to allot the land as proposed by the DC Skardu in favor of PSO.

The management admitted the point of view of audit.

The DAC meeting was held on 26.11.2024. The DAC shown serious concerns over release of funds before allotment of land for construction of bulk depot and non-allotment of land despite lapse of considerable time. The DAC directed the management to make a close liaison with concerned department in order to expedite the process for allotment of land to the PSO for establishment of bulk depot.

Audit recommends that decision of the DAC may be implemented.

AP-526/2021-22-MFDAC

27.4.3 Unjustified payments to the consultants against design and review of design of project – Rs.86.051 million

According to Para-3.50 of project management guidelines, 2021, technical approval of development projects should be granted by the relevant fora. Such approval shall be subject to the condition that cost estimates prepared should be based on feasibility study and quality of feasibility study should be endorsed by the sponsoring agency duly verified by a 3rd party.

The Project Management Unit, Sanitary and Sewerage System, Gilgit City during the Financial Year 2023-24, paid an amount of Rs.45.967 million to M/S JERS Engineering Consultants for feasibility study of the project. Total cost estimates of the project based on feasibility study were Rs.3,362.975 million out of which Rs.3,065.638 million were for execution of civil works. The management of the project appointed M/S CAMEOS as project management consultant at agreed cost of Rs.66.036 million and was paid Rs.40.084 million against the review of the design. PMC, after review of design, prepared its estimates against the civil works amounting to Rs.4,000.745 million, which were excessive of Rs.935.107 million (30.50%) than the approved cost of the PC-I. A revised PC-I was approved by the CDWP at total cost of Rs.4,797.211 million in its meeting held on 27.01.2023. Audit observed that management did not get 3rd party validation to the design/Engineer's estimates to determine whether the design by M/S JERS was defective or review of design by M/S CAMEOS was exaggerated.

Audit is of the view that payment of Rs.86.051 million was made due to non-adherence to the project management guidelines and ineffective implementation of internal controls.

The irregularity was pointed out during August 2024. The management replied that increased quantum of Work, inclusion of some new essential items of works and rate of inflation took place from 2018 to 2021. The PMC undertook revised topographical surveys, for inclusion of left-over areas. As per the reviewed and validated surveys, design modifications, the PMC submitted Engineer estimate amounting to Rs.4,009.743 million against original PC-I works scope of Rs.3,164.059 million (26.73% increase than Original PC-I works cost). The revised PC-I based on design review, vetting, increased scope of work and as per most advantageous bid cost was prepared and submitted to competent forum for consideration. Financial Bids consistency was also evaluated and endorsed by PMC. The justifications/reasons for cost enhancement under modified/revised PC-I were mentioned in modified revised PC-I. The modified PC-I amounting to Rs.4,797.211 million was approved by CDWP forum on 14.06.2023.

The reply was not accepted as the management did not get 3rd party validation to the design/Engineer's estimates to determine whether the design by M/S JERS was defective or review of design by M/S CAMEOS was exaggerated.

The DAC in its meeting held on 30.01.2025 directed the management to hold fact finding inquiry to determine the responsibility against the faulty consultant(s) including members from C&W not below the rank of SE and Finance Department.

Audit recommends that decision of the DAC be implemented.

AP-487/2024-25

27.4.4 Unjustified payment against personal protective equipments - Rs.18.081 million

According to Clause-1.14 & 1.15 of the project specification, the contractor shall adequately provide for the safety, health and welfare of person and for the prevention of damages to works, materials and equipments for the purpose of or in connection with the Contract. Further to, Special Provision 23(1) of contract agreement provides that the contractor shall observe high standards of safety for men and machines at all times and with regard to safety and shall take all possible measures to protect his personnel from harms.

The Project Management Unit, Sanitary and Sewerage System, Gilgit City during the Financial Year 2023-24, paid an amount of Rs.5.513 million against personal protective equipment to the following contractors:

(Rs. in million)			
S. No.	Names of contractors	Names of works	Amount
1	M/S NLC, RWP	SSS of Gilgit City – Package-I	3.433
2	M/S NLC, Rwp JV ALFORSAN	SSS of Gilgit City – Package-II	2.080
Total			5.513

Further, a lump-sum provision amounting to Rs.12.568 million was also made of part of BOQs for provision of PPEs to price by contractors against following works as per given details as under:

(Rs. in million)		
S. No.	Names of Works	Amount
1	SSS of Gilgit City – Package-I	6.865
2	SSS of Gilgit City – Package-I	5.703
Total		12.568

Audit observed that payment against provision of personal protective equipments (PPES) and making it part of BOQs/tenders at government cost instead by the contractors was clear violations of contract deliverables resultantly, overpayment of Rs.18.081 million was made to contractors.

The irregularity was pointed out during August 2024. The management replied that as per the approved BoQs and signed contract agreement, the employer is required to provide to the contractors PPEs cost. The contractor is responsible to procure all PPEs and to distribute the same to PMU and PMC site team beside providing it to their own Workers. It is not mentioned in the contract that the cost of Personnel Protective equipment (PPEs) is the responsibility of the contractor. The

contractor is responsible to ensure use of PPEs once it is procured. Payment against PPEs amounting to Rs.5.512 million in running bills/IPC's made after due verification.

The reply was not accepted as the provision of PPEs was the responsibility of the contractor instead of their inclusion in the BoQs.

The DAC in its meeting held on 30.01.2025 directed the management to make recovery in accordance with proportionate provision of PPEs.

Audit recommends that decision of the DAC be implemented.

AP-492/2024-25

27.4.5 Non-recovery of inbuilt cost of vehicles by the contractor –Rs.23.235 million

According to Clause-20.1 of Special provision of contract agreement the contractor shall supply/provide a brand-new project vehicle of (a) One (01) No. 1300 CC Car/jeep and (b) two (02) Nos. 125 CC motor bike for daily routine inspection of Employer free of cost considering the said amount is included in all items listed in the Bill of Quantities. No extra payment will be made to Contractor. This facility includes cost of vehicle, its duties and taxes, registration fee etc. Contractor will obtain approval from Employer regarding make/brand of vehicle prior to booking. After the completion of the project, the vehicles will be property of Employer and will not be returned to the contractor. The contractor shall also provide facilities i.e. site office, furniture and office equipment & stationery for the engineer staff/employer.

The Project Management Unit, Sanitary and Sewerage System, awarded contracts of the project in three (03) Packages to the following contractors:

(Rs. in million)					
S. No.	Names of Contractors	Names of Works	No. & Date of LOA	Contact Value	Total value of work done
1	M/S NLC, Rwp.	Package-I	PD/SSGLT/WORKS/P-I/2023(2)(01) dated 8/2/2023	1,945.067	237.512
2	M/S NLC, Rwp (JV) ALFORSAN	Package-II	PD/SSGLT/WORKS/P-I/2023(2)(02) dated 8/2/2023	1,801.493	271.980
3	M/S Indusmen Corporation (Pvt) Ltd. (JV) Khan Engineering & Const. Gilgit	Package-III	PD/SSGLT/WORKS/P-I/2023(2)(03) dated 8/2/2023	351.991	101.994

Audit observed that the management of the project neither obtained three of vehicles (1300 CC) and six 125 Motorcycles for transportation/inspection of the Engineer/ Employer on site nor cost thereof valuing Rs.16.110 million and other facilities relating to provision of office and furniture etc. involving cost of Rs.7.125 million were neither provided nor recovered from the contractors against inbuilt cost. Details are at **Annexure-33**.

Audit is of the view the undue financial benefits amounting to Rs.16.110 million were extended to the contractors due to non-recovery inbuilt cost. The irregularity occurred due to non-adherence to the provisions of the contract agreements and inefficient implementation of internal controls.

The irregularity was pointed out during August 2024. The management replied that the contractor has already provided requisite facility under package-I, however, for the provision of remaining vehicles and Motorbikes under project package-II&III, the Contractors have already been instructed for timely provision of the same. In case the contractors failed to provide the remaining vehicles or causes abnormal delays in provision of the same, recovery of equivalent amount will be made from the Contractors.

The management admitted the point of view of the audit.

The DAC in its meeting held on 30.01.2025 directed the management to verify the record relating to facilities already provided by the contractor and to recover the inbuilt cost of remaining if not provided.

Audit recommends that decision of the DAC be implemented.

AP-494 and 495/2024-25

27.4.6 Non-revalidation of performance guarantees - Rs.87.456 million

According to Clause-10.1 of COC Part-II, the contractor shall provide Performance Security equal to 10% of contract price to the Employer within 28 days after the receipt of the letter of acceptance in the form of either (a) bank guarantee from any Scheduled bank in Pakistan or (b) bank guarantee from a bank located outside Pakistan duly counter-guaranteed by a scheduled Bank in Pakistan (c) an insurance company having at least AA rating from PACRA/JCR to valid up till completion of project.

The Director General Development Authorities Gilgit and Skardu awarded various contractors valuing Rs.874.583 million and the performance security provided by the contractors for one year. Whereas, the works were not completed within the stipulated period of time. Audit observed that the management did not get revalidated the performance guarantee till the expiry of the defect liability period in violation of provisions of contracts. Details are at **Annexure-34**.

Audit is of the view that the violation occurred due to non-adherence to the contractual provision and weak internal controls.

The irregularity was pointed out during August 2024. The management replied that most of the contractors have re-validated their performance guarantees, however, in few cases the contractors have already been directed to re-validate performance guarantees.

The management admitted the point of view of the audit.

The DAC in its meeting held on 30.01.2025 directed the management to effect proportionate recovery on account of insured period and obtain proof of premium to substantiate the effectiveness of guarantee.

Audit recommends that decision of the DAC be implemented.

AP-562 and 1010/2024-25

27.4.7 Non-recovery of insurance premium– Rs.10.624 million

According to Clause-21.1 of COC Part-1, the contractor shall, without limiting his or the employer's obligation and responsibilities under clause 20, insure the work together with materials and plant for incorporation therein, to the full replacement cost. An additional sum of 15% such replacement cost, or as may be specified in Part II of these conditions, to cover any additional costs of and incidental to the rectification of loss or damages including professional fees and the cost of demolishing and removing any part of the works and of removing debris of whatsoever nature and the contractor's equipment and other thing brought on the site by the contractor for a sum sufficient to provide for their replacement at the site.

The Director General, Gilgit Development Authority Gilgit awarded the works valuing Rs.932.886 million to various contractors. The contractors were required to provide risk insurance coverage, third party insurance and insurance against workmen & machinery. Audit observed that the management neither obtained insurance policy from the contractor against the work as per contractual provision nor deducted at least 1% cost on account of premium/insurance cover amounting to 10.624 million ($\text{Rs.932.886} \times 15\% \times 1\%$) from the contractor against uninsured period. Details are at **Annexure-35**.

Audit is of the view that the management extended undue favour to the contractors to extent of Rs.10.624 million.

The irregularity was pointed out during August 2024. The management replied that the contractors who did not provide the insurance guarantees have been directed to submit the guarantees.

The DAC in its meeting held on 30.01.2025 directed the management to effect proportionate recovery cost of premium.

Audit recommends that decision of the DAC be implemented.

AP-563/2024-25

27.4.8 Non-appointment of members, officers and employees of the authority – Rs.71.770 million

According to Section-4 and 9 of Gilgit-Baltistan Development of Cities Act, 2020, the Authority shall consist of a Chairman and Members, whose number and qualification shall be ascertained by the Government. The Authority may appoint such officers, advisors, experts, consultants and employees, as it considers necessary for the efficient performance of its functions on such terms and conditions as it may deem fit.

The Government of Gilgit-Baltistan vide notification No.7(13)/2023-Reg-Services dated 15.05.2023 established Chillas Development Authority. During the Financial Years 2022-23 and 2023-24, funds of Rs.71.770 million were provided to the authority as grant-in-aid. Audit observed that after a lapse of more than one year of its creation neither the members nor officers/employees of the authority were appointed by the government resultantly the objective/goals of Authority were not achieved.

Audit is of the view that non-appointment of requisite members and staff of the authority was violation Act. The irregularity occurred due to ineffective implementation of internal controls.

The irregularity was pointed out during August 2024. The management did not furnish the reply till finalization of the report.

The PAO was requested to convene a DAC meeting vide letter dated 23.10.2024 followed by reminder dated 29.11.2024, dated 09.12.2024 and 19.12.2024. However, the DAC meeting could not be convened till finalization of the report.

Audit recommends that matter may be pursued with the government for appointment of members and staff of the Authority.

AP-785/2024-25

27.4.9 Irregular expenditure without approved budget– Rs.21.809 million

According to Section-28 and 29 of Gilgit-Baltistan Development of Cities Act, No. III of 2020, the Authority shall, at such time as may be prescribed, prepare an annual budget statement for the next financial year, showing the estimated receipts and expenditures of the Authority and its agencies and shall submit the same to the Government for approval. The Authority shall also make necessary arrangements for pre-audit or concurrent audit of account.

During the Financial Years 2022-23 and 2023-24, funds of Rs.71.770 million were provided to the authority as grant-in-aid out of which funds amounting to Rs.21.617 were utilized for procurement of goods and services. Audit observed that the Authority neither the annual budget was prepared nor got it approve from the

government. Therefore, expenditure without preparation of budget and its approval from government was irregular.

Audit is of the view that irregularity occurred due to non-adherence to the provisions of the Act and weak internal controls.

The irregularity was pointed out during August 2024. The management did not furnish the reply till finalization of the report.

The PAO was requested to convene a DAC meeting vide letter dated 23.10.2024 followed by reminder dated 29.11.2024, dated 09.12.2024 and 19.12.2024. However, the DAC meeting could not be convened till finalization of the report.

Audit recommends that responsibility may be fixed for the irregularity.

AP-786/2024-25

27.4.10 Irregular purchase of goods and services – Rs.12.536 million

According to Rule-12(2) of Public Procurement Rules, 2004 all procurement opportunities over three million should be advertised on the Authority's website as well as in other print media or newspapers having wide circulation. The advertisement in the newspapers shall principally appear in at least two national dailies, one in English and the other in Urdu.

The Chillas Development Authority during the Financial Years 2022-23 and 2023-24, incurred Rs.12.536 million on procurement of goods and services as per following details:

(Rs. in million)		
S. No.	Description	Amount
1.	Purchase of Furniture & Fixtures	6.285
2.	Others/Transportation	0.500
3.	Purchase of Machinery & Equipments	3.800
4.	Stationery	0.972
5.	Repair of Transport	0.979
	Total	12.536

Audit observed that all procurement was made on quotation instead of calling open tender competition as required under rule-12(2) of public procurement rules 2004.

Audit is of the view that procurement of Rs.12.536 million was made in violation of public procurement rules and deprived the government from benefits of competitive rates.

The irregularity was pointed out during August 2024. The management did not furnish the reply till finalization of the report.

The PAO was requested to convene a DAC meeting vide letter dated 23.10.2024 followed by reminder dated 29.11.2024, dated 09.12.2024 and 19.12.2024. However, the DAC meeting could not be convened till finalization of the report.

Audit recommends that responsibility may be fixed for the irregularity.

AP-787/2024-25

27.4.11 Excess payment of house rent of Rs.0.913 million

According to Para-23 of GFR Vol-I, 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 he will also be held personally responsible for any loss arising from fraud or negligence on the part of any Government officer to the extent to which it may be shown that he contributed to the loss by his own action or negligence.

During the audit of Skardu Development Authority for the Financial Year 2023-24, it was revealed that the authority hired a private house as residence of Mr. Miraj Alam, Director General (BPS-18) at monthly rent of Rs.100,000 and payment of Rs.1,000,000/- was paid on account of rent of residential building w.e.f. 31.08.2023. Audit observed that the officer is only entitled for House Rent Allowance @ Rs.8,715 per month. Therefore, an amount of Rs. 912,850 {1,000,000 – 87,150 (8715*10)} was paid in excess of entitlement.

Audit is of the view that irregularity occurred due to weak internal control which resulted an overpayment.

The irregularity was pointed out during November 2024. The management replied that in order to accommodate the proper functioning of official work a new building was rented to serve as the SDA Office and one room was dedicated as a residence for DG SDA. However, the initial agreement was mistakenly signed under the title “DG SDA House” instead of “SDA Office”.

The reply is not accepted as the house was hired for residential purpose.

The DAC in its meeting held on 25.01.2025 directed the management to take up the matter with P&DD to ascertain the legitimacy of the hiring of rental accommodation for residential purpose.

Audit recommends stoppage of rent and recovery of overpayment from the concerned officer.

AP-1011/2024-25

27.4.12 Irregular retention of un-utilized funds -Rs.46.378 million

According to Rule-6(iii) of Grant-in-Aid Rules, 2021 any portion of the amount which was not ultimately required for expenditure on the specified object was duly surrendered to the Government.

During the audit of Skardu Development Authority for the Financial Year 2023-24, it was revealed that an amount of Rs.46.378 million was available as unspent balance of grant-in-aid provided by the government during 2023-24. Audit observed that unspent balance of Rs.46.378 million was not surrendered by the authority to the government in violation of grant-in-aid rules.

Audit is of the view that retention of un-utilized grant-in-aid was irregular. The lapse occurred due to weak internal control which resulted in an unspent balance in the bank of account.

The irregularity was pointed out during November 2024. The management replied that the department has formally requested the Finance Department and P&DD regarding the unspent balance; however, no decision has been made or communicated by the Higher Authorities. The unspent amount is kept in a saving account and a profit of Rs.13.960 million has been made.

The management admitted the point of view of the audit.

The DAC in its meeting held on 25.01.2025 directed the management to take up the matter with Finance Department for adjustment of unspent balance.

Audit recommends that decision of the DAC be implemented.

AP-1012/2024-25

CHAPTER-28

28. TOURISM, SPORTS, CULTURE AND YOUTH DEPARTMENT

28.1 Introduction

A. As per Schedule-II of Gilgit-Baltistan Government Rules of Business, 2009, the department deals with promotion of tourism in Gilgit-Baltistan, development schemes pertaining to tourism, arrangements of national events & festivals. It is also responsible for promotion of sports, grant-in-aid to sports organization and formulation of sports policy. Moreover, promotion of art, culture & literature and their development schemes, conservation of historical monuments in Gilgit-Baltistan, promotion of national integration and cultural activities and organization of relevant seminars and symposia with arrangements for international youth year, national youth and sports events are also the responsibilities of the department.



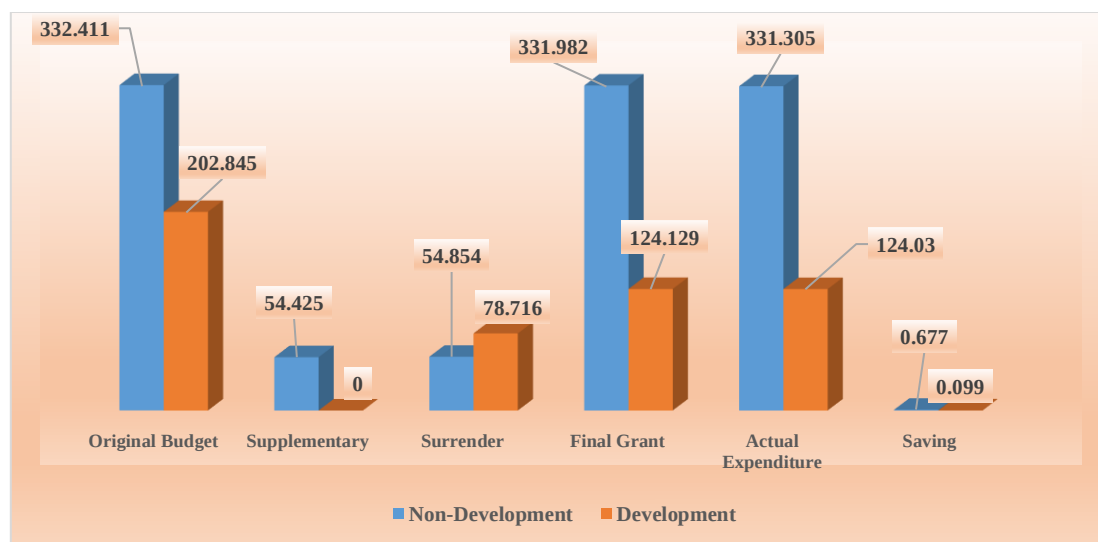
Audit Profile Tourism, Sports and Culture Department

S. No.	Description	Total Nos.	Audited	(Rs. in million)	
				Expenditures audited FY 2023-24	Receipts FY 2023-24
1.	Formations	15	4	988.979	317.149

B. Comments on Budget & Accounts (Variance Analysis)

Budget allocation and expenditures of the department for the financial year 2023-24 is as under:

(Rs. in million)						
Grant	Original Budget	Supplementary	Surrender	Final Grant	Actual Expenditure	Saving
Non-Dev-20	332.411	54.425	(54.854)	331.982	331.305	0.677
Dev	202.845	-	(78.716)	124.129	124.030	0.099
Total	535.256	54.425	(133.57)	456.111	455.335	0.776



Allocation of Rs.332.411 million was made for non-development budget. During the year, supplementary grant of Rs.54.425 million was granted which 16.37% of the original allocation. The department also surrendered an amount of Rs.54.854 million which is 16.51%. Against final grant of Rs.331.982 million the department utilized funds of Rs.331.305 million which is 99.79% of the final grant.

Similarly, allocation of Rs.202.845 million was made for development budget. Against final grant of Rs.124.129 million the department utilized funds of Rs.124.03 million which is almost 100% of the final grant.

28.2 Classified summary of Audit observations

Audit observations amounting to Rs.718.769 million were raised in this report during current audit of the department. This amount also includes recoveries of Rs.2.460 million as pointed out by audit. Summary of the audit observations classified by nature is as under:

(Rs. in million)		
S. No.	Classification	Amount
1.	Procurement related irregularities	716.309

2.	Recovery	2.460
Total		718.769

28.3 Brief comments on the status of compliance with PAC directives

Following PAC meetings were held to discuss the audit paras of the department:

Years	No of audit paras	No of Actionable Points	Compliance	Non-Compliance	% of Compliance
2014-15	13	13	6	7	46%
2015-16	8	8	2	6	25%
2016-17	2	2	0	2	0%
2019-20	3	3	1	2	33%
2021-22	3	3	1	2	33%
2022-23	5	5	0	5	0%

28.4 AUDIT PARAS

28.4.1 *Non-formulation of sports policy for the Gilgit-Baltistan*

According Gilgit-Baltistan Rules of Business 2009, Tourism, Sports, Culture, Archeology& Museum Gilgit-Baltistan Department is responsible for formulation of sports policy.

During the audit of office of the Secretary Tourism, Sports, Culture, Archeology & Museum Gilgit-Baltistan Gilgit for the Financial Year 2022-23, it was observed that the department did not formulate the sports policy since its establishment in 2005.

Audit is of the view that the lapse regarding non-formulation of Sports Policy for the Gilgit-Baltistan occurred due to non-adherence to the provision of the Gilgit-Baltistan Rules of Business, 2009 and non-performance of core mandatory functions.

The irregularity was pointed out during March, 2024. The management replied that drafted Sport Policy for the Gilgit-Baltista has been prepared and forwarded to Law and Prosecution Department Gilgit-Baltistan for vetting. However, the approval of the Law and Prosecution Department is awaited.

The management admitted the point of view of the audit.

The DAC in its meeting held on 29.08.2024 directed the management to finalize the sport policy in line with the provision of rules at the earliest.

Audit recommends that sports policy may be formulated and got approved from the competent forum.

AP-135/2023-24

28.4.2 Delay in completion of development & feasibility study projects/schemes - Rs.709.949 million

According to Para-9.4 of the guide lines for Project Management the project is approved with a specific period of completion. Efforts should be made to complete the project within the stipulated period to ensure flow of benefits well in time. Due to certain reasons, if extension in the implementation period is inevitable to achieve the planned objectives, the Principal Accounting Officer of the Ministries/ Divisions is competent to accord extension in the implementation period but within the approved cost of the project.

The Director Tourism, Gilgit during the Financial Year 2022-23, was executing twelve development projects along with 04 feasibility studies. The implementation time of nine projects has since passed. Similarly, the time period of four feasibility studies was also completed on 30.06.2021. Details are at **Annexure-36**. Audit observed as under:

- i. The development projects as well as feasibility study schemes are still in progress despite expiry of their completion period as mentioned in PC-I.
- ii. The management did not prepare monthly progress reports on specified PC-III (B) Proforma on 5th of each month on regular basis to indicate problems faced in project implementation of ongoing project.

Audit is of the view that due to non-completion of the development schemes the objectives could not be achieved.

The irregularity was pointed out during March 2024. The management replied that all thirteen projects were delayed due to COVID-19 for two years during the initial phase. In case of projects mentioned at serial No.01, 02, 07, 08, 11, 12 and 13 land could not be made available in District Shigar, Nagar, Astore, Skardu, Hunza and Gilgit respectively till 2023. As per financial phasing the budget was not provided, however, timeline extension was accorded by the PAO.

The management admitted the point of view of the audit.

The DAC in its meeting held on 29.08.2024 directed the management to complete the all projects at the earliest and to ensure submission PC-IVs of the completed projects to respective forum.

Audit recommends that decision of the DAC may be implemented.

AP-145/2023-24

28.4.3 Un-authorized allocation of vehicles to other offices

According to Rule-9(1) of the Gilgit-Baltistan Staff Vehicles (Use and Maintenance) Rules 2021, all there shall be vigilance Committees at provincial and district level to monitor the official transport system and to control the misuse of the Government vehicles.

During audit of Director Tourism, Gilgit for the Financial Year 2022-23, it was revealed that the management placed the 19 vehicles including four motorcycles at the disposal of other offices. Details are at **Annexure-37**.

Audit observed that the vehicles were procured against different projects, however, after completion of projects the vehicles were not handed over to the S&GAD and placed at the disposal of other offices of the Tourism & Culture Department without the approval of the S&GAD.

Audit is of the view that placement of the vehicles to other offices is violation of the rules and irregularity occurred due to weak internal control and non-adherence to the rules.

The irregularity was pointed out during March 2024. The management replied that 19 vehicles were purchased against different projects. After completion of projects surplus vehicles were handed over to different offices of the department after due diligence approval of PAO.

The reply was not accepted the vehicles were required to be handed over to the S&GAD. Moreover, the department did not obtain the approval of S&GAD for retention of vehicles after completion of the projects.

The DAC in its meeting held on 29.08.2024 directed the management to take-up the case with S&GAD for proper allotment of said vehicles.

Audit recommends that decision of the DAC may be implemented.

AP-150/2023-24

28.4.4 Irregular award of contract for services– Rs.6.360 million

According to Rule-45(f) of Gilgit-Baltistan Public Procurement Rules 2022, a procuring agency may engage in direct contracting with state owned entities such as professional, autonomous or semi-autonomous organizations or bodies of the Federal/Provincial Government for the procurement of such works and services, including consultancy services, which are time sensitive and in the public interest. As per Condition (iii) of sub-rule 45 (f) in case there are more than one organization or bodies eligible to perform the works or render the services, the procuring agency shall hold competition amongst them through limited tendering without any

advertisements, however, giving reasonable time for submission of their applications or proposals.

The Tourism Department Gilgit-Baltistan signed a contract on 22.01.2024 with Gilgit-Baltistan Scouts for seeking services for training of Gilgit-Baltistan polo players, horses and other allied services for 90 days. The payment of Rs.6.360 million was made on 26.6.2024 out of development scheme “Revival of polo in Gilgit-Baltistan”. During the audit for Financial Year 2023-24, it was observed that:

- i. Request for proposals from other government departments such as Northern Light Infantry Regiment (NLI), Gilgit-Baltistan Police and Gilgit-Baltistan, Communication and Works were not sought, which compromised the bidding process and competitive rates.
- ii. As per administrative approval of PC-I the training was required to be imparted at downward country (Rawalpindi/Islamabad); whereas, the it was imparted at Gilgit.
- iii. As per provision of PC-I and administrative approval the training period was 30 days, whereas, contract was signed and paid for 90 days.

Audit is of the view that irregularity for payment of Rs.6.360 million was occurred due to non-adherence to the public procurement rules and PC-I provisions.

The irregularity was pointed out during October 2024. The management replied that the Gilgit-Baltistan Scouts has sufficient place with polo ground, boarding for trainees, stables for horses, urgently required medical facilities and free style polo expertise having its own well-known polo club. Therefore, direct contract was made with Gilgit-Baltistan Scouts for conducting the training on turnkey basis. The department approached various polo clubs of down countries to spare polo grounds to conduct the training session. However, the polo clubs regretted the request. In the PC-I no period mentioned for training. However, the department signed the agreement as per the requirement.

The management admitted the point of view of the audit.

The DAC in its meeting held on 19.12.2024 directed the management to take-up the case for regularization of the expenditure from the Finance Department.

Audit recommends that decision of the DAC may be implemented.

AP-832/2024-25

28.4.5 Non-deduction of Income Tax – Rs.2.460 million

According to Section-153(1)(b) of Income Tax Ordinance, 2001, 4% tax on services is liable to be charged by the withholding agents while making payments. As per Federal Board of Revenue vide its Circular No. 14 of 2016 (Income Tax) vide No. C.No. 1(26)/Secy(ITP)/2016/1266903-2 dated 03.10.2016 income shall be

taxable with reference to the place where the contract is actually executed, irrespective of the place where the contract is made or payment is received.

The Secretary Tourism Department office Gilgit-Baltistan during the Financial Year 2023-24, paid an amount of Rs.61.485 million (Rs.58.475 million to M/S Enhancers, Islamabad and Rs.3.010 million to M/S Lead Travel Tours, Islamabad) on account of construction of Gilgit-Baltistan float for 23rd March, 2024 and Lok Mela 2023. Audit observed that 4% income tax amounting to Rs.2.460 million at source was not deducted by the management being withholding agent at the time of payment in violation of income tax ordinance.

The irregularity was pointed out during October 2024. The management replied that Gilgit-Baltistan is tax-free zone; therefore, withholding tax is exempted. Article 246 of the Constitution of the Islamic Republic of Pakistan, section 40 deals with the provisions relating to goods supplied from the Tax-exempt areas. Exempt areas include AJK and Gilgit-Baltistan.

The reply was not accepted as the payment was made to contractors at Islamabad.

The DAC meeting was held on 19.12.2024. Being a regulatory and policy issue the DAC decided to refer the para to PAC for appropriate action.

Audit recommends that recovery of income tax be made and deposited into government treasury.

AP-835/2024-25

CHAPTER-29

29. WATER AND POWER DEPARTMENT

29.1 Introduction

A. According to Gilgit-Baltistan Rules of Business, 2009 the main functions of the Water & Power (W&P) Department include: administration of Electricity Act, 1910 and Electricity Rules, 1937, matters connected with distribution of power, development of small and medium hydro power stations and development and maintenance of local transmission lines.



Audit Profile of Water and Power Department

(Rs. in million)

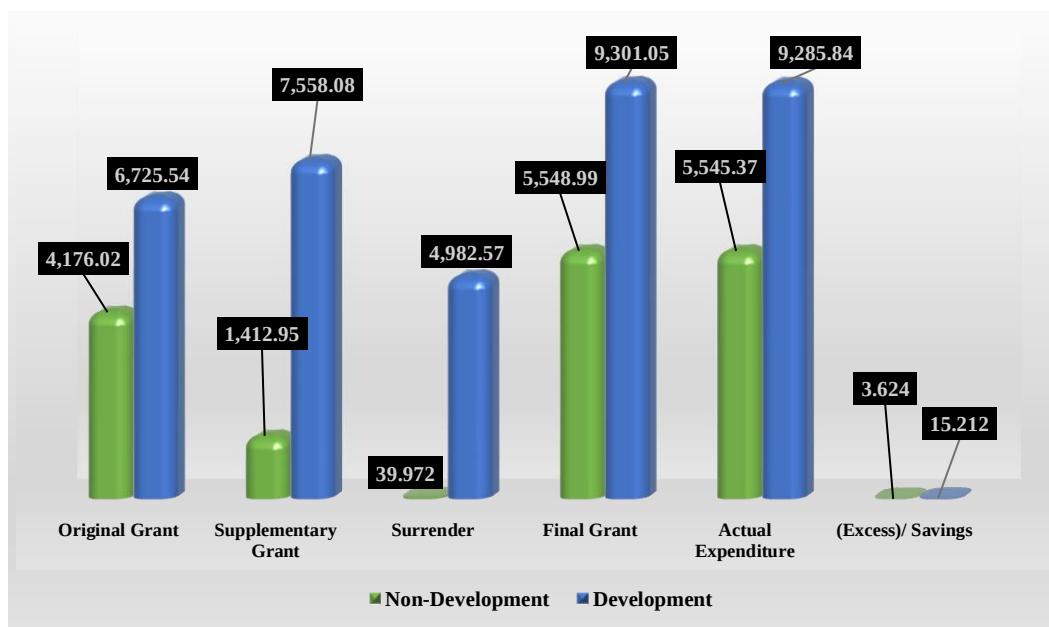
S. No.	Description	Total Nos.	Audited	Expenditures audited FY 2023-24	Receipts FY 2023-24
1.	Formations	22	16	6,381.585	1,630.404

B. Comments on Budget & Accounts (Variance Analysis)

Budget allocation and expenditures of Water & Power Department for the Financial Year 2023-24 is as under:

(Rs. in million)

Grant	Original Budget	Supplementary	Surrender	Final Grant	Actual Expenditures	Saving
Non-Dev-22	4,176.015	1,412.947	(39.972)	5,548.990	5,545.366	3.624
Dev	6,725.537	7,558.083	(4,982.567)	9,301.053	9,285.841	15.212
Total	10,901.552	8,971.03	(5,022.539)	14,850.043	14,831.207	18.836



An allocation of Rs.4,176.020 million was made for non-development budget. During the year, supplementary grant of Rs.1,412.950 million was approved which is 33.83% of the original allocation. The department also surrendered an amount of Rs.39.972 million which is 0.95% of the original grant. Against final grant of Rs.5,548.990 million the department utilized funds of Rs.5,545.370 million which is 99.93% of the final grant.

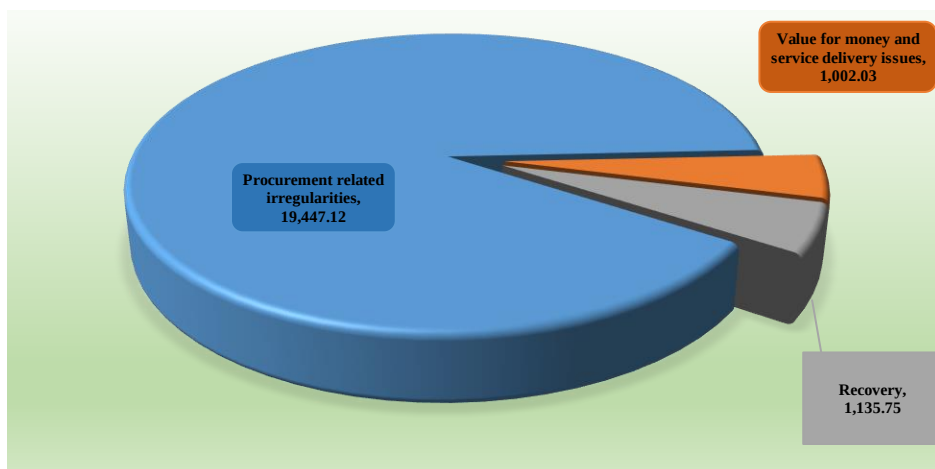
Similarly, allocation of Rs.6,725.540 million was made for development budget. During the year, supplementary grant of Rs.7,558.080 million was approved which is 112.38% of the original allocation. The department also surrendered an amount of Rs.4,982.570 million which is 74.08%. Against final grant of Rs.9,301.050 million, the department utilized funds of Rs.9,285.840 million which is 99.84% of the final grant leaving saving of Rs.15.212 million which is 0.16% of the total allocation.

29.2 Classified summary of Audit observations

Audit observations amounting to Rs.21,584.903 million were raised in this report during current audit of the department. This amount also includes recoveries

of Rs.1,135.752 million. Summary of the audit observations classified by nature are as under:

(Rs. in million)		
S. No.	Classification	Amount
1.	Procurement related irregularities	19,447.120
2.	Value for money and service delivery issues	1,002.031
3.	Recovery	1,135.752
Total		21,584.903



29.3 Brief comments on the status of compliance with PAC directives

Following PAC meetings were held to discuss the audit paras of the department:

Years	No of audit paras	No of Actionable Points	Compliance	Non-Compliance	% of Compliance
2010-11	3	3	0	3	0%
2011-12	14	14	0	14	0%
2012-13	32	32	6	26	19%
2013-14	24	24	1	23	4%
2014-15	49	49	13	36	27%

29.4 AUDIT PARAS

29.4.1 Irregular payment in violation of contract deliverables - Rs.44.507 million

According to Sub-Clause-33.1.4 of particular conditions of contract, the contractor shall submit to the project manager/engineer, within twenty-eight days after the receipt of the letter of acceptance, a breakdown for each of the lump sum

items contained in the bid. Such breakdowns shall be subject to the approval of the project manager/engineer.

The Civil Engineering Division, Water & Power, Gilgit awarded a work “Construction of 3.5 MW HPP Hamaran Bilcher Bagrote Gilgit S/H-Construction of RCC Bridge over Bagrote Nullah and approach Road” to M/S Khan Engineers and Contactors at agreed cost of Rs.46.850 million on 25.05.2022 with a completion period of 12 months. 4th running bill was paid to the contractor with a total value of work done Rs.44.508 million on 14.06.2023.

During the audit for Financial Year 2022-23, it was observed that NIT was floated without determining the nature and scope of work to be performed. The contractor did not submit a breakdown for each of the lump sum items contained in the Bid for approval of Engineer. Further, under EPC contract, payment to the contractor is to be made against actual quantities of work executed and measured by the contractor and verified by the project manager/engineer, which was not verifiable, therefore, in the absence of such evidences the payment made to the contractor is not verifiable and termed as irregular.

Audit is of the view that irregularity occurred due to non-adherence to the provisions of EPC contract.

The irregularity was pointed out during March 2024. The management replied that the payment was made according to provision of the contract.

The DAC meeting was held on 08.10.2024. After detail discussion the DAC directed to constitute a technical committee including a Civil Engineer from Communication and Works Department Gilgit-Baltistan to determine actual quantities of work executed and measured by the contractor and verified by the Divisional Office and report thereof be shared within two weeks for verification.

Audit recommends that decision of the DAC be implemented.

AP-49/2023-24

29.4.2 Loss to government due to non-completion of projects – Rs.350.430 million

According to Para-4.01 & 5.01 of the project management guidelines 2021, achievement of project objectives and actualization of benefits depends on effective project implementation according to the approved scope, cost and time of the project. Project monitoring assumes critical importance after the project launch and remains an essential activity during the project implementation period until the project completion.

The Civil Engineering Division, Water & Power, Chilas paid an amount of Rs.350.430 million against the execution and implementation of three different HPPs of different capacities in Chillas during the period 2008-09 to 2012-13. Details are at **Annexure-38**.

During audit for the Financial Year 2022-23, it was observed that all the works / projects were halted for the last 9 to 11 years whereas an amount of Rs.350.430 million was incurred by the management for execution of these projects as work done. Further, the inquiries which were initiated six years ago have not been completed so far.

Audit is of the view that due to negligence and mismanagement of the department the projects could not be executed which resulted in loss to government.

The irregularity was pointed out during March 2024. The management replied that an E&D proceeding under Planning and Development Department is under process. On finalization of same further action on the development scheme “Batogah Ph-III Chilas” will be initiated whereas CMIT had already conducted an inquiry against the 0.5 MW HPP Batogah Ph-IV Chilas which will be completed in near future.

The management admitted the point of view of audit.

The DAC in its meeting held on 08.10.2024 pended the para till the completion of E&D proceedings and CMIT inquiry.

Audit recommends that matter may be investigated for fixing responsibility against the person's at fault besides strengthening the internal controls.

AP-62 and 205/2023-24

29.4.3 Overpayment of escalation charges – Rs.13.067 million

According to Para-2.62 (xviii) of project management guidelines of Planning Commission, escalation charges, maximum up to 6.5% annum of the base cost, will be allowed based on justification from the 2nd year of the project. Further, according to clause 70.1(e) of particular conditions of contract (Part-II), if the contractor fails to complete the works within the time for completion prescribed under Clause 43, adjustment of prices thereafter until the date of completion of the works shall be made using either the indices or prices relating to the prescribed time for completion, or the current indices or prices, whichever is more favorable to the employer, provided that if an extension of time is granted pursuant to Clause 44, the above provision shall apply only to adjustments made after the expiry of such extension of time.

The Civil Engineering Divisions Water & Power Gilgit and Chilas awarded different works and paid Rs.13.067 million on account of escalation charges. During the for Financial Year 2022-23, it was observed that escalation was paid during 1st year and price adjustment on basis of more favorable factor to the contractor instead of employer in violation of rules. Details are as under:

(Rs. in million)				
AP No.	Division	Project	Contractor	Price adjustment
64	Civil Engineering Division, Chilas	Construction of 02 MW HPP at Yeshile to Nullah, Astore	M/S Zeal Enterprises	1.994
850	Civil Engineering Division, Gilgit	Construction of 3.2 MW HPP at Nomal Batote	M/S Murtaza Ali & Sons	1.873
847	Civil Engineering Division, Gilgit	Const. of 3.5 MW HPP Hammran, Bilcher Bagrote, Gilgit	M/S Khan Engineering	9.200
Total				13.067

Audit is of the view that overpayment was occurred due to non-adherence to guidelines of Planning Commission and provisions of contract clauses due to ineffective internal control.

The irregularity was pointed out during March, 2024. The management replied that escalation was paid in accordance with provision of rules.

The reply was not accepted as the escalation was over paid against price adjustment.

The DAC in its meeting held on 08.10.2024 directed the management to make the recovery pointed out by audit within a week time.

Audit recommends that recovery may be made and deposited into the government treasury.

Note: *The issue was reported earlier also in the Audit Report for the Audit Year 2023-24 vide para number 22.4.21 having financial impact of Rs.7.156 million. Recurrence of same irregularity is a matter of serious concern.*

AP-64/2023-24, 847 and 850/2024-25

29.4.4 Less adjustment of cost of copper wire – Rs.5.061 million

According to analysis of rates for repair/rewinding of transformers and recoveries on account of unserviceable material issued by the Chief Engineer, W&P Department, Gilgit vide letter No.CE/WP/A.A/4(23)/2022-23/25 dated 06.01.2023, deduction of heated up/burnt out copper wire of all sizes was to be made @Rs.1400/- per Kg as per Sl.No.3(i) of table at para-3 of letter ibid.

The Water & Power Division, Chillas executed repair and rewinding transformers of different capacities from 200 KVAs to 50 KVAs from private contractors. Heated and burnt out copper wire having weight of 4,401 Kg was adjusted @ Rs.250/- per Kg, amounting to Rs.1.100 million (4,401x250). During the audit for Financial Year 2022-23, it was observed that as per analysis of notified rates, recovery of heated up/burnt copper wire in repair/rewinding was required to be

made @ Rs.1400/- per Kg, which was worked out to be Rs.6.161 million (4,401 x 1,400); whereas management allowed adjustment @ Rs.250/- per Kg, amounting to Rs.1.100 million (4,401x250); which resulted in less recovery/adjustment of burnt copper wire amounting to Rs.5.061 million (6,161,400 - 1,100,250).

Audit is of the view that less recovery/adjustment worth Rs.5.061 million was occurred due to non-adherence to the notified analysis of rates and ineffective implementation of technical and financial controls.

The irregularity was pointed out during March, 2024. The management replied that adjustment was made with the approval of competent authority.

The reply was not accepted as the adjustment was made contrary to instructions of the secretary office.

The DAC meeting was held on 08.10.2024. The DAC directed the management that the amount be recovered from the contractor and in the event of failure the responsible officers should be held accountable with recovery made from them.

Audit recommends that recovery of Rs.5.061 million may be made good and deposited into government treasury.

AP-202/2023-24

29.4.5 Excess payment of dollar parity - Rs.36.942 million

According to Clause-33.1 (xii) of other terms of condition of payment, the base exchange rates of Rupees to US Dollar 28 days prior to date of opening of bids. Any fluctuation in US Dollar rate will be paid deducted only for the CIF cost of equipments at the port of entry in Pakistan. This clause shall be applicable according to the delivery schedule. Any price difference in US Dollar and any other foreign currency shall not be entertained.

The Water & Power Division, Chillas awarded work “supply, installation, commission and test run of TG Sets for 02 HPP projects in district Chilas and paid an amount of Rs.36.942 million as dollar parity for importing of TG sets. During the audit for the Financial Year 2023-24, it was observed that as per schedule of price, the contractor quoted CIF cost TG Sets after conversion of dollar price into Pak Rupees at exchange rate i.e. the date of entry of equipment into Pakistan. Assessed value/CIF cost as per GD-I was less than quoted price; hence, the management was required to deduct an amount of Rs.37.844 million from contractor; whereas, the contractor was paid Rs.36.9422 million, dollar parity on the basis of difference of exchange rate of 28 days prior to submission of bid.

(Rs. in million)					
AP No.	Division	Project	Contractor	Project cost	Dollar Parity paid
203	Water & Power Division, Chillas	supply, installation, commission and test run of TG Set for 01 MW HPP, Manikal Darel	M/S Hydro Tech Pak (Pvt)	39.314	5.100
209	---do---	TG Set for 01 MW HPP at Shabkool, Darel	M/S Sultan Mehmood & Sons	58.750	31.842
Total					36.942

Audit is of the view that as per contracts clauses, an amount of Rs.37.844 million was to be deducted; however, in contrary he was allowed payment of Rs.36.942 million as price escalation without considering the quoted and assessed CIF Cost.

The irregularities were pointed out during April, 2024. The management replied that the adjustment was critical for contractors to prevent them from further financial losses and to ensure the completion of projects within approved timelines to avoid the delays or cost overruns. By compensating for these unforeseen cost increases, the payment of escalation based on CIF costs aligns with the contractual provisions that account for market volatility, ensuring the financial sustainability of both the project and its stakeholders.

The reply was not accepted as the payment was made in violation of clause 33.1 (xii) of other terms of condition of payment.

The DAC meeting was held on 08.10.2024. The management apprised the DAC that the payment of escalation based on CIF costs is justified due to the unprecedented financial crisis and recent restrictions on the opening of LCs, which have significantly cast impact the cost of imported goods. Since no consciences was developed, therefore, the DAC referred the para to PAC.

Audit recommends that excess amount paid may be recovered.

AP-203 and 209/2023-24

29.4.6 Non-recovery of electricity charges – Rs.906.806 million

According to Para-26 of General Financial Rules (Vol-I), it is the duty of controlling officer to see that all sums due to Government are regularly and promptly assessed, realized and duly credited to Public Account.

During the audit of different Executive Engineer Water & Power department for the Financial Years 2022-23 and 2023-24, it was revealed that an amount of

Rs.906.806 million was outstanding on account of electricity bills against consumers. Division wise details are as under:

(Rs. in million)			
S. No.	AP No.	Name of Division	Amount
1.	47, 399	Water & Power Division, Chillas	510.229
2.	204	Water & Power Division, Ghizer	136.571
3.	531	Water & Power (Operation/Billing) Division Gilgit	143.184
4.	763	Water & Power Division, Astore	3.548
5.	777	Water & Power Division, Ghanche	51.130
6.	920	Water & Power Division, Nagar	62.144
Total			906.806

Audit observed that management could not recover electricity charges from the private and commercial consumers and resultantly government was deprived from the benefit of its revenue.

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

The irregularities were pointed out during March to November, 2024. The management replied that efforts are being made to recover the outstanding dues of electricity from the consumers.

The management admitted the point of view of the audit.

The DAC in its meeting held on 08.10.2024 directed the management to launch an effective and efficient recovery campaign besides improving the existing recovery mechanism to ensure compliance of directives of Gilgit-Baltistan Government in true letter and spirit.

Audit recommends that decision of the DAC may be implemented.

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 numbers 16.5.2, 16.4.1, 18.4.11 and 22.4.11 having financial impact of Rs.144.909 million, Rs.338.992, Rs.52.336 million and Rs.93.419 million respectively. Recurrence of same irregularity is a matter of serious concern.*

29.4.7 Non-pursuance of recovery of BISP stipends– Rs.42.475 million

According to Rule-7(e) of Gilgit-Baltistan System of Financial Control and Budgeting Rules 2009, in the matter of receipts pertaining to the Departments and Subordinate Offices, the Principal Accounting Officer is expected to ensure that adequate machinery exists for due collection and bringing to account of all receipts of any kind connected with the functions of the Departments and Subordinate Offices under his control.

The data shared by S&GA Department, Govt. of Gilgit-Baltistan with Accountant General Gilgit-Baltistan, an amount of Rs.42.475 million, on account of

stipends received by the employees of Water & Power Department, Gilgit-Baltistan and their spouses from BISP. The amount was required to be recovered by the department. During audit for the Financial Year 2023-24, it was observed that the management did not recover the amount from the employees.

Audit is of the view that non-recovery of BISP stipend occurred due to weak internal controls.

The irregularity was pointed out during May 2024. The management replied that most of recoveries have been made and remaining are in progress on installment basis.

The DAC in its meeting held on 08.10.2024 directed the management to expedite the recovery of undue stipend from the employees.

Audit recommends that matter of recovery of requisite amount make be expedited.

AP-224/2023-24

29.4.8 Non-preparation of performa account – Rs.110.674 million

According to Para-386 of Central Public Works Account Code provides that annually, Pro forma accounts of each workshop should be prepared, consisting of the Capital, the Outturn and the Profit & Loss Account.

The XEN GBHEW Gilgit incurred an expenditure of Rs.110.674 million during the Financial Year 2023-24, During the audit, it was observed that the management did not prepare Performa Accounts annually to review the financial results of the Hydro Electric Workshop at the end of every year in violation of CPWA code.

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

The irregularity was pointed out during May 2024. The management did not furnish the reply till finalization of report.

The PAO was requested to convene a DAC meeting vide letter dated 02.07.2024 and followed by reminders dated 23.10.2024 and dated 29.11.2023. However, the DAC meeting could not be convened till finalization of the report.

Audit recommends for preparation of job based costing and annual proforma account to authenticate the expenditure and to measure the performance of the workshop.

AP-214/2023-24

29.4.9 Irregular award of works -Rs.23.600 million

According to Rule-15 of Gilgit-Baltistan Public Procurement Rules 2022, all procurement opportunities over three million Pakistani Rupees should be advertised on the Authority's website as well as in other print media or newspapers having wide circulation. The advertisement in the newspapers shall principally appear in at least two national dailies, one in English and the other in Urdu.

The XEN GBHEW during the Financial Year 2022-23, floated tender for the work Procurement of various parts/supplies for electrical & mechanical and incurred an amount of Rs.26.299 million on repair of machinery & equipment. Audit observed that the management only advertised the tender on PPRA website and did not published in two national dailies, one in English other in Urdu in violation of rules.

Audit is of the view that the irregularity occurred due to non-adherence to the PPRA Rules and inadequate implementation of internal controls.

The irregularity was pointed out during May 2024. The management did not furnish the reply till finalization of report.

The PAO was requested to convene a DAC meeting vide letter dated 02.07.2024 and followed by reminders dated 23.10.2024 and dated 29.11.2023. However, the DAC meeting could not be convened till finalization of the report.

Audit recommends to probe into the matter besides strengthening of internal controls.

AP-215/2023-24

29.4.10 Un-authentic payment due to non-approval of feasibility studies – Rs.64.768 million

According to Clause-3.7 of contract agreement for engineering consultancy services, the consultants shall submit to the client the reports and documents specified in appendix-b in the form, in the numbers, and within the period set forth in the said appendix. Clause 5.1.3 provides that the client shall accord approval of the documents within such time as specified in the special conditions whenever these are applied for by the consultants.

The XEN GBHEW awarded following consultancies for conducting feasibility studies:

(Rs. in million)					
S. No.	Name of Project and Consultants	Date of Start	Stipulated and Actual date of Completion	Contract Cost	Value of Work Done
1	Feasibility Study for Wind Generation in Gilgit-Baltistan M/s Renewable Resources Pvt Limited JV Mountain Infrastructure &	29.10.2019	28.10.2020 25.04.2022	28.00	28.00

	engineering Services				
2	Feasibility Study to find & appropriate solution for improvement and up gradation of existing Power system at regional headquarters in GB M/s Power Planner International JV AIM engineering services Pvt Limited	11.01.2022	10.07.2022 In progress	45.961	36.768
	Total			73.961	

During the audit for the Financial Year 2022-23, it was observed that the deliverable's (reports as mentioned in Appendix-B) submitted by consultants were not approved by the department to ensure the outcome of the studies. This resulted in un-authentic payment of Rs.64.768 million.

Audit is of the view that in absence of acceptance/approval of studies by the management it cannot be ascertained whether the studies were carried out in accordance with approved ToRs. The irregularity occurred due to non-adherence to the contractual provision.

The irregularity was pointed out during May 2024. The management did not furnish the reply till finalization of report.

The PAO was requested to convene a DAC meeting vide letter dated 02.07.2024 and followed by reminders dated 23.10.2024 and dated 29.11.2023. However, the DAC meeting could not be convened till finalization of the report.

Audit recommends that the required reports be obtained from the consultants for scrutiny/authenticity besides strengthening internal controls.

AP-217/2023-24

29.4.11 Non-deduction of income tax and sales tax – Rs.5.072 million

According to Clause-1.7 of Special conditions of contract of consultancy agreement, Income Tax and Sales Tax on services at the prevailing government rate shall be deducted by the client from the consultant's invoice. However, payment of other taxes, fees, etc. as may be levied under the applicable law in Gilgit-Baltistan in respect of consultants and sub-consultants and their personnel shall be the responsibility of the consultants.

The XEN GBHEW awarded a consultancy for conducting of feasibility study to M/s Power Planner International JV AIM engineering services Pvt Limited on 11.01.2022 with completion date 10.07.2022 at cost of Rs.45.961 million. Payment of Rs.36.768 million was made to contractor upto 3rd running bill on 23.11.2022.

During the audit for the Financial Year 2022-23, it was observed that the department did not deduct an amount of Rs.5.072 million on account of sales tax from the contractor.

Audit is of the view that overpayment occurred due to weak financial management.

The irregularity was pointed out during May 2024. The management did not furnish the reply till finalization of report.

The PAO was requested to convene a DAC meeting vide letter dated 02.07.2024 and followed by reminders dated 23.10.2024 and dated 29.11.2023. However, the DAC meeting could not be convened till finalization of the report.

Audit recommends that overpayment may be recovered from the consultants besides strengthening internal controls.

AP-218/2023-24

29.4.12 Irregular award of additional works without open competition – Rs.126.445 million

According to Rule-12(2) of Public Procurement Rules 2004, all procurement opportunities over three million should be advertised on the Authority's website as well as in other print media or newspapers having wide circulation. The advertisement in the newspapers shall principally appear in at least two national dailies, one in English and the other in Urdu.

The XEN Water & Power Diamer, Chilas awarded the following works valuing Rs.94.729 million.

(Rs. in million)					
Name of Work	Contractor	Original Cost	Revised Cost/Estimate/Expenditure	Additional Work above	%age above original work
Addition of New Transformers, Extension of T/D lines up-gradation of Sub-Station in Darel Valley (B) Construction of Micros in Darel Valley	M/S Israil	26.531	99.974	73.870	278%
Extension of T/D line network transformer and new Transmission line Tangir GBA-18 Diamer	M/S Shakoorehmat	43.756	59.999	16.243	37%
Improvement of T/D line in District Diamer (Sub-Head: Transmission line Tangir	M/S Rahim Jan Brothers	24.442	60.773	36.332	149%
Total		94.729	220.746	126.445	

Audit observed that execution of additional works/extra items amounting to Rs.126.445 million was made without competitive bidding and violation of PPRA Rules. Further, due to enhanced scope of work/quantities, the contract cost of above three works was revised from Rs.94.729 million to Rs.220.746 million which was beyond the scope & applicability of PEC standard bidding document (for smaller contracts of Rs.25.000 million).

Audit is of the view that execution of additional works occurred due to weak internal controls.

The irregularities were pointed out during July 2024. The management replied that additional works were awarded to the existing contractors at the approved rates specified in the PC-I under the relevant clause of the contract agreements to save time and to ensure the timely completion of the projects with approval of competent authority.

The reply was not accepted as the additional work awarded in violation of rules.

The DAC in its meeting held on 18.12.2024 decided to conduct a fact-finding inquiry and report thereof be submitted within 28 days to PAO for further decision.

Audit recommends that responsibility be fixed for the irregularity.

AP-384,385,386 and 393/2024-25

29.4.13 Non-obtaining/revalidation of performance guarantees-Rs.106.277 million

According to Clause-10.1 of special stipulations, the contractor shall provide performance security equal to 10% of the contract price to the employer in the prescribed form within 28 days after the receipt of the letter of acceptance. Furthermore Clause 10.2 of contract provides that performance security shall be valid until the contractor has executed and completed the works and remedied any defects therein in accordance with the contract.

The various Divisions of Water & Power Department Gilgit-Baltistan awarded various works relating to construction of power houses amounting to Rs.1,062.768 million to different contractors. Details are at **Annexure-39**. During the audit for the Financial Years 2022-23 and 2023-24, it was observed that in four cases, the office failed to obtain the performance security/bank guarantees whereas in eight cases performance security was not revalidated by the respective contractors up to the date of completion of project and defect liability period.

Audit is of the view that non-obtaining/revalidation of performance guarantees valuing Rs.106.277 million (10% of the project cost of Rs.1,062.768 million) was a reflection of weak internal controls.

The irregularities were pointed out during March to November 2024. The management replied that notices have been served to the concerned contractors to extend the guarantees of their respective contracts.

The management has accepted the point of view of the audit.

The DAC in its meeting held on 18.12.2024 directed the management to recover proportionate amount of unsecured period, get the performance guarantees revalidated for the remaining period.

Audit recommends that decision of the DAC may be implemented.

Note: *The issue was reported earlier also in the Audit Reports for the Audit Years 2022-23 and 2023-24 vide para number 18.4.22 and 22.4.3 having financial impact of Rs.50.855 million and Rs.63.291 million. Recurrence of same irregularity is a matter of serious concern.*

29.4.14 Non-recovery of insurance premium due to non-effecting of insurance policy – Rs.59.235 million

According to Sub-Clause 43.1 of contract agreement the deductible limits in the insurance cover of the works shall not exceed 4%. The additional risks to be insured are transportation of equipment up to the site, laborer during transportation, loading/unloading, installation, commissioning& test running.

The various Divisions of Water & Power Department awarded infrastructure works relating to construction of power houses amounting to Rs.1,480.849 million to different contractors. Details are at **Annexure-40**. During the audit for the Financial Year 2022-23 and 2023-24, it was observed that the management neither obtained insurance policy against the works as per contract provisions nor deducted inbuilt cost of insurance premium/ insurance cover amounting to Rs.59.235 million from the contractors.

Audit is of the view that the management extended undue favor to the contractors as premium cost Rs.59.235 million was not recovered.

The irregularities occurred due to non-adherence to the contract provisions and weak internal controls.

The irregularity was pointed out during March to November 2024. The management replied that the contractors/firms have been informed to provide a work insurance policy in accordance with the clause of the contract agreement.

The management admitted the point of view of the audit.

The DAC in its meeting held on 18.12.2024 directed the management to recover the inbuilt cost as pointed out by the audit from the contractors or they may be directed to provide insurance coverage.

Audit recommends that the decision of the DAC may be implemented.

Note: *The issue was reported earlier also in the Audit Reports for the Audit Years 2022-23 and 2023-24 vide para number 18.4.13 and 22.4.7 having financial impact of Rs.24.624 million and Rs.34.626 million. Recurrence of same irregularity is a matter of serious concern.*

29.4.15 Wasteful expenditure due to non-implementation of inquiry committee's recommendation - Rs. 41.286 million

The Secretary Water & Power constituted a Board to investigate the slow progress and other issues on the project “0.7 MW Hydro power Project at Botogah Ph-III Chilas” vide SW-Dev-1(103)/2017-18/344 dated 12.09.2019.

During the audit of Executive Engineer Water & Power Diamer, Chilas Division for the Financial Year 2023-24, it was revealed that the scheme “0.7 MW Hydro power Project at Botogah Ph-III Chilas” was approved at a cost of Rs.103.00 million on 06.08.2007. The Civil Work was awarded at an agreed amount of Rs.66.154 million to M/s Abdul Rahim on 23.01.2009 which was extended up to 31.12.2017. The contractor was paid Rs.26.977 in which Rs.6.350 million was paid in excess of work done.

The Board constituted on 12.09.2019 submitted following recommendations on 31.10.2019.

- i. Convert the RCC power channel to 6mm thick penstock pipe.
- ii. Afresh feasibility study of the site through consultants.
- iii. Recovery of land compensation on relocated site.
- iv. Execution of work through original contractor within contract cost.
- v. Consultants were responsible on account improper feasibility study.
- vi. Contractor was responsible for non-execution of work withing stipulated time and excess payment to contractor.

Audit observed that the management has not taken any action on the recommendations of the inquiry committee even after lapse of six years.

Audit is of the view that non-implementation of recommendations of inquiry committee resulted in wasteful expenditure of Rs.66.154 million. Due to weak governance and internal controls the community was deprived from electricity facility.

The irregularity was pointed out during July 2024. The department replied that the 2nd revised PC-1 amounting to Rs.375.164 has been submitted by incorporating the remaining scope as per recommendations of the committee, however, the PC-1 has not been approved so far.

The DAC meeting was held on 18.12.2024. The department informed the DAC that a fact-finding inquiry has already been constituted in P&DD Gilgit-Baltistan for investigating the matter. The DAC directed the management that as soon as the inquiry is completed the report be submitted to higher authority.

Audit recommends that responsibility may be fixed.

AP-392/2024-25

29.4.16 Irregular payment to the contractor - Rs.193.947 million

According to Clause-33.1 (i and ii) of Particular Conditions of the Contract no payment including advance payments shall be made except the contractor has got completed the procedure for letter of credit (LC) between any scheduled bank of Pakistan and the Bank in the foreign country from where the machinery is being imported and the LC account has been opened. The concerned Executive Engineer shall readily verify the fact from the higher office of the bank, where such account has been opened and prior to making any payments including advanced payment. It shall be responsibility of the contractor to open the said account within a time period of 30 days from the date of issuance of commencement order. The advance payment shall be adjusted in the subsequent running bills. After adjustment of the advance, the guarantee for advance payment furnished by the contractor shall be released.

The different divisions of Water & Power Department awarded the following works to various contractors at cost of Rs.255.710 million and made payment of Rs.193.947 million.

(Rs. in million)							
S. No.	AP No.	Division	Scheme/Works	Contractor	Contract Cost	Admissible 70% of contract cost	Payment made
1	394, 396 & 397	W&P Chilas	Construction of 02 MW Hydro Power Project at Raikot Muthat (supply, installation, commissioning & test running of turbo generation set)	M/s Muhammad Yousuf & Sons	149.500	104.650	119.600
2	925	W&P Nagar	"construction of 0.200 MW Hydro Power Project at Hisper (supply, installation, commissioning & test running of TG sets)	M/s Janan & Sons	26.600	18.620	18.620
3	927 & 928	W&P Nagar	"construction of 1.500 MW Hydro Power Project at Budalas (supply, installation, commissioning & test running of TG sets)	M/s Mushtaq Ali	79.610	55.727	55.727
Total					255.71	178.997	193.947

During the audit for the Financial Year 2023-24, it was observed that:

- Contractor at serial No.01, was entitled for 70% payment of the contract cost subject to clearance of shipment from port of entry in Pakistan and delivery of machinery at site. Whereas, contrary to the contract provision 80% advance was allowed to contractor which comes to Rs.119.600 million instead of Rs.104.650 million resulted in overpayment of Rs.14.950 million without completion of contractual obligations i.e. shipment and clearance from port of entry in Pakistan and delivery at site. Moreover, mobilization advance of Rs.44.850 million included in the payment was paid without obtaining bank guarantee and without opening LC.

- ii. Contractor at serial No.02 was paid Rs.18.620 million which is 70% of the contract cost including mobilization advance of Rs.7.980 million without completion of contractual obligation i.e. shipment and clearance from port of entry in Pakistan and delivery at site.
- iii. Contractor at serial No.03 was paid Rs.55.727 million which is 70% of the contract cost including mobilization advance of Rs.23.883 million without completion of contractual obligation i.e. shipment and clearance from port of entry in Pakistan and delivery at site. Moreover, mobilization advance of Rs.23.883 million included in the payment was paid without obtaining bank guarantee and without opening LC.

Audit is of the view that advance payments without fulfilling the contractual obligation were irregular and undue favour to the contractors.

The irregularity was pointed out during July 2024. The management replied that the contractor obtained the guarantee from united insurance company having rating "AA+". There are clear instructions to obtain a guarantee from a schedule bank or insurance company with an AA+ rating. In light of Cabinet decision payment was made to the contractor for timely completion of the project. As per completion period mentioned in the CA, the contractor shall complete the work without additional claim of dollar parity.

The reply was not accepted as the LC was opened without obtaining bank guarantee from schedule bank. Moreover, the machinery has not been installed at site so far.

The DAC in its meeting held on 18.12.2024 directed the management that differential cost for premium of bank guarantee and insurance bond be recovered from the contractor. The DAC also directed to invoke penalty clause for delay in delivery of machinery. The DAC further directed to constitute a fact-finding inquiry regarding non-cancellation of contract due to failure of the contractor for non-opening of LC.

Audit recommends that responsibility may be fixed for granting undue financial benefit at the cost of public exchequer.

AP-394, 396 and 397/2024-25

29.4.17 Determination of electricity tariff at lower rates– Rs.884.981 million

According to Section-60(2) of Gilgit Baltistan Self-Empowerment and Governance Order, 2018, Electricity and Bulk Storage Water Storage falls under the ambit of Legislative List of Gilgit-Baltistan Council/Prime Minister.

The Gilgit-Baltistan Cabinet in its 28th meeting held on 27.07.2022 approved levelized tariff of electricity @ Rs.5.48 per unit and decision of the Gilgit-Baltistan

Cabinet was subsequently notified by Water & Power Department, GB vide letter No.SWP-Admn-1(15)/2022/168 dated 5.8.2022.

During the audit of Water & Power (Operation) Division, Gilgit for Financial Year 2023-24, it was observed that electricity tariff was approved by Gilgit-Baltistan Cabinet instead of Prime Minister. As per Agenda Item for increase in tariff presented to Gilgit-Baltistan Cabinet, per unit production cost of electricity through hydel resources was worked out to Rs.11/-; whereas, it was approved at average levelized rate of Rs.5.48 per unit at reduced rate Rs.5.52 per unit causing a substantial loss worth Rs.811.616 million to government exchequer against sale of 147.032 GWh (units-147.032 x Rs.5.52 differential cost) during the period under audit. Similarly, Executive Engineer Water and Power Hunza sold 13.25 GWh electricity to 13,255 consumers, amounting to Rs.75.510 million @ Rs.5.69 per unit, during 2023-24, resulting loss to government worth Rs.73.365 million ($11.227 - 5.69 = 5.537 \times 13.25 = 73,365$).

Audit is of the view that loss amounting to Rs.884.981 million was occurred to government due to application of lesser rate as compare to production cost of unit and approval of electricity tariff from the unauthorized forum instead of Prime Minister.

The irregularity was pointed out during August 2024. The management replied that tariff is charged in accordance with approved policy of the government.

The DAC meeting was held on 18.12.2024. The management informed the DAC that the tariff determined by the Cabinet was implemented accordingly. However, now a tariff committee has been constituted under the Chairmanship of ACS Gilgit-Baltistan alongwith Secretary Finance and Secretary Power to determine the tariff. The DAC referred the para to Tariff committee for consideration.

Audit recommends that tariff may be got approved from competent forum.

AP-532 and 1038/2024-25

29.4.18 Loss to government due to application of higher rates - Rs.74.609 million

According to Para-23 of GFR Vol-I, every Government officer is personally responsible for any loss sustained by Government through fraud or negligence either on his part or on the part of his subordinate staff.

The Water & Power (Operations) Division Gilgit incurred expenditure of Rs.82.800 million (Rs.67.425 million and Rs.15.375 million) on account of POL and repair & maintenance respectively, against 08 thermal/DGs units having 1000 KW capacity of each. The division generated 767,990 KWh units on 1,300 running hours @ Rs.107.81 per unit production cost. During the audit for Financial Year 2023-24, it was observed that:

- i. 767,990 KWh units generated through thermal source were not reflected in the audit energy statement of the Division to substantiate the O&M cost.
- ii. There was a huge gap between installed and generation capacity. By assuming 80% installed capacity i.e. 6,000 KW, 7,800,000 KWh units were to be generated ($6,000 \text{ KW} \times 1300 \text{ hrs} = 7,800,000 \text{ KWh}$) @ Rs.10.61 per unit cost (OM cost Rs.82,799,895/Units produced - 7,800,000 KWh); whereas, actual generation was 767,990 KWh having less generation upto the extent of 7,032,010 KWh units ($7,800,000 - 767,990$), which resulted into loss to government worth Rs.74.609 million (Units 7,032,010 x Rate Rs.10.61).

Audit is of the view that loss to government worth Rs.74.609 million was occurred due to weak financial and technical controls.

The irregularity was pointed out during August 2024. The management replied that the total operating hours of generators is taken as 1300 hours but generation of each unit is different based on capacity, efficiency and requirement. Nonetheless the hours cannot be directly multiplied to the overall capacity but the average generation of new unit i.e. 800 KW for each unit, 500 to 600 KW for old units, 150 KW for 220 KVA generator at Governor secretariat, 150 KW for the generator at CM secretariat, 170 KW for the generator at PHQ Hospital and 10-15 KW for the generator at CS secretariat. (Average generation 670 KW) $670 \times 1300 \text{ hrs} = 871000 \text{ kwh}$.

The DAC in its meeting held on 18.12.2024 decided to conduct a fact-finding inquiry and report thereof be submitted within 28 days.

Audit recommends that matter may be investigated for taking appropriate action against the persons at fault.

AP-535/2024-25

29.4.19 Non-recovery of inbuilt cost from the contractors–Rs.19.076 million

According to Cluse-11 of Special Provision of the contract agreement the contractor shall arrange free visit/training of employer's engineers at the manufacture's works.

The various Divisions of Water & Power Department awarded various works relating to construction of power houses to different contractors with inbuilt provision for training of department. During the audit for the Financial Years 2022-23 and 2023-24, it was observed that the contractors neither provided the facilities nor the management adjusted inbuilt cost to extent of Rs.19.076 million. Details are at **Annexure-41**.

Audit is of the view that the non-recovery of inbuilt cost of training facilities amounting to Rs.19.076 million occurred due to non-adherence to the provision of the contract agreements.

The irregularities were pointed out during July to October 2024. The management replied that projects mentioned at serial No.01 have been completed. Regarding project at serial No.02 it was stated that due to delay in completion the on-job training has been delayed. In the remaining cases the concerned contractors have already been directed to arrange the required training.

The management admitted the point of view of the audit.

The DAC in its meeting held on 18.12.2024 directed the management to make the recovery from the concerned contractors.

Audit recommends that decision of the DAC may be implemented.

AP-765/2024-25

29.4.20 Non-recovery of liquidated damages – Rs.33.744 million

According to Clause-47.1 of the contract agreement, liquidated damages @ 0.1% of contract price for each day of delay in completion of the work subject to maximum of 10% of contract price was to be charged for delay in completion of the work.

The various Executive Engineers Water and Power Department Gilgit-Baltistan awarded different contracts to various contractors at a cost of Rs.337.439 million. Details are at **Annexure-42**. During the audit for the Financial Year 2023-24, it was observed that neither time extension was granted nor liquidated damages amounting to Rs.33.744 million were imposed on the contractors.

Audit is of the view that non-recovery of liquidated damages was a favour to the contractors and resulted in loss to the government.

The irregularities were pointed out during March to November 2024. The management replied that the projects are located at far-flung area and snow bounded area of the region where working season is short therefore, additional time is required for their completion.

The reply was not accepted as no time extension was granted by the Principal Accounting Officer.

The DAC in its meeting held on 18.12.2024 directed the management to obtain extension in time period where justified and required otherwise liquidated damages be imposed in accordance with provision of contract agreements.

Audit recommends that decision of the DAC may be implemented.

29.4.21 Irregular execution of work Rs.5.940 million

According to standard instruction of the DDWP and Planning and Development Department- Government of Gilgit-Baltistan, work is to be done within the scope of PC-I and no extra work is to be undertaken without the prior approval of the competent forum.

The Executive Engineer W&P, Astore awarded the work of construction of 500 KW HPP Bulashbar Astore (TD line, Transformers, Panels and Cables) to M/S Muhammad Yousuf & Sons at agreed cost of Rs.63.560 million on 10.07.2017. The 8th running bill was paid to contractor with a total value of the work done Rs.18.003 on 26.06.2024. During the audit for Financial Year 2023-24, It was observed that in PC-I provision of Rs.4.000 million was made for the distribution line whereas, the contractor was paid Rs.9.940 million resulting in excess payment of Rs.5.940 million over and above the PC-I cost.

Audit is of the view that extra payment was made due to weak financial and technical controls.

The irregularity was pointed out during October 2024. The management replied that the additional work was executed with the prior approval of the Chief Engineer Water & Power Department Diamer Astore region.

The reply was not accepted as the expenditure was made in excess of provision made in PC-I.

The DAC in its meeting held on 18.12.2024 decided to conduct a fact-finding inquiry and report thereof be submitted within 28 days.

Audit recommends that responsibility may be fixed.

AP-770/2024-25

29.4.22 Irregular payment to the contractor – Rs.25.239 million

According to Clause-70.1(e) of Particular Conditions of Contract, if the contractor fails to complete the works within the time for completion prescribed under Clause 43, adjustment of prices thereafter until the date of completion of the works shall be made using either the indices or prices relating to the prescribed time for completion, or the current indices or prices, whichever is more favorable to the employer, provided that if an extension of time is granted pursuant to Clause 44, the above provision shall apply only to adjustments made after the expiry of such extension of time.

The XEN Water & Power Ghanche awarded a work “Construction of 02 MW HPP at Lachat Ghanche (SH: S/F of penstock pipe (30 in dia) i/c civil works to M/s Hussain Ali & Sons JV M/s Wazir Imtiaz & Sons JV M/s Hassan & Sons at an

agreed cost of Rs.165.871 million on 25.06.2021. The work was required to be completed within 36 months i.e. 25.06.2024. The contractor was paid 8th running bill for Rs.81.079 million on 13.06.2024. The contractor was allowed price adjustment of Rs.25.239 million on account of penstock pipe.

During the audit for the Financial Year 2023-24, it was observed that price adjustment of Rs.25.239 million was paid to contractor on labour, cement and POL which is less than 7% resultantly overpayment in violation of provision of contract agreement.

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

The irregularity was pointed out during October 2024. The management replied that the escalation was paid as per standard procedure and formula. However, approval of Chief Engineer was not obtained.

The reply was not accepted price adjustment was made in violation of rules.

The DAC meeting was held on 18.12.2024. The DAC did not agree with the stance of management and directed to evaluate the actual fault of delay. The DAC further directed that the recovery of those components having co-efficient of lesser than 7% except labour and HSD may be made.

Audit recommends that overpayment may be recovered besides strengthen of internal controls.

AP-775/2024-25

29.4.23 Overpayment due to non-stacking of serviceable and unserviceable materials – Rs.13.372 million

According to composite rate of SR-5 & 6 under SH-103 (Excavation) of PWD Schedule Rates, 2012, 47.50% rate of labor cost is to be deducted from the composite SR in case of non-stacking of serviceable and unserviceable material during execution of items of excavation/cutting in hard rock by blasting and pick and jumper work. As per SH-113 of PWD Schedule Rates, 2012, per % Cft rate of item “providing and laying dry un-coursed rubble masonry in retaining or compound wall etc. including scaffolding etc. complete was Rs.6,917.46 %cft. According the Basic Rate of Material under Sl.1523 – Code 1930 of PWD Schedule Rates, 2012, rate of stone was Rs.1,500/- %cft.

The Civil Engineering Division, Gilgit allowed payment of Rs.19.264 million to M/S Sahib Aman, against measurement of 646,260 cft quantity of excavation/ cutting through blasting and 627,735 cft. quantity through pick and jumper work upto 18th running bill paid on 10.08.2024 against sub-head work “approach road” against work “Const of 01 MW HPP at Sherqilla”. Similarly, payment Rs.8.866 million was made to M/S Muhammad Ghayour on 15.10.2024 through 19th running

bill for execution of items of excavation/cutting in hard rock by blasting and pick & jumper under various Sub-Head-Works against up-rating of 160 to 750 KWHPP, Birgal.

During the audit for Financial Year 2023-24, it was observed that the management did not adjust 47.50% of labour cost against excavation item and paid Rs.28.130 million resultantly, Rs.13.372 million were overpaid.

Audit is of the view that overpayment of Rs.13.372 million was occurred due to non-adherence to Pak PWD Rate of Analysis 2012 and weak technical and financial controls.

The irregularity was pointed out during October 2024. The management replied that 15.418% of the total quantity obtained by blasting, pick and jumper work was already deducted for used in the construction of dry uncoursed rubble masonry. Once the deduction been made for serviceable material obtained by cutting the hard rock then stone masonry wall will be liable to be paid @ full rates. Moreover, by blasting work, the stone is not always obtained of the optimum/required size which is directly used in the masonry work, but requires more labour in order to breakdown the stone by hammering and chiseling.

The reply is inconsistent with rules.

The DAC meeting was held on 18.12.2024. The para discussed at length, DAC directed to recover cost of labour component of un-stackable materials and recovery for non-utilization of serviceable stone in other item of work.

Audit recommends that recovery be effected.

AP-846 and 849/2024-25

29.4.24 Irregular execution of concession agreement– Rs.6,713.00 million

According to Article-2.5.1 of Concession Agreement, during the term of agreement, private party shall have full, complete and unimpeded control and use of the concession assets (whether real or personal, tangle or intangible property and including equipment, machinery, spare part, vehicles, investment, technical drawings, studies or reports) in the concession area owned operated or controlled by the Government, or the WPD including but not limited to the (a) the Project; (b) all hydropower plants in the Concession Area (c) diesel powered electric generations; and (d) all electricity transmission and distribution assets technology, lines, poles, cables, structures, transformation, stations and substations, metering and protective equipments, vehicles, spare parts, tools, office equipment warehouse, buildings, workshops, garages and houses and any information related thereto 30 (thirty) days before the commercial operation date of the first phase.

According to Article-5.1.1 of the Concession Agreement, tariff for electricity generated by the Project will be as per the Tariff Determination Mechanism mutually agreed to by the Project Company and the Government within ninety (90) days following the signing of the Agreement.

According to Article-6.3.1 of the Concession Agreement, the Government may, in order to achieve financial viability of the Project, choose to provide support from various sources including for example a viability gap fund toward either the overall project costs or the agreed tariff for the project area.

The Water & Power Division Hunza signed a concession agreement with M/S NPAK Energy Ltd. on 14.11.2020 for a period of 30 years giving exclusive rights to the Company to develop, design, finance, construct, own, possess, use, operate, management and maintain all eclectic generation, transmission and distribution facilities for the provision of electric power in the Concession Area (Central Hunza) to all consumers, public or private, served or in the future to be served within the Concession Area and the rights to utilize the water resources of the Concession Area.

During the audit for the Financial Year 2023-24, it was observed that:

- i. As per Recital of Concession Agreement, the private party was going to add 2.8 MW low head hydropower project in the existing infrastructure by investing total estimated value of Rs.1820.000 million (cost per 1 KW =0.650 million = 2,800 KW x Rs.0.650 million) therefore, as per BOT, private company was required to own and transfer the project up-to that extent; whereas; under Article 2.5 of the Concession Agreement, Assets of all kind including projected revenue of the Division for 30 years, amounting to Rs.6.713 Billion (Cost of Assets Rs.3.229 Billion + Projected Revenue Rs.3.484 Billion) is required to be transferred to the private party. Hence, provision of Article 2.5.1 of Concession Agreement up-to extent of existing infrastructure assets and projected revenue owned by Division was contradictory under Build-Own and Transfer (BOT) mode of Public Private Partnership (PPP).
- ii. The agreement was signed without determination of electricity tariff in advance; providing a window to private party to settle the tariff as per terms and conditions favorable to them, which compromised the rights of consumers.
- iii. As per Recital-C of the Concession Agreement, the Private Party was required to add 2.8 MW hydropower capacities in existing infrastructure; however, private party has not yet installed the required energy as per agreement.
- iv. The agreement was signed on the basis of 100% funding/investment by the private party, therefore, provision for creation of viability gap fund to achieve financial viability of the Project as per Article 6.3.1 of the Concession

Agreement was unnecessary. Moreover, no *modus operandi* was available to certify the creation of viability gap fund.

Audit is of the view that under quoted sections/recitals of concession agreement, it seems that the department entered into the agreement on terms, which are more favorable to private party instead of government.

The irregularity was pointed out during September 2024. The management replied that the agreement was approved by the Government under the Gilgit-Baltistan PPP Act 2021. While considering the costs, the impact of only 2.8 MW hydropower project is taken, whereas the project company, as part of its plan, shall be developing other renewables including a 14-20 MW project in upper Hunza and various solar projects. Since the CA is a framework agreement, any subsequent tariff petition (subject to periodic revisions) submitted by NPAK shall be approved by the committee constituted by the GoGB, as per the prevailing rules under the Act. There are established principles framed by the National Electric Power Regulatory Authority (NEPRA) for determination of tariff, which are strictly followed to determine the tariff.

The management admitted the point of view of the audit.

The DAC meeting was held on 18.12.2024. The DAC was of the view that project was undertaken in accordance with government initiatives and Cabinet decision, therefore, being a policy issue the DAC decided to refer the para to PAC for detail deliberation and decision on apex forum.

Audit recommends that the issue highlighted by audit may be addressed in the best public interest.

AP-1035/2024-25

29.4.25 Irregular contracting under Public Private Partnership Mode

According to Section-60(2) of Gilgit-Baltistan Self-Empowerment and Governance Order, 2018, Electricity and Bulk Storage Water Storage falls under the ambit of Legislative List of GB Council/Prime Minister.

The Water & Power Division Hunza signed a concession agreement with M/S NPAK Energy Ltd. on 14.11.2020 for a period of 30 years giving exclusive rights to the Company to develop, design, finance, construct, own, possess, use, operate, management and maintain all eclectic generation, transmission and distribution facilities for the provision of electric power in the Concession Area (Central Hunza) to all consumers, public or private, served or in the future to be served within the Concession Area and the rights to utilize the water resources of the Concession Area.

During the audit for the Financial Year 2023-24, it was observed that approval of the Prime Minister/GB Counsel was not sought prior to signing and entering into Concession Agreement. Moreover, provision for public private partnership mode relating to power generation infrastructure under Schedule-I of Section-2(m) of Public Private Partnership Act, 2019 was inconsistent and contrary to the proviso of Section 60(2) of Governance Order 2018.

Audit is of the view that irregularity was occurred due to non-compliance to the provision of Governance Order, 2018 and weak internal controls.

The irregularity was pointed out during September 2024. The management replied that the Gilgit-Baltistan Rules of Business 2009 empowers the government to administer generation issues temporarily. The Council or Prime Minister office has never objected to this. However, the concession agreement amended from time to time will be shared with the competent forum i.e. Gilgit-Baltistan Council.

The management admitted the point of view of the audit.

The DAC meeting was held on 18.12.2024. The DAC was of the view that project was undertaken in accordance with government initiatives and Cabinet decision, therefore, being a policy issue the DAC decided to refer the para to PAC for detail deliberation and decision on apex forum.

Audit recommends that approval of Council may be obtained as required.

AP-1036/2024-25

29.4.26 Irregular selection for private party for concession agreement

According to Rule-2(1)(ka) of Public Procurement Rules 2004, unsolicited project proposal means any proposal containing a unique and innovative idea and approach, and the same is not submitted in response to any procurement request, however is aligned with the mission and objectives of the procuring agency and is subject to competitive selection process by soliciting counter proposals challenging the initiator's proposal in all the technical and financial aspects.

According to Rule-13(1) of Public Procurement Rules 2004, procuring agency may decide the response time for receipt of bids or proposals (including proposals for pre-qualification) from the date of publication of an advertisement or notice, keeping in view the individual procurement's complexity, availability and urgency. However, under no circumstances the response time shall be less than fifteen days for national competitive bidding and thirty days for international competitive bidding from the date of publication of advertisement or notice.

The Water & Power Division Hunza signed a concession agreement with M/S NPAK Energy Ltd. on 14.11.2020 for a period of 30 years giving exclusive rights to the Company to develop, design, finance, construct, own, possess, use,

operate, management and maintain all eclectic generation, transmission and distribution facilities for the provision of electric power in the Concession Area (Central Hunza) to all consumers, public or private, served or in the future to be served within the Concession Area and the rights to utilize the water resources of the Concession Area.

During the audit for the Financial Year 2023-24, it was observed that:

- i. An unsolicited proposal for generation & distribution of electricity in Central Hunza under public private partnership mode was submitted by M/S NPAK Energy Limited in 2019. The same was remained under consideration with the procuring agency till 27.09.2020. In response, counter proposals (EOI) were sought by procuring agency giving 15 days response time (EOI published on 28.09.2020 on PPRA website and opened on 15.10.2020) and without publication in two national newspapers.
- ii. The scope and objectives of EOI was strictly aligned with the unsolicited proposal submitted by M/S NPAK Energy Limited instead of mission, objectives and actual requirements of the procuring agency.
- iii. As per energy generation data, the Division had 6.9 MW installed capacity and facing 6.15 MW shortfall in summer and 10.475 MW in Winter whereas under unsolicited proposal private party was making an addition of 2.8 MW in existing energy structure and same requirement was made part of EOI instead of actual requirements of shortfall.
- iv. Under EOI, bidders were required to conduct feasibility study for installation of minimum of more than 2.5 MW generation capacity with 100% project financing without sovereign guarantee by the Government of GB and construction of designed HPP within 6 months after signing of agreement, which was quite unrealistic for any bidder to response to EOI within 15 days in term of technical and financial aspects; hence, no participation was made by any bidder and unsolicited proposal by the initiator remained unchallenged.

Audit is of the view that unsolicited proposal was accepted without giving sufficient response time (i.e. at least three months) to interested parties for submission of counter proposals.

The irregularity was pointed out during September 2024. The management replied that the nature of the procurement was an “Expression of Interest (EOI),” which aligns with regulatory provisions for soliciting interest from potential investors. To encourage an international investor who proposed to work under the Public-Private Partnership (PPP) model without requiring a sovereign guarantee, and for a loss-making unit, the requisite EOI was processed in line with the unsolicited proposal mechanism under PPRA guidelines. The EOI was published on the PPRA website to ensure transparency and compliance, but no counterproposals were received.

The DAC meeting was held on 18.12.2024. The DAC was of the view that project was undertaken in accordance with government initiatives and Cabinet decision, therefore, being a policy issue the DAC decided to refer the para to PAC for detail deliberation and decision on apex forum.

Audit recommends that the issue highlighted by audit may be addressed.

AP-1037/2024-25

29.4.27 Loss to government due to sale of solar energy on lesser rates - Rs.6.376 million

According to Para-23 of GFR Vol-I, every Government officer is personally responsible for any loss sustained by Government through fraud or negligence either on his part or on the part of his subordinate staff.

The Water & Power Division Hunza during the Financial Year 2023-24 purchase of 736,486 KWh solar energy @ Rs.14.138 per unit for a period of six months and 17 days with effect from 17.11.2023 to 31.05.2024 under a Power Purchase Agreement (PPA) signed between NPak Energy Ltd and Water & Power Department, Gilgit-Baltistan on 17.11.2023 and made payment of Rs.10.412 million to M/S NPak Energy Ltd. Audit observed that the solar energy was sold to the consumers of central Hunza @ Rs.5.480 per unit levelized rate causing a loss to government worth Rs.6.376 million ($14.138 - 5.48 = 8.658 \times 736,486 = 6,376,496/-$).

Audit is of the view that loss to government worth Rs.6.376 million was occurred due to ineffective implementation of internal controls.

The irregularity was pointed out during September 2024. The management replied that the energy was purchased from NPak @ Rs.14.138 per unit, duly approved by the Cabinet. The general approved tariff was applied to consumers. Solar energy at Rs.14.138 per unit is more economical and viable as compared to conventional diesel generation, which costs Rs.97/per unit. Hence, the purchased solar energy from NPak is more economical and beneficial for the Government.

The management admitted the point of view of the audit.

The DAC meeting was held on 18.12.2024. The management informed the DAC that sale of electricity on subsidized rate was approved by the Cabinet. Therefore, DAC decided to refer the matter to PAC for consideration and deliberation.

Audit recommends that policy may be formulated to regulate the issue.

AP-1040/2024-25

29.4.28 Time & cost overrun due to slow progress - Rs.4,827.163 million

According to Para-7.1 of Manual of Development, the objectives of any effort in project planning and analysis is to have a project that can be implemented to the benefit and socio-economic uplift of the society. The objective of initiating a project is to make it fully functional and getting them fully underway for achieving the goals envisaged without any time and cost over-run, in order that the economic benefits accrue according to the promises made in the scheme.

The ECNEC in its meeting held on 20.08.2009 approved the project 16MW HPP Nalter-III, Gilgit at a cost of Rs.1,372.330 million with a completion period of 40 months. The first revision of PC-I was approved by CDWP in its meeting held on 11.06.2015 and the cost was increased to Rs.2,900 million. The 2nd revision of PC-1 was made by CDWP on 08.02.2021 at cost of Rs.6,199.493 million with a completion period of 48 months. During the audit for the Financial Year 2022-23, it was observed that the cost of the project was increased from Rs.1,372.330 million to Rs.6,199.493 million due to non-observance of PC-I timelines which resulted in cost overrun amounting to Rs.4,827.163 million.

Audit is of the view that abnormal delay resulted in time and cost overrun.

The management replied that the contractor was assured that the project would be completed by October 2023. However, the contractor faced certain internal issues that impeded the progress. The management is in close collaboration with contractor to resolve their internal issues and streamline the workflow to expedite the project's completion.

The management admitted the point of view of the audit.

The DAC meeting was held on 18.12.2024. After detailed discussion the DAC referred the matter to PAC for consideration and deliberation.

Audit recommends that responsibility may be fixed for the abnormal delay.

AP-1043/2024-25

29.4.29 Overpayment due to post-bid amendments in the contract - Rs.26.436 million

According to Clause-3(a) of addendum of EPC contract, payment of price adjustment against already work done up June 2021 shall be paid by using base rate of April 2016 i.e. EPC contract signing date. As per Clause-3(b) of addendum of EPC contract, payment of price adjustment against work to be done after June 2021 shall be paid by using base rate of January, 2020 i.e. cost assessment date of 2nd revised PC-I.

The management of 16MW HPP Naltar-III, Gilgit during the Financial Year 2022-23, paid an amount of Rs.112.746 million to EPC contractor after the amendment of PC-I on account of schedule item 3(A) Design Services (civil) and 5(B) steel / concrete bridge over Naltar River for access to power house. Details are at **Annexure-43**. Audit observed that the management made excess payment of Rs.26.436 million on account of work already completed after 2nd revision of PC-I in violation of addendum contract clause 3 (a).

Audit is of the view that payment was made in violation provision of the agreement.

The management replied that after amendment, just the difference of amount was paid not the price adjustment.

The reply was not accepted the payment was made in violation of clause 3 (a) addendum of EPC contract.

The DAC meeting was held on 18.12.2024. After detailed discussion the DAC referred the matter to PAC for consideration and deliberation.

Audit recommends that overpaid amount be recovered from the contractor.

AP-1044/2024-25

29.4.30 Time & cost overrun due to slow progress- Rs.6,648.093 million

According Para-7.1 of Manual of Development, the objectives of any effort in project planning and analysis is to have a project that can be implemented to the benefit and socio-economic uplift of the society. The objective of initiating a project is to make it fully functional and getting them fully underway for achieving the goals envisaged without any time and cost over-run, in order that the economic benefits accrue according to the promises made in the scheme.

The 20 MW Hydro power project Hanzel was approved at a cost of Rs.6,273.569 million in June 2016. After International Competitive Bidding, the technical bids were opened on 05.11.2020 and the responsive financial bids were submitted to Planning Commission of Pakistan in March 2021. PC-I was revised on the basis of lowest evaluated bid price of the substantially technically responsive Bidder [M/s CNEEC-FWO JV). The administrative approval of the revised PC-1 amounting to Rs.12,921,662 million was accorded by the ECNEC in June 2021. The Engineering, Procurement, Construction (EPC) Contract was awarded to M/s CNEEC-FWO JV on 06.09.2021.

During the audit for the Financial Year 2022-23, it was observed that the cost of the project was increased from Rs.6,273.569 million to Rs.12,921.662 million due to non-observance of PC-I timelines which resulted in cost overrun amounting to Rs.6,648.093 million.

Audit is of the view that abnormal delay resulted in time and cost overrun.

The management replied that after admin approval the PMU office has been established and construction of Employer facility is near to completion, Diversion works weir, access road and Permanent bridges is in progress as well design work of Weir, HRT, Employer facility etc. completed.

The management admitted the point of view of the audit.

The DAC meeting was held on 18.12.2024. After detailed discussion the DAC referred the matter to PAC for consideration and deliberation.

Audit recommends that responsibility may be fixed for the abnormal delay.

AP-1050/2024-25

29.4.31 Non-transparent hiring of consultant – Rs.130.850 million

According to Regulation-9 of Procurement of Consultancy Services Regulations, 2010 the procuring agency shall appoint Committee for short listing and selection of consultant. The Committee shall comprise of at least three competent relevant persons to evaluate the consultants as per evaluation criteria. In case of non-availability of in-house expertise, the procuring agency may engage outside appropriate sources.

The project management of 20 MW Hydro power project Hanzel invited for Expression of Interest under Quality & Cost Based Selection through Single Stage Two Envelop procedure. The request for proposal (RFP) documents were issued to eleven firms and seven firms submitted bids/proposals. M/s Integration GmbH-PES-Integration Energy (Pvt) Ltd JV was selected under Quality & Cost basis.

During the audit for the Financial Year 2022-23, it was observed that the technical and financial evaluation reports were not signed by the chairman and members of the committee. The bid was accepted for Rs.115.850 million whereas the agreement was made for Rs.130.850 million.

Audit is of the view that consultant was hired in non-transparent manner.

The management replied that the rate with M/S. Integration GMBH-PES JV is as per evaluation report and these are not negotiated rates. The financial and technical bids were signed by the committee members. The provision of Rs.15.000 million over Rs.115.850 million was made for Taxes as per contract agreement.

The reply was not accepted the contract was signed in excess of accepted rates.

The DAC in its meeting held on 18.12.2024 decided to conduct a fact-finding inquiry and report thereof be submitted within 28 days.

Audit recommends that responsibility may be fixed.

AP-1052/2024-25

29.4.32 Wasteful expenditure on feasibility study – Rs.44.530 million

According to Para-6.4 of Manual for Ministry of Planning, Development and Reform the PC-I should be supported with a feasibility study, survey and investigation and market survey report. It is mandatory that all infrastructure projects (or having infrastructure component) costing Rs.500.000 million or above should be based on a professional feasibility study. The feasibility should be proper and based on current data. Any study older than three years is not accepted.

The project management of 20 MW Hydro power project Hanzel Gilgit entered into a consultancy service contract with M/s NESPAK on 03.03.2017. The ToRs cover the review of feasibility, IEE / EIA, preparation of tender documents etc. construction, supervision, quality assurance and commissioning. The Consultant was paid Rs.44.530 million (Rs.15.042 million + Rs.29.488 million) during the Financial Years 2021-22 and 2022-23. It was observed that instead of conducting a fresh feasibility study the consultant reviewed 8 years old feasibility study conducted by M/s ACE (Pvt) Ltd Lahore which was already objected by Ministry of Planning, Development and Special Initiatives (Energy Wing), Islamabad on 29.07.2022.

Audit is of the view that government suffered a loss in terms of increase in cost of project and timelines for completion of project due to non-conduct of fresh feasibility study of the project.

The management replied that the feasibility was conducted in 2009 by ACE Consultant as per the given scope i.e. “Feasibility of 20MW “which was done for right side of river. M/s NESPAK was given the scope to review the feasibility. NESPAK has highlighted possibility of an enhancement i.e. 10-15MW in reviewed feasibility. Therefore, fresh feasibility for same scope and site was not required. EPC contractor has utilized Contractor as per Clause 1.3.1, the EPC has the freedom to change layout, methodology, design etc. and offer has an alternate layout on Left side of River which offers better geological features for tunnel option as well as enhancement was also possible. Alternate layout was proposed based on Right side i.e. conflict with GSR, social and flooding issues. The increased in cost in 2nd revised PC-01 was for alternate Layout with enhanced capacity i.e. 40MW. As the consultant was hired for review feasibility and has completed its task as per defined scope.

DAC meeting was held on 18.12.2024. After detailed discussion the DAC referred the matter to PAC for consideration and deliberation.

Audit recommends that matter may be inquired for fixing the responsibility.

AP-1053/2024-25

CHAPTER-30

30. WATER MANAGEMENT & IRRIGATION DEPARTMENT

30.1 Introduction

A. Water Management & Irrigation Department deals with management of watersheds, soil conservation, improvement in the productivity of land, soil fertility and improvement of water courses.



Audit Profile of Water Management & Irrigation Department

(Rs. in million)

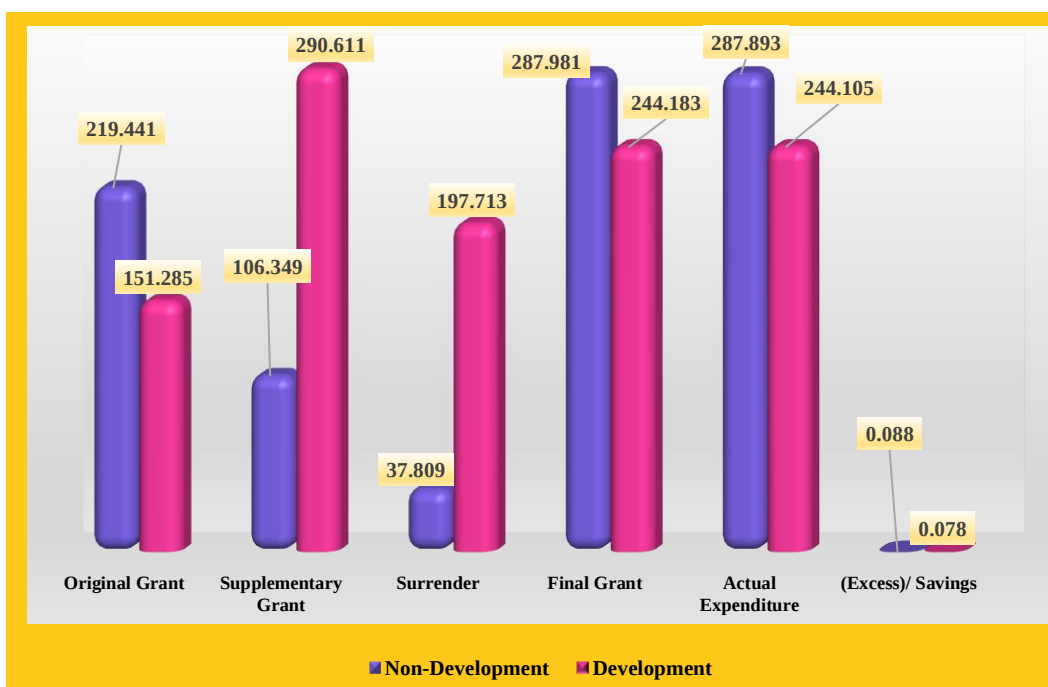
S. No.	Description	Total Nos.	Audited	Expenditures audited FY 2023-24	Receipts FY 2023-24
1.	Formations	03	03	890.278	-

B. Comments on Budget & Accounts (Variance Analysis)

Budget allocation and expenditures of department for the Financial Year 2023-24 is as under:

(Rs. in million)

Grant	Original Budget	Supplementary	Surrender	Final Grant	Actual Expenditures	Saving
Non-Dev-32	219.441	106.349	(37.809)	287.981	287.893	0.088
Dev	151.285	290.611	(197.713)	244.183	244.105	0.078
Total	370.726	396.96	(235.522)	532.164	531.998	0.166



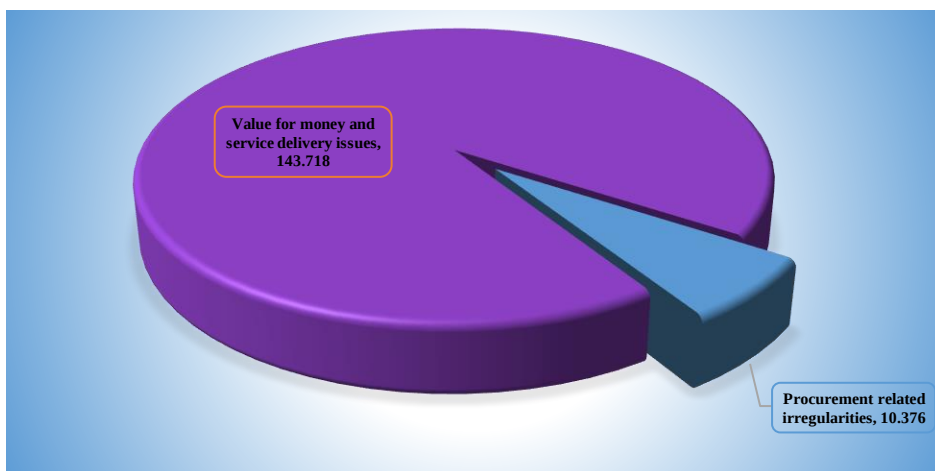
An allocation of Rs.219.441 million was made for non-development budget. During the year, supplementary grant of Rs.106.349 million was approved which is 48.46% of the original allocation. The department also surrendered an amount of Rs.37.809 million which is 17.23% of the original grant. Against final grant of Rs.287.981 million the department utilized funds of Rs.287.893 million which is 99.97% of the final grant.

Similarly, allocation of Rs.151.285 million was made for development budget. Against final grant of Rs.244.183 million, the department utilized funds of Rs.244.105 million which is almost 100% of the final grant.

30.2 Classified summary of Audit observations

Audit observations amounting to Rs.154.094 million were raised in this report during current audit of the department. Summary of the audit observations classified by nature are as under:

(Rs. in million)		
S. No.	Classification	Amount
1.	Procurement related irregularities	10.376
2.	Value for money and service delivery issues	143.718
Total		154.094



30.3 Brief comments on the status of compliance with PAC directives

No meeting of PAC has been held to discuss audit paras of Department.

30.4 AUDIT PARAS

30.4.1 Non-achievement of objectives of PC-I – Rs.143.718 million

According to Item-12 of the Revised PC-I of the project “Sairab Gilgit-Baltistan (Construction and Re-habilitation of irrigation channels to bring cultivable lands under crops in Gilgit-Baltistan)” provides the implementation schedule of 27 months started from April 2021 to June 2023 for a project cost of Rs.302.578 million out of which Rs.260.681 million of government share and Rs.41.897 million farmers share (80:20 ratio).

The Directorate Water Management Gilgit executed various works under the project titled “Construction/re-construction/Improvement/re-habilitation of irrigation water channels” under “Sairab Gilgit-Baltistan through Water User Associations (WUA) and made payments Rs.143.718 million (66% of the project) up to June 2023. Various works/sub-schemes were not completed in violation of objectives and timelines of the PC-I. Payment to the WUA paid on work done basis. During the audit for the Financial Years 2021-22 and 2022-23, it was observed that work on 26 sub-schemes which are 44% of the project has not been started so far, only 21 sub-schemes were completed in three years and 12 sub-schemes were partially completed.

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

The irregularity was pointed out during April 2024. The management replied that due to less allocation/releases of budget allocation in ADP 2021-22 and 2022-23 the project could not complete with in the stipulated timelines. Upto June 2024, twenty-seven schemes have been completed and remaining thirty-two schemes will

be completed by the end of June 2025 subject to release of funds. The project implementation period has been extended up to June 2025 by the competent authority.

The management admitted the point of view of the audit.

The DAC meeting was held on 19.08.2024. The management apprised the DAC regarding progress of the schemes with respect to funds availability. However, the DAC was not convinced and referred the para to PAC.

Audit recommends that appropriate action may be taken besides strengthening the internal controls.

AP-183/2023-24 and 908/2024-25

30.4.2 Non-completion of work - Rs.10.376 million

According to start order of the work “Improvement/rehabilitation of Barmas water channel along with Track from Napura Nallah to Barmas Bala District Gilgit” dated 20.10.2022 after issuance of the start order, the work was required to be executed through Water User Association up to June 2023.

The Directorate Water Management Gilgit-Baltistan Gilgit executed a work Improvement/rehabilitation of Barmas water channel along with Track from Napura Nallah to Barmas Bala District Gilgit through Water User Association at estimated cost of Rs.16.807 million. WUA incurred an expenditure of Rs.6.431 million against the estimated cost of Rs.16.807 million. During the audit for the Financial Years 2021-22 and 2022-23, it was observed that works involving expenditure of Rs.10.376 million have not been completed by the WUA despite completion of contract agreement i.e. 30.06.2023.

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

The irregularity was pointed out during April 2024. The management replied that despite of our best efforts the project could not be completed by June 2023. The delay was due to less release of funds and the remaining civil work will be completed by 30.06.2025.

The management admitted the point of view of the audit.

The DAC meeting was held on 19.08.2024. The management apprised the DAC regarding progress of the schemes. However, the DAC was not convinced and referred the para to PAC.

Audit recommends that the appropriate action may be taken besides strengthening the internal controls.

AP-184/2023-24

30.4.3 Non-approval of Rive Protection Act & Water User Association Act

According to Gilgit-Baltistan Rule of Business 2009, Water Management & Irrigation Department deals with management of watersheds, soil conservation, improvement in the productivity of land, soil fertility and improvement of water courses.

During audit of office of the Secretary Water Management & Irrigation Department, Gilgit for the Financial Year 2023-24, it was revealed that the department formulated a draft River Protection Act 2024 and Water User Association Act 2024. Audit observed that the River Protection Act 2024 and Water User Association Act 2024 prepared by the department have not been approved by the competent forum so far.

Audit is of the view that non-approval of River Protection Act 2024 and Water User Association Act 2024 is violation of Gilgit-Baltistan Rule of Business 2009.

The irregularity was pointed out during August 2024. The management replied that the River Protection Act 2024 was presented in Gilgit-Baltistan Cabinet which was deferred. Moreover, on Water User Association Act Gilgit-Baltistan, the CM office has desired presentation on the Act before submission the cabinet and Gilgit-Baltistan Assembly which will be done soon.

The management admitted the point of view of the audit.

The DAC meeting was held on 27.11.2024. The management apprised the DAC that River Protection Act & Water User Association Act 2024 is under process for approval. DAC directed to expedite the process of approval.

Audit recommends that decision of the DAC may be implemented.

AP-621/2024-25

CHAPTER-31

31. IMPACT AUDIT

Socio-economic Impact of Value Chain Development - a component of Economic Transformation Initiative Gilgit-Baltistan (ETI-GB)



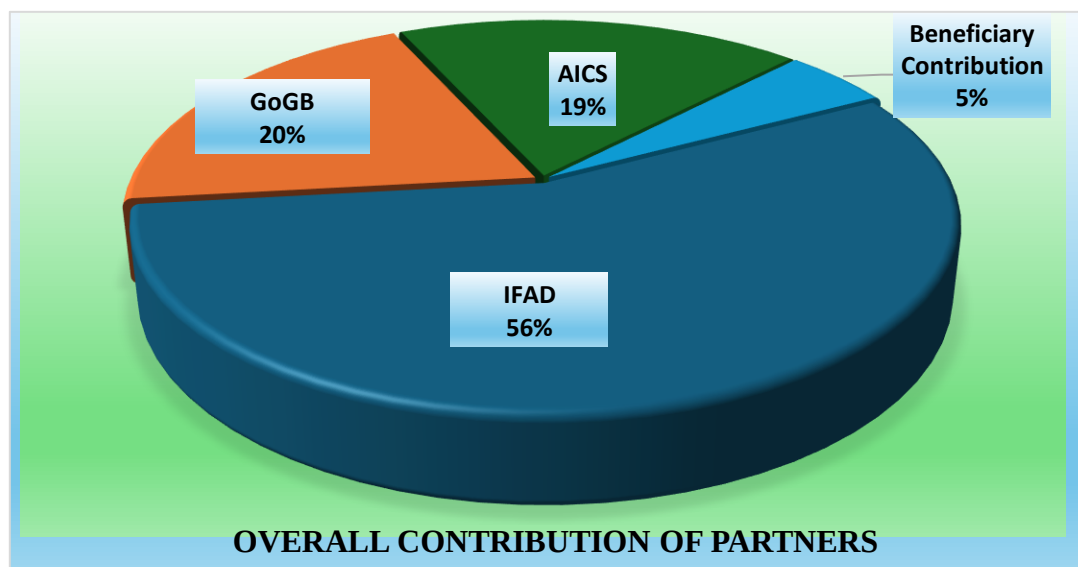
1. Introduction

Impact Audit gauges outcomes on target population emanating from initiative, program or project. This type of audit is conducted as an initiative under the directions and guidance by the Auditor-General of Gilgit-Baltistan. Its ushers into an era fathoming real time benefit of public sector initiative on the targeted strata.

The Economic Transformation Initiative Gilgit-Baltistan (ETI-GB) is a development programme of Planning and Development Department, Government of Gilgit-Baltistan, co-funded by the International Fund for Agriculture Development (IFAD) and Co-Financed by Agenzia Italiana per la Cooperazione e lo Sviluppo with a funding of US\$ 120.000 million. Initially, the project life span was seven years from 2015-2022. The programme was extended upto September, 2025. The programme through three mutually reinforced components is aimed at increasing agriculture income and employment of at least 100,000 households in the region through sustainable development of agriculture value chains.

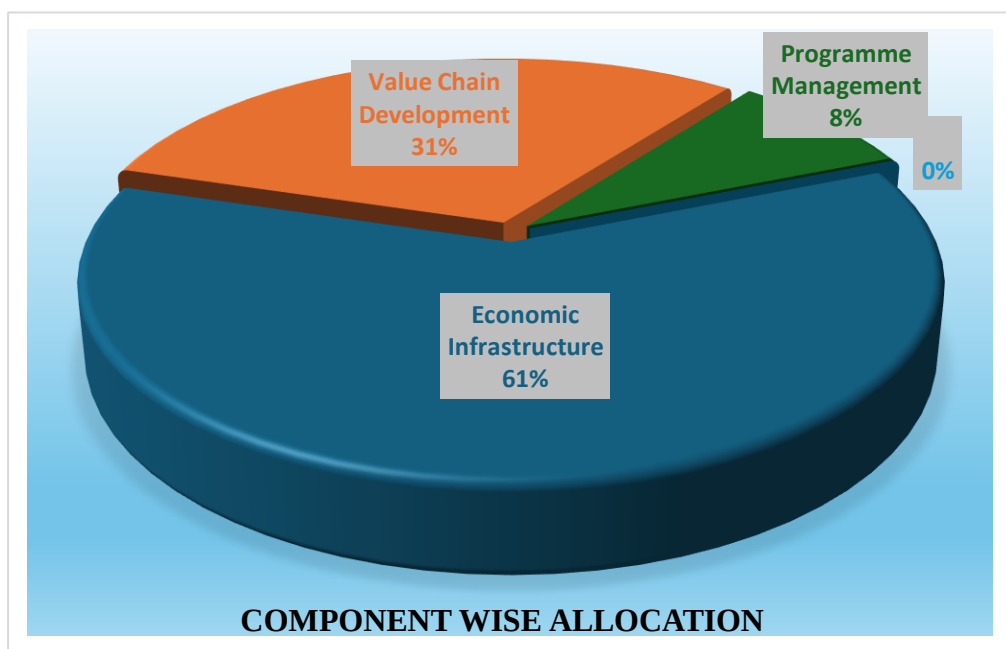
The overall component wise Contribution of partners

Component	IFAD	GoGB	AICS	Beneficiary Contribution	Total	Percentage
Economic Infrastructure	37	15.6	14	6.54	73.04	60.79%
Value Chain Development	24.9	4.97	7.04	-	36.88	30.69%
Programme Management and Policy Support	5.18	3.11	1.94	-	10.23	8.51%
Total USD	67	23.6	23	6.54	120.2	100%
Overall Contribution of Partners (%)	56%	20%	19%	5%	100%	-



The programme focuses on three main components:

- i. **Economic Infrastructure:** This component is aimed at substantial enhancing arable land and providing access to markets through construction of roads. Allocation of US\$.73.040 million was made in PC-I which constitute 61% of the total cost of the Project. The project includes following two sub-components:
 - a. **Irrigation and Land Development (ILD)** it aims at bringing 50,000 acres of land under cultivation across 10 districts of Gilgit-Baltistan.
 - b. **Farm-to-Market Road (FMR)** This sub-component seeks to construct 400 km farm-to-market roads thus supporting value chains and facilitating better market access.
- ii. **Value Chain Development:** This component provides financial and technical supports to farmers to address their challenges in agriculture sector. ETI-GB has supported over 50,000 farmers through 162 Village Agriculture Cooperatives (VACs). Allocation of US\$.36.88 million was made in PC-I which constitute 31% of the total cost of project.
- iii. **Programme Management and Policy Support:** Under this component, ETI provides policy formulation support to the government in a number of areas related to value chain development, land titling, water policy, roads master plan, O&M policy, seed and quality certification etc. Funds of US\$.10.230 million (8% of the total cost) have been allocated to this component.



1.1 Background

Initially, as per the programme the farmers were to be organized into informal farmer organizations (FOs) and Village Producer Groups (VPGs) consisting

of small number of progressive farmers. Later on, keeping in view the legal status of these organization, the VPGs evolved into VACs.

Apropos to the Value Chain component of ETI-GB, more than 40,000 farmers in 162 Village Agriculture Cooperative (VAC) have been enlisted. Business plans ensuring increase in income of farmers have been devised for all VACs. ETI-GB allocated more than Rs.1.400 Billion to support farmers for 20 agriculture produce in order to increase their quantum and prevent pre- and post-harvest losses, quality improvement, collective marketing linkages development. These produces include apricot, cherry, apple, nuts, open field vegetables cultivation and controlled vertical farming interventions of vegetable production of cucumber, tomato, capsicum and many others.

Region-wise VAC and its membership

Region/ District	No. of VACs	Male Members	Female Members	Grand Total
Baltistan	63	11,693	4,108	15,801
Diamer	38	7,147	1,228	8,375
Gilgit	61	10,524	5,913	16,437
Total	162	29,364	11,249	40,613

Source: ETI Data

The variety of Value Chain Development activities carried out by the farmers are presented below in pictorial form:



1.2 Role of the Project

Agriculture in Gilgit-Baltistan confronts with potential challenges ranging from fragmented production, subsistence-level practices, dis-organized structures, and limited market access culminating into low yield depriving the farmers of handsome income. The Economic Transformation Initiative Gilgit-Baltistan (ETI-GB) Program was launched to address the core challenges being faced by the agriculture sector. Under the Value Chain Development component, more than Rs.1.400 Billion were allocated to 162 Village Agriculture Cooperatives (VACs) having 40,000 registered members. The prime objective of VACs is to transform conventional agriculture farming into viable agri-businesses empowering

communities through organizing farmers into legally registered agri-business being. It will introduce innovative and climate resilient agriculture practices, technical and financial support, increasing arable land, improved management practices, ensuring regulatory oversight and access to inclusive financing.

2. Overview

The main interventions of Value Chain Development to target high value crops, including apricots, cherries, and vegetables, both in open-field and vertical farming methods. In order to reduce pre- and post-harvest losses and increase the farmers' incomes, ETI-GB has provided financial and technical support to farmers for increasing yield, quality improvement, collective marketing and market linkages.

The Value Chain Development component emphasizes equitable access to agri-business opportunities for women, youth and marginalized strata fostering socio-economic resilience. Impact Audit was undertaken to assess the impact of Value Chain Development component upon the target group i.e. farmers of Gilgit-Baltistan in comparison with the parameters set in the business plan.

The Impact Audit mainly focuses on key interventions triggered by Value Chain Development including vertical, open field farming and fruits value addition. Vertical farming is virtually transformative allowing farmers to achieve substantial yield increase boosting up their incomes. Over 7,200 farmers have implemented vertical farming model producing high-quality crops compatible with market demand. The average produce weighing 800 kg from 2.2 marlas land has increased the income of a farmer from Rs.5,000 to Rs.80,000 per season. Similarly, the sowing of open field vegetables through improved varieties of seeds of capsicum, peas, beans, onion, okra etc. leads to increased produce. Under Value Chain Development component 23,778 farmers participated in the open field activity. The average yield per farmer weighs 215 Kgs with income over Rs.24,000. The statistics show that 29,684 farmers participated in Fruit Value Addition including 25,539 farmers who participated in value addition of apricot. With the provision of inputs and training for drying apricot, the farmers were enabled to reduce the pre- and post-harvest losses significantly.

3. Scope and Methodology

a. Scope

The scope includes assessment of increase in agriculture produce affecting income of farmers who adopted improved farming under the guidance of Value Chain Development through VACs. Gauging the reductions pre and post harvesting losses through value addition by adopting improved processing methods and evaluating the intervention impact on the socio-economic status of VACs members.

In order to evaluate the impact of the interventions, the Directorate-General Audit Gilgit-Baltistan carried out an impact audit of the interventions. The assessment was aimed to evaluate the impact of various activities carried out by the farmers under value chain development component which includes production, sales, income and overall impact on farmers. The specific focus was mainly on the implementation status of the activities including vertical farming, open-field activities, fruit value addition, technical supports and trainings and its results and impact on the farmers income and their livelihood.

b. Methodology

This audit utilized a mixed-method approach: combining quantitative and qualitative data available with programme management. Data collected includes the three main activity areas i.e. vertical farming, open-field production and fruit value addition. These areas are destined to explore the specific outcomes associated with each intervention. The audit team also collected data from 60 farmers selected from three regions in order to evaluate the impact of agriculture produces, their sale affecting their income and improvement in economic and social status of the farmers. Data collection employed a questionnaire designed to measure pre- and post-intervention conditions covering various aspects of agricultural yields, income levels and social impact indicators. The data collected were systematically organized and analyzed using Microsoft Excel. For the assessment of socio-economic level impact case studies and success stories of the Programme have been collected and included in the report.

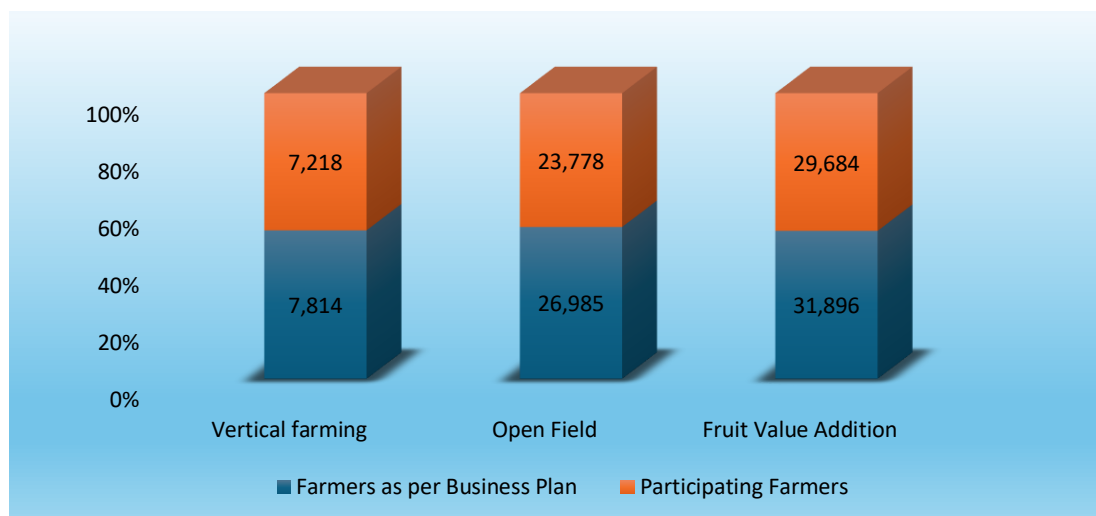
4. Findings

4.1 Implementation Status of Business Plans by the farmers of VACs

The Business Plan for Vertical Farming was developed for 7,814 farmers. However, 7,218 farmers (92%) participated. Similarly, under Open Field Business Plan, initially 26,985 farmers participated in the business plan against which 23,778 (88%) implemented it. 29,684 farmers participated in Fruits Value Addition activities after providing them with wooden trays, tarpaulin sheets, plastic and sulphur besides training of improved drying practices and pre & post-harvest crops management. The programme also supported farmers in processing, packaging and marketing of apple and cherry. The implementation status of business plans by the farmers of VACs is given in tabulated form as under:

S. No.	Value Chain Activity	No. of VACs	No. of farmers as per Business Plan	No. of Farmers Participated
1	Vertical farming	83	7,814	7,218
2	Open Field	121	26,985	23,778
3	Fruit Value Addition	136	31,896	29,684

Source: ETI Business Plan Data



4.2 Impact of Value Chain Development on Farmers

4.2.1 Impact of Vertical Farming

Due to harsh winters the crop season was limited to six months typically beginning with sowing in March and culminates in July-August. The Vertical farming in Gilgit-Baltistan, introduced through the programme has led to significant positive changes in farming practices. The vertical farming has stretched the growing season to around the year from previously short cropping season.

The scenarios prior to vertical farming interventions and post vertical farming interventions are given as under:

4.2.2 Pre- and Post-interventions Scenario

Before the programme interventions, there was no practice of vertical farming at farmer level in the region. Due to traditional farming, lack of knowledge and technology resulted in low crop yields and considerable losses. The shift to vertical farming has enabled farmers in terms of substantial economic gains, reduced post-harvest losses, and improved household nutrition by making fresh produce more accessible during off-seasons.

With the interventions, farmers applied the knowledge and skills gained from on-field training and technical guidance provided by the



programme, leading to significantly improved yields. As a result of significant change in production and income the farmers are now producing high-quality, valuable varieties of tomatoes and cucumbers. This increase in quality has attracted buyers directly to the farmers, who now visit VAC offices to purchase produce at competitive market prices.

Vertical farming intervention engaged over 7200 farmers against 7,814 farmers initial proposed. On average, each tunnel currently yields between on average a minimum of 400 kg to maximum of 800 kg in a single growing season as compared to pre-intervention yield which was around 40 kg to 60 kg. As per initial business plan, a farmer's maximum earnings were between Rs.8,000 to Rs.10,000 per season from an average area of 2 to 3 marla before ETI-GB vertical farming interventions. After interventions, average earnings have increased to Rs.70,000 to Rs.80,000 per farmer per season. This income boost is mainly attributed to improved farming practices, controlled environment production, increased demand for vegetables and higher market prices in the local and national market.

Region wise production and sale details of vertical farming

Region	Total Participated Farmers	Total Production Sale (KGs)	Total Revenue (Rs.)
Gilgit	5,738	592,281	40,556,117
Baltistan	509	7,770	1,165,500
Diamer	971	296,994	26,628,985
Grand Total	7,218	897,045	68,350,602

Source: ETI Business Plan

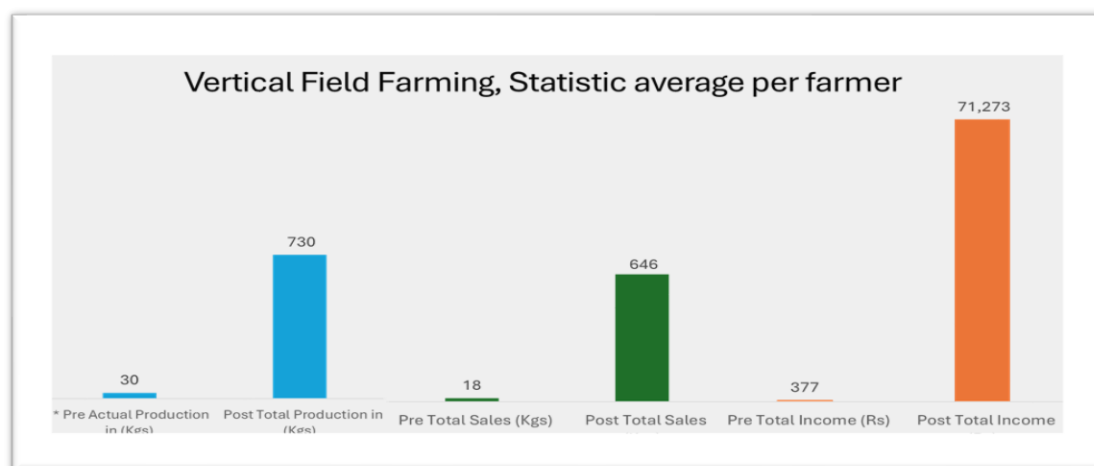
In addition to the main cropping season, farmers use these tunnels to grow leafy vegetables during the off-season or in winter season. Off-season production diversifies income sources and provides a steady supply of fresh produce for households, thereby supporting food security and reducing dependency on external markets. The average market price for tomatoes and cucumbers for the last season was between Rs.80 to Rs.220 per kg, while leafy greens and off-season vegetables generally sold at Rs.70 to Rs.100 per kg.

According to feedback of 52 farmers the substantial increase in productivity and income was due to the intervention of ETI. According to farmers prior to the intervention, the average production on a 2-marla land was around 30 kg to 40 kg, which was also estimated in the ETI-GB business plan. Following the intervention, this figure rose significantly from 30 kg to 730 kg per farmer on average basis. Similarly, the income generated from the same land also showed a significant increase from Rs.377 to Rs.71,273 per farmer.

Vertical Farming- Average Statistics Per Farmer (2 Marla)

Farmers	Production in (Kgs) before intervention	Production in (Kgs) after intervention	Sales (Kgs) before intervention	Sales (Kgs) after intervention	Income (Rs) before intervention	Income (Rs) after intervention
52	30	730	18	646	377	71,273

Source: Field Survey by Audit



The farmers feedback highlights the transformative potential of vertical farming interventions in improving agricultural productivity and farmers' economic well-being.

4.2.3 Success Stories of Impact of Vertical Farming interventions

Ms. Fareeda Bagum President of Nine Star Women Famer's Cooperative Society Ltd Gilgit apprised the audit team that vertical farming being a modern agriculture technique has become a major source of income specially for the framers who have a small piece of land. She stated that from tunnel farming earning she is now able to manage her domestic expenditure in smooth manner and contributing a huge amount in household economy. She stated that the role in intensive vegetable production, value addition in fruits and vegetables was also admired by the American Ambassador during his visit to the Society.

Similarly, Ms. Fatima Bano (Nine Star Women Famer's Cooperative Society Ltd Gilgit) stated that Economic Transformation Initiative (ETI) introduced an innovative farming technology under controlled environment through village agriculture cooperatives registered by the Cooperative Department of Government of Gilgit -Baltistan. She stated that they were not familiar with the vertical farming technology before the interventions of ETI-GB as it's a great opportunity at the doorstep to enhance the household income and improve nutrition with a minimum

capacity of land and resources. She earned Rs.100,000 from tomato and Rs.200,000 from cucumber from two tunnels of tomato and cucumber during the season from April-August. Her two daughters are studying at university level and three kids are studying at private school. She bears all the expenses of school and households finances from the income of agricultural farming.

4.3 Impact of Open Field Farming

Open Field Farming is a traditional method of farming where crops are cultivated in large, unenclosed field without protective covering like green houses or netting. The open field activities were primarily focused on collective marketing and enhancing the produce by introducing improved varieties of seeds, inputs along with pre- and post-production training.

Initially, 26,985 farmers were proposed for the open field activity as per the approved business plans. However, 23,778 farmers out of 26,985 implemented the activity. On average each farmer has sold produce of 215 kg from open field activity. The statistics reflected here is of the collective marketing through VACs. The sale of production through VACs demonstrates a substantial participation and highlights the importance of collective marketing in facilitating sales for farmers in the open field activity sector. The total quantity of 4,804 MT, resulted in a substantial sales figure of Rs.570.943 million.

Region wise production and collective marketing of open field activity

Region	VACs Implemented Open Field Activity	VACs Participated in collective Marketing	Total Farmers Implemented Open Field	Farmers Participated in Collective Marketing	Total Produce Sold (Kgs)	Total Revenue (Rs.)
Baltistan	39	39	9,660	6,209	251,521	22,821,975
Diamer	28	28	5,613	5,158	4,355,195	529,854,852
Gilgit	54	54	8,505	1,499	198,209	18,266,432
Grand Total	121	121	23,778	12,866	4,804,925	570,943,259

Source: ETI Statistics

The above tabulated data reflect that the Diamer region alone stand out with Rs.529.850 million out of Rs.570.940 million generated from three main crops including capsicum, Red Beans, and peas.

Production of Capsicum in Diamer Region



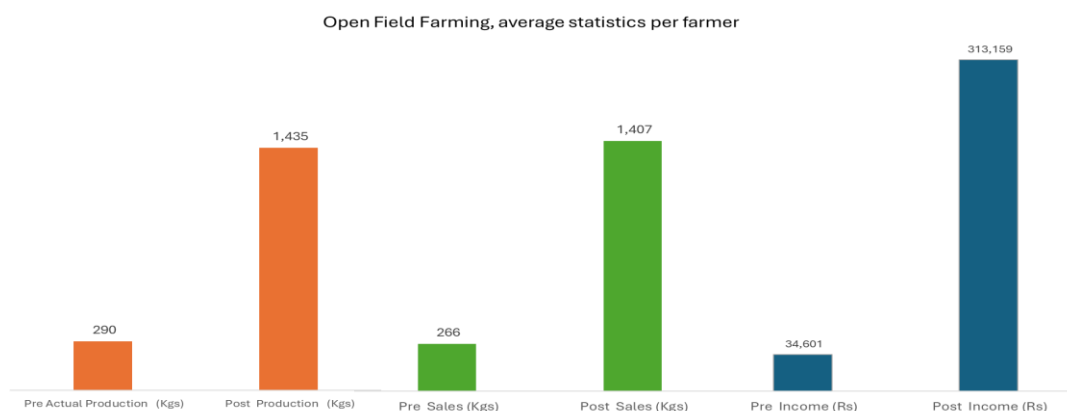
Based on the data, it is evident that collective marketing efforts within the open field activity have yielded positive results, with a significant number of farmers benefiting from VAC-mediated sales.

4.3.1 Pre- and post-interventions Scenario

The following table highlights the pre- and post-interventions, production, sales and incomes of the target areas in the Open Field Farming.

Open Field Farming- Average Statistics Per Farmer						
Farmers	Production (Kgs) before intervention	Production (Kgs) after intervention	Sales (Kgs) before intervention	Sales (Kgs) after intervention	Income (Rs) before intervention	Income (Rs) after intervention
45	290	1,435	266	1,407	34,601	313,159

Source: Field survey by Audit



Before the intervention, the average production per farmer was 290 kg, which increased significantly to 1,435 kg per farmer. Similarly, the income per farmer surged from Rs.34,601 to Rs.313,159. According to farmers the increase is attributed to improved farming practices, better crop selection, and the adoption of market-driven production strategies. The results highlight the transformative impact of the program on Open Field Farming and improvements in production, sales, and revenue generation.

4.3.2 Success Stories of Impact of Open Field Farming interventions

According to Mr. Mati-ur-Rehman, President of Al-Rehman Agriculture Cooperative Society, in Manikal Bala, Darel Diamer cultivated capsicum and peas on 250 kanals each. The first capsicum harvest began in mid of August. they successfully grew two peas crops this year: one in March and another in August. Farmers pick the ripe capsicum from their fields, take it home for grading, and then deliver it to the VAC for transportation to the Islamabad and Rawalpindi Fruit and vegetable Mandi. Our dedicated marketing personnel in the Islamabad mandi oversee the transactions and ensure that sales proceeds are promptly transferred to the VAC following the auction.

Similarly, Muhammad Alam (Zari Farmer Cooperative Society Ltd Bunji) while sharing his view with ETI stated that with provision of imported capsicum seeds, which he planted on 2 Kanals of land and managed to harvest 2,700 kg of capsicum, selling 2,685 kg in both local (Gilgit) and national markets (Rawalpindi, Islamabad). He earned Rs.268,500 from sale of capsicum as compared with wheat and maize, which was barely enough for household use with minimal income.



4.4 Impact of Fruit Value Addition

This section focuses on the fruit value addition activities, specifically the apricot activity which constitutes 67% of the fruit production in the region. It provides an analysis of apricot value addition, the participation of farmers in collective marketing, service charge deductions, generated income, and the sales figures.

Due to suitability of soil and environment the quality of apricot produced in the region is unique in quality and taste. The apricot trees occupied 12,921 Ha which

is 52% of the total areas occupied by fruits trees in the region. The total potential of apricot produce in the region is 114,228 tons which constitute 67% of all fruits production. According to agriculture department survey 43,083 tons of apricot produce which is almost 46% of production is wasted in post-harvesting process.



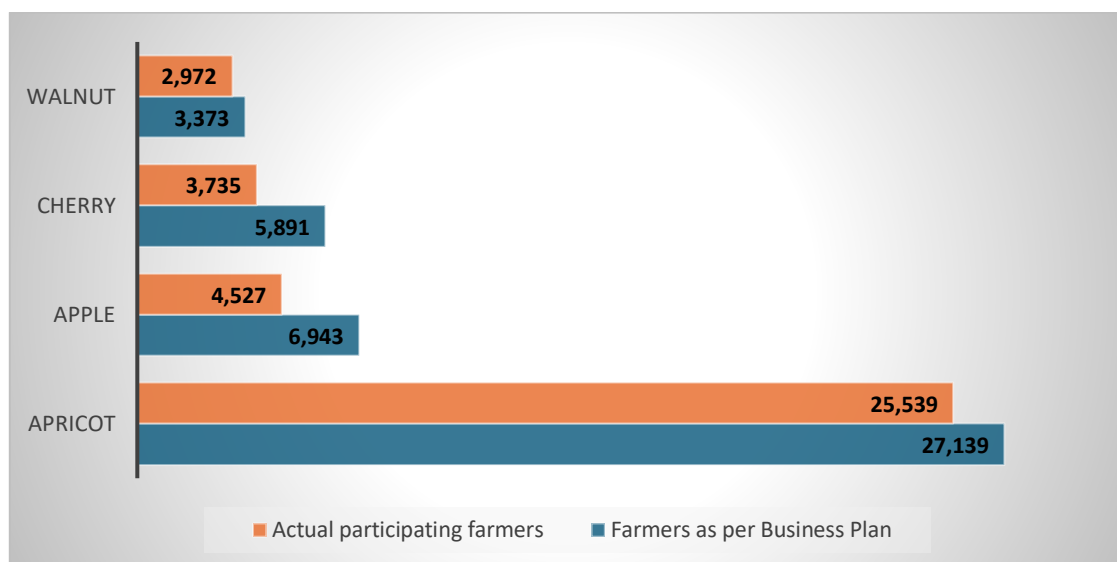
Apricot is one of the primary agricultural commodities of Gilgit-Baltistan, and farmers in the region have traditionally relied on it as a source of income. The ETI-GB program introduced targeted interventions to enhance value addition for apricot farming. These interventions focused on improving pre- and post-harvest management practices, organizing farmer field days for capacity building, and providing essential inputs such as wooden trays, crates, and tarpaulins.

The following table highlights implementation of fruit value addition by farmers of Gilgit-Baltistan.

Sub activity wise implementation status of fruit value addition

Fruit Value Addition Sub-activity	Farmers as per BP	Actual participating farmers
Apricot	27,139	25,539
Apple	6,943	4,527
Cherry	5,891	3,735
Walnut	3,373	2,972

The data show that majority of the farmers participated in apricot value addition. A total of 25,539 farmers participated in apricot value addition out of the total 36,773 participated in fruit value addition.



In Apricot value addition, a total of 11,006 farmers sold 527.96 MTs dry apricot through collective marketing. Total revenue generated through collective marketing was Rs.422.374 million. Service charge deductions accounted as Rs.7.284 million. Similarly, 2,394 farmers sold 431.46 MTs their value-added products and generated revenue of Rs.193.340 million and also collected Rs.3.654 million as service charges.

The following table shows the data of sales of production, revenue generated and service charges collected region wise and value-added fruit wise.

Sub-activity wise production and revenue status

Sub Activity	No. of Collective Marketing	No. of Farmers Sold through VACs	Total Produce sold (Kgs)	Total Revenue (Rs.)	Service Charge Amount (Rs.)
Apricot	46	11,006	527,968	422,374,400	7,284,031
Apple	10	1,119	196,127	29,419,050	2,077,253
Cherry	9	1,275	234,143	163,900,100	1,576,486
Walnut	6	-	1,195	17,360	-

Source: ETI statistics

4.4.1 Pre- and post-interventions Scenario

According to a study on value addition of apricots in Hunza region conducted by ETI-GB, before the intervention value addition, category 'A' apricots contributed 68% to a farmer's income, which increased significantly to 85%. This 17% boost in income from category 'A' dried apricots is largely attributed to improved apricot processing practices introduced by the ETI-GB at the farm level. When comparing farmers' income before the intervention in 2019 to their income in 2021, a 34% increase was recorded over the two years. According to finding of the study, the continuous on-field training, along with the provision of tools and equipment by ETI-GB for hygienic and quality dry fruit processing, has led to improved practices among farmers which resulted in substantial increase in their income. Further, the rising market prices for both 'A' and 'B' category apricots have contributed to the

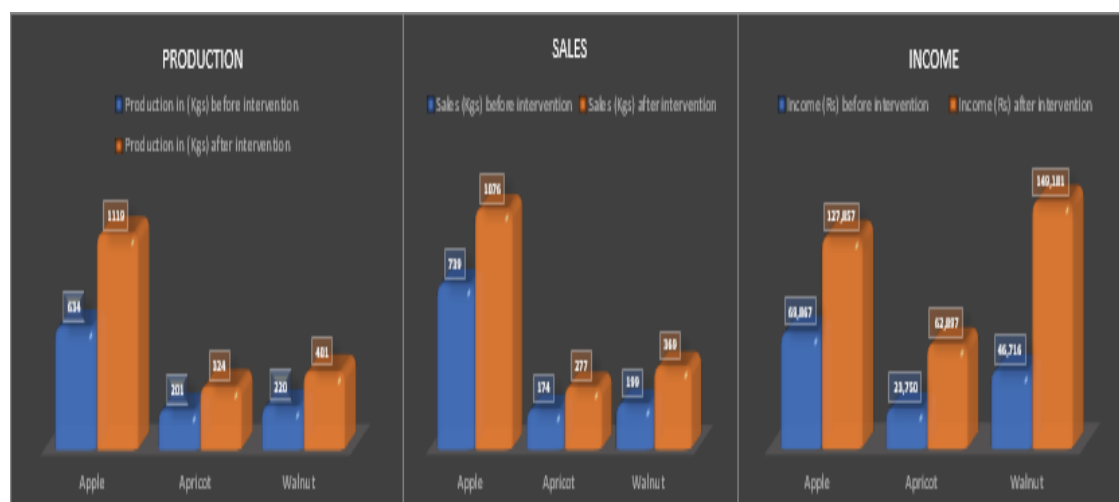
income increase. This price rise is largely linked to the influx of tourists in Gilgit-Baltistan and a growing demand for hygienically processed dried apricots in local and national markets. The study highlights the positive impact of project interventions on farmers' income and the overall apricot value chain in the region. As compared to 2021, tourist influx to the region has increased multifold and similarly prices of good quality apricot have risen as well. In the year 2021, best quality dry apricot was being sold @ Rs.400 to 500 per kg, now in the year 2024 same quality apricot is being sold @ Rs.1,000/kg.

According to farmers the substantial increase in productivity and income was due to the intervention of ETI. The results of audit survey highlights the effectiveness of these interventions. The average apricot production per farmer increased from 201 kg to 324 kg. Similarly, the income generated from apricot sales rose dramatically from Rs.23,750 to Rs.62,895 per farmer. These results demonstrate the substantial impact of the ETI-GB program in transforming apricot farming into a more profitable and sustainable enterprise for local farmers.

Fruit Value Addition- Average Statistics Per Farmer							
Fruits	No. of Farmers	Production in (Kgs) before intervention	Production in (Kgs) after intervention	Sales (Kgs) before intervention	Sales (Kgs) after intervention	Income (Rs) before intervention	Income (Rs) after intervention
Apple	7	634	1119	739	1076	69,867	127,857
Apricot	39	201	324	174	277	23,750	62,897
Walnut	10	220	401	199	369	46,716	149,181
Total	56	1055	1844	1112	1722	140,333	339,935

Source: Field survey by Audit

The accompanying graph further illustrates the positive outcomes of the interventions, showing a significant improvement in both production and income levels post-interventions. These findings underscore the importance of value addition and effective market linkages in enhancing the socio-economic well-being of farmers in the region.



The adoption of improved management practices significantly increased both production and income for farmers.

4.4.2 Success stories of Impact of Value Addition Interventions

Mr. Ali Khan (Bensa Bilamik VAC Skardu) while sharing his view with ETI stated that strategic focus on high-demand crops like apricots and peas, ETI-GB guided the village toward a more profitable agricultural future. He stated that prior to ETI-GB's interventions, farmers lacked market insights and effective marketing practices, which limited their revenue. ETI-GB offered valuable training to farmers which is a turning point for the community. For the first time, he harvested 240 kg of high-quality apricots, which was sold at Rs.210 per kg, significantly boosting his income.

Similarly, Ms. Gul Syed resident of Chalt Nagar while sharing her experience with ETI-GB stated that it was almost impossible to educate her daughters at university level because of financial constraint as her husband's income was hardly enough to run day to day expenditure. However, ETI-GB provided us a platform to earn Rizak-e-Halal at our doorstep. She owns 40 trees of apricot of different varieties but due to marketing issues she sold out all the produce to local vendor. She was trained by ETI project in apricot drying and processing besides provision of input for value addition. Now she is in position to earn around Rs.150,000 to Rs.200,000 per annum from sale of dry apricot and able to send her daughter to university for higher education.

4.5 Social Impact of Value Chain Development Component

The feedback of farmers show that before the project, 55% beneficiaries had access to formal medical care, whereas 40% stated that health services were available only in emergency or serious illness. A small percentage (3.33%) faced complete unavailability of clinics or doctors, highlighting the significant healthcare gaps before the intervention. After participating in the project through VACs, 76.67% of respondents reported consistent access to formal medical care. The number of those unable to afford medical care dropped significantly to 3.33%, while those reliant on medical care only in severe cases decreased from 40% to 15%. This indicates the project's role in improving both access and affordability to formal healthcare. The project led to significant health improvements for 46.67% of respondents, while 38.33% reported moderate improvements. Only 15% reported no change in their access and affordability of health care status. This data corresponds to increased income enabling better healthcare access and affordability. The project has significantly improved household health, with 95% of respondents affirming positive changes. This indicates the project's impact on enhancing the overall health situation of the target population, highlighting its effectiveness in addressing basic health needs. The main improvements include better sanitation (35%), access to medicines/doctors (20%), and improved living conditions (21.67%). These changes highlight how increased income enabled the households to prioritize essential health-related expenditures.

Before the intervention, 73.33% of respondents reported that all their school-age children attended school, showing a significant level of educational access while none of children of 16.67% respondents attended schools. However, 10% had only some children enrolled, indicating that barriers to full educational participation still existed for a portion of the population. Post-interventions, 50% reported a significant improvement in schooling, with all children attending school, and 20% noted some improvement in schooling of their children. This indicates substantial progress in educational accessibility and attendance due to the project. A significant 86.67% of respondents credited the project for the improvement in schooling of their children. This strongly correlates the project's efforts with enhanced educational outcomes.

The project positively cast impact on agricultural produce, with 95% of respondents reporting an increase in their agricultural produce. This improvement reflects the success of the project's agricultural initiatives. The increase in agricultural produce was significant for most of the respondents with 38.33% reporting a 50-99% rise and 35% witnessing a doubling of produce. These figures support the transformative potential of the project's interventions. Better agricultural practices were reported to have contributed to improved yields by 51.67% of the respondents, followed by better seed varieties (31.67%). This demonstrates the importance of technical support and quality inputs in enhancing productivity. Participants engaged in apricot cultivation (53.33%) and vertical farming (41.67%), reflecting diverse opportunities provided by the project to enhance the means of livelihoods. The data reveal that 96.67% of respondents acknowledged the value chain support provided by the project as a significant contributor to their increased agricultural produce. This shows the effectiveness of the project in equipping farmers with better market access, resources, and support systems. The minimal percentage (3.33%) of respondents who did not experience increase in their produce may point to specific challenges or circumstances, but overall, the Value Chain Development interventions appear to have played a pivotal role in enhancing productivity and income for the vast majority. The increase in produce was substantial for 36.67% (doubling of income) and significant for 31.67% (50-99% increase), reflecting the project's effectiveness in scaling up agricultural productivity. The data highlight that better access to seeds or varieties of seeds (51.67%) was the most significant factor driving improvements in agricultural produce followed by the adoption of better agricultural practices and technologies (28.33%), emphasizing the role of innovation in enhancing productivity. **Annexure-44.**

4.6 Overall Results

At present, each tunnel (2 to 3 marlas) yields between 400 kg to 800 kg in a single growing season. After the subject intervention average earnings from Vertical Farming is between Rs.70,000 to Rs.80,000 per farmer per season from an area of 2 to 3 marlas. After intervention interventions, the average production per farmer was significantly increased upto 1,435 kg per farmer. Similarly, the income per farmer surged to Rs.313,159. Moreover, 2,394 farmers sold 431.46 MTs their value-added products and generated revenue of Rs.193.34 million. The concept of collective

marketing enabled the farmers to market their products with strong bargaining power which was not possible before this intervention.

As per project and audit survey data majority of farmers benefited from the project's Value Chain Development component, recognizing its far-reaching impact on improving the agricultural sector. Engagement of farmers in different value chain activities is a reflection of diverse opportunities provided by the project to enhance their livelihoods. The farmers acknowledged that the value chain support provided by the project as a significant contributor to their increased agricultural produce. This shows the effectiveness of the project in equipping farmers with better market access, resources, and support systems. Some member of farmer's community did not experience increase in agriculture produce but overall, the value chain interventions appear to have played an important role in enhancing productivity and income for the vast majority of the farmers. The increase in production with access to healthy seeds/varieties of seeds and adoptions of improved practices is reflecting the project's effectiveness in scaling up agricultural productivity and increase in agricultural income demonstrates the effectiveness of the initiatives. The introduction of improved and modern agriculture practices by the programme management encouraged the farmers to re-engage in agricultural activities as a source of primary income.

After participating in the project, the beneficiaries are experiencing consistent access to medical facilities which indicates the project's impact on enhancing the overall health situation of the target population, highlighting its effectiveness in addressing basic health needs. As a result of increased income, the improvement in accessibility and affordability of education of school-age children of the farmers is witnessed which indicates positive impact of the project regarding enhanced educational outcome. The enhanced and sustainable production through value chain development has ensured food security in the region.

5. Conclusion

The programme interventions cast impact over 40,000 households. Key achievements include increased agricultural produce, enhanced income levels for farmers, and improved food security besides improvement in health and education sectors. The interventions under the component brought all potential agricultural produce under the ambit of commercial farming having potential to contribute to income of farmers. The engagement of over 40,000 farmers in value chain farming commodities and collective marketing platform supported the farmers and addressed their challenges of small-scale production to great extent. This strengthens the agriculture sector and enhances farmers' resilience to market fluctuations through collective action and better bargaining power.

The value-added produces have increased 35% price giving cushion to farmers to enhance their agricultural returns. The introduction of improved agricultural practices has also inculcated awareness among the farmers on climate resilient farming. The program also supported vertical farming via tunnel farms, focusing on high-value crops like tomatoes and cucumbers which helped the communities to increase their yield utilizing the limited area of land as compared to traditional practices. Vertical Farming method enabled intensive production on limited land after adapting to the region's harsh weather conditions. The vertical farming also ensures around the year cultivation reducing the impact of seasonal crop failures caused by shifting of climate patterns.

The program interventions have empowered local communities to participate actively in agri-business fostering socio-economic well-being. The programme demonstrates the potential for sustainable agricultural development in Gilgit-Baltistan setting a foundation for long-term economic growth in the region.

To enhance the impact and sustainability of the programme, it is recommended that advance technology be introduced for processing, packaging of value-added products in order to reduce post-harvest losses besides promoting the products through region specific branding. The farmers are prone to be exploited by the middle-men due to their weak bargaining power and lack of market information. Therefore, improved market linkages and connections between seller and buyers are of paramount importance which should be the corner stone of the project interventions. New market opportunities through frequent exhibitions/expos at local, regional and national levels be explored. A robust monitoring and evaluation framework and developing region-specific policies be ensured for achieving the project objectives. Consequent to increased agricultural activities in the region, inputs/seeds storage depots at various locations in the region be established to meet the increasing demand of seeds and inputs for timely supply to the farmers. The cultivation and production of capsicum and peas in Chilas region has shown encouraging results. Keeping in view, the connectivity of Chilas to National market via Naran-Jalkhad road the project management should provide more incentives to the farmers of this region to exploit the potential and growing demand of these crops. Keeping in view the region's terrain and road infrastructure, timely supply of agricultural produce in main markets is a big challenge. Therefore, there is need of

proper cold storage facilities near the production areas or within the local markets to protect the produce and reduce the connected losses.

Annexure-1 MFDAC Paras

(Rs. million)

S No.	PDP No.	Audit Year	Subject	Name of Formation	Amount	PAO
1.	143	2023-24	Non-completion of projects as per PC-1	Deputy Director Agriculture, Gilgit	40.000	Agriculture Department
2.	144	2023-24	Slow progress in execution of the project.	Deputy Director Agriculture, Gilgit	50.000	Agriculture Department
3.	420	2024-25	Non-imposition / recovery of liquidated damages charges	Deputy Director Livestock & Dairy Development Gilgit	0.540	Agriculture Department
4.	685	2024-25	Non-registration of motor-cycles by the department amounting to	Secretary Agriculture	1.552	Agriculture Department
5.	91	2023-24	Misuse of official vehicles for allotment to other than GDA Staff	Director General Anti-Corruption GB	34.985	Anti-corruption Department
6.	40	2023-24	Overpayment of price adjustment.	Executive Engineer B&R, Ghizer	2.168	C&W Department
7.	43	2023-24	Non-imposition of liquidated damages due to non-completion of work timely	Executive Engineer B&R, Ghizer	2.488	C&W Department
8.	117	2023-24	Non adjustment of Mobilization Advance	XEN B&R Chilas	15.544	C&W Department
9.	119	2023-24	Un-justified usage of POL amounting to	XEN B&R Chilas	10.032	C&W Department
10.	120	2023-24	Non-imposition of liquidated damages for delay in completion of works	XEN B&R Chilas	24.813	C&W Department
11.	121	2023-24	Non-Re-validation of Performance Guarantee worth	XEN B&R Chilas	24.813	C&W Department
12.	124	2023-24	Non-Adjustment/Receipt of Vouched Accounts against advance payment made against Land Acquisition and Non-Mutation of Acquired land in the name of GB Government	XEN B&R Chilas	72.733	C&W Department
13.	126	2023-24	Unjustified Expenditure on various items beyond provision of TS	XEN B&R Chilas	1.959	C&W Department
14.	127	2023-24	Overpayment due to non-deduction of stacking cost	XEN B&R Chilas	43.247	C&W Department
15.	129	2023-24	Non-obtaining of insurance coverage and non-recovery of inbuilt premium @ 1% of contract cost	XEN B&R Chilas	3.924	C&W Department
16.	171	2023-24	Overpayment due to allowing discontinued allowances	SE Circle Office PWD Gilgit	0.326	C&W Department
17.	172	2023-24	Overpayment due to non-deduction of half pay and conveyance allowance	SE Circle Office PWD Gilgit	0.696	C&W Department
18.	173	2023-24	Non-implementation of revised general guidelines for bidding tender policy 2022-23	Chief Engineer works Diamer/Astore Div	-	C&W Department

19.	174	2023-24	Non-incorporating of bank guarantee against mobilization advances in NIT	Chief Engineer works Diamer/Astore Div	-	C&W Department
20.	175	2023-24	Non-implementation of GB Cabinet directives regarding non-maintenance of special performance reports	Chief Engineer works Diamer/Astore Div	-	C&W Department
21.	291	2023-24	Non-implementation and follow up of the decision order of inquiry	Chief Engineer Gilgit Region Gilgit	-	C&W Department
22.	292	2023-24	Non-implementation of recommendation of GRC	Chief Engineer Gilgit Region Gilgit	-	C&W Department
23.	294	2023-24	Non-implementation of general guidelines for transparent bidding under tender policy 2022-23	Chief Engineer Gilgit Region Gilgit	-	C&W Department
24.	295	2023-24	Violation of PPRA Rules due to non-constitution of grievance redressal committee	Chief Engineer Gilgit Region Gilgit	-	C&W Department
25.	296	2023-24	Non-implementation of decision of cabinet regarding standardization of market rates	Chief Engineer Gilgit Region Gilgit	-	C&W Department
26.	297	2023-24	Non-enforcement of government decision due to non-incorporating of bank guarantee against mobilization advance in NIT/bids	Chief Engineer Gilgit Region Gilgit	-	C&W Department
27.	298	2023-24	Non-implementation of GB Cabinet decision due to non-maintenance of special performance report of engineers	Chief Engineer Gilgit Region Gilgit	-	C&W Department
28.	479	2024-25	Unjustified and irregular expenditure against repair and maintenance works	XEN PHE WASA	123.070	C&W Department
29.	482	2024-25	Advance payments to the contractors without getting indemnity bond	XEN PHE WASA	15.079	C&W Department
30.	483	2024-25	Non-conduct of supervisory visits and issuance of Inspection Notes	XEN PHE WASA	348.318	C&W Department
31.	587	2024-25	Non-Adjustment/Receipt of Vouched Accounts of Land Acquisition Advance made to the Revenue Department Gilgit and Non-Mutation of Acquired land in the name of GB Government	Executive Engineer, Building Division, Gilgit	36.853	C&W Department
32.	591	2024-25	Non-Imposition/ deduction of Liquidated Damages due to Non-Completion of Work Timely	Executive Engineer, Building Division, Gilgit	37.244	C&W Department
33.	594	2024-25	Irregular award of work of extra items without open competition	Executive Engineer, Building Division, Gilgit	10.723	C&W Department
34.	597	2024-25	Non-recovery of income tax	Executive Engineer, Building Division, Gilgit	3.500	C&W Department

35.	600	2024-25	Irregular expenditure due to ineffective human resource management	Executive Engineer, B&R Hunza	-	C&W Department
36.	603	2024-25	Blockade of government money due to non-execution of works and non-encashment of mobilization advance guarantee	Executive Engineer, B&R Hunza	4.135	C&W Department
37.	608	2024-25	Loss to the Government due to award of Work to the 3rd lowest Bidder	Executive Engineer, B&R Hunza	9.324	C&W Department
38.	610	2024-25	Non-Adjustment/Receipt of Vouched Accounts against advance payment made against Land Acquisition and Non-Mutation of Acquired land in the name of GB Government	Executive Engineer, B&R Hunza	1.074	C&W Department
39.	613	2024-25	Non-preparation of PC-IV/Completion Report of Project	Executive Engineer, B&R Hunza	345.843	C&W Department
40.	614	2024-25	Non-realization of revenue from Workshop and non-preparation of proformas accounts of workshop	Executive Engineer, B&R Hunza	2.267	C&W Department
41.	615	2024-25	Non-disposal/auction of unserviceable vehicles/machinery	Executive Engineer, B&R Hunza	5.000	C&W Department
42.	616	2024-25	Overpayment beyond execution of actual work	Executive Engineer, B&R Hunza	1.310	C&W Department
43.	690	2024-25	Unauthentic payments against repair and maintenance works	XEN B&R Division Skardu	38.120	C&W Department
44.	691	2024-25	Irregular and unauthentic payments to seasonal staff	XEN B&R Division Skardu	8.355	C&W Department
45.	693	2024-25	Unjustified payment of secured advance against bitumen	XEN B&R Division Skardu	5.850	C&W Department
46.	695	2024-25	Non-recovery of mobilization advance	XEN B&R Division Skardu	3.630	C&W Department
47.	799	2024-25	Overpayment due to charging of available stone	Executive Engineer B&R Ghanche	9.856	C&W Department
48.	800	2024-25	Overpayment due to non-deduction of voids from the supply stacking of large boulders stones	Executive Engineer B&R Ghanche	7.429	C&W Department
49.	801	2024-25	Undue financial aid to the contractor in the shape of secured advance and release of security before defect liability period	Executive Engineer B&R Ghanche	5.585	C&W Department
50.	802	2024-25	Irregular payment against work done but not measured	Executive Engineer B&R Ghanche	9.656	C&W Department
51.	803	2024-25	Non-Adjustment/Receipt of Vouched Accounts against advance payment made against Land Acquisition and Non-Mutation of Acquired land in the name of GB Government	Executive Engineer B&R Ghanche	58.594	C&W Department

52.	806	2024-25	Non-preparation of PC-IV/Completion Report of Project	Executive Engineer B&R Ghanche	387.091	C&W Department
53.	808	2024-25	Non-recovery due to non-provision of facilities for the Engineer Staff/Employer by the Contractor	Executive Engineer B&R Ghanche	2.780	C&W Department
54.	809	2024-25	Loss Due to Non-Disposal / Auction of Old Store	Executive Engineer B&R Ghanche	-	C&W Department
55.	811	2024-25	Undue financial benefit to the contractor due to allowing inadmissible secured advance – Rs. 5.394 and non-recovery of secured advance	Executive Engineer B&R Ghanche	5.028	C&W Department
56.	814	2024-25	Non-realization of revenue from Workshop and non-preparation of proformas accounts of workshop	Executive Engineer B&R Ghanche	4.510	C&W Department
57.	815	2024-25	Overpayment against Steel Item	Executive Engineer B&R Chilas	4.952	C&W Department
58.	817	2024-25	Cost Overrun due to Delay in Execution of Works	Executive Engineer B&R Chilas	868.907	C&W Department
59.	818	2024-25	Excess/overpayment against Road Metaling Works	Executive Engineer B&R Chilas	9.390	C&W Department
60.	819	2024-25	Excess/overpayment against rubble masonry work	Executive Engineer B&R Chilas	1.417	C&W Department
61.	820	2024-25	Excess/Overpayment against rubble masonry items	Executive Engineer B&R Chilas	1.328	C&W Department
62.	821	2024-25	Overpayment against 982 Kg quantity of steel and loss thereof	Executive Engineer B&R Chilas	0.185	C&W Department
63.	822	2024-25	Non-deduction of security deposit as per prescribed rate of deduction	Executive Engineer B&R Chilas	30.112	C&W Department
64.	823	2024-25	Release of retention money during work in progress	Executive Engineer B&R Chilas	10.129	C&W Department
65.	824	2024-25	Non-adjustment/receipt of vouched accounts against advance payment against land compensation	Executive Engineer B&R Chilas	341.987	C&W Department
66.	853	2024-25	Overpayment due to Non-adjustment of Cost of Voids ratio in Base Course Soiling	Executive Engineer B&R Astore	5.126	C&W Department
67.	855	2024-25	Extra payment against rubble masonry work due to non-adjustment of cost of available stone at site	Executive Engineer B&R Astore	1.683	C&W Department
68.	856	2024-25	Overpayment against Asphalt Work	Executive Engineer B&R Astore	1.029	C&W Department

69.	858	2024-25	Inadmissible and illegal expenditure without revision of PC-I – Rs.286.303 million Irregular and Unjustified Revision of PC-I – Rs.717.402	Executive Engineer B&R Astore	1,003.705	C&W Department
70.	862	2024-25	Irregular payment against work done but not measured	Executive Engineer B&R Nagar	10.000	C&W Department
71.	863	2024-25	Irregular payment against work done but not measured	Executive Engineer B&R Nagar	2.441	C&W Department
72.	865	2024-25	Unjustified expenditure and undue financial benefit to contractor	Executive Engineer B&R Nagar	4.500	C&W Department
73.	867	2024-25	Non-Adjustment/Receipt of Vouched Accounts of Land Acquisition Advance made to the Revenue Department and Non-Mutation of Acquired land in the name of GB Government	Executive Engineer B&R Nagar	173.520	C&W Department
74.	868	2024-25	Non-Imposition/ deduction of Liquidated Damages due to Non-Completion of Work Timely	Executive Engineer B&R Nagar	2.599	C&W Department
75.	929	2024-25	Irregularities in contract management and non-recovery of cost of insurance	Executive Engineer B&R Gilgit	0.227	C&W Department
76.	930	2024-25	Irregularities in contract management and non-recovery of cost of insurance	Executive Engineer B&R Gilgit	0.522	C&W Department
77.	931	2024-25	Irregular award of work in violation of GB-PPRA Rules	Executive Engineer B&R Gilgit	19.580	C&W Department
78.	932	2024-25	Irregular execution/enhancement of work without approval of competitive bidding	Executive Engineer B&R Gilgit	29.299	C&W Department
79.	933	2024-25	Unauthentic payment due to unapproved reports of consultants	Executive Engineer B&R Gilgit	24.685	C&W Department
80.	934	2024-25	Non-recovery of Mobilization Advance of	Executive Engineer B&R Gilgit	33.894	C&W Department
81.	935	2024-25	Irregular acceptance of Insurance Guarantee instead of Bank Guarantee	Executive Engineer B&R Gilgit	116.820	C&W Department
82.	938	2024-25	Non-Adjustment/Receipt of Vouched Accounts against advance payment made against Land Acquisition and Non-Mutation of Acquired land in the name of GB Government	Executive Engineer B&R Gilgit	162.646	C&W Department
83.	941	2024-25	Non-preparation of PC-IV/Completion Report of Project	Executive Engineer B&R Gilgit	453.367	C&W Department
84.	943	2024-25	Irregular payment against work done but not measured	Executive Engineer B&R Gilgit	37.766	C&W Department
85.	944	2024-25	Overpayment of	Executive Engineer B&R Gilgit	6.574	C&W Department

86.	946	2024-25	i. Non-imposition of liquidated damages due to non-completion of work timely – 25.433 ii. Overpayment of price adjustment – Rs.24.00 million.	Executive Engineer B&R Ghizer	49.433	C&W Department
87.	947	2024-25	Doubtful expenditure on procurement of Laptops	Executive Engineer B&R Ghizer	1.600	C&W Department
88.	949	2024-25	Non-realization of revenue from Workshop and non-preparation of proformas accounts of workshop	Executive Engineer B&R Ghizer	2.474	C&W Department
89.	953	2024-25	Non-adjustment/receipt of vouched accounts against advance payment made against land acquisition and non-mutation of acquired land in the name of GB Government	Executive Engineer B&R Ghizer	103.436	C&W Department
90.	957	2024-25	Unauthentic payment due to execution of asphaltic work without preparation of the Job Mix Formula and conducting lab tests	Executive Engineer B&R Ghizer	39.879	C&W Department
91.	958	2024-25	Non-Imposition/ deduction of Liquidated Damages due to Non-Completion of Work timely	Executive Engineer B&R Ghizer	6.968	C&W Department
92.	959	2024-25	Non maintenance of accounts record and non-operating of Form-60	Executive Engineer B&R Ghizer	-	C&W Department
93.	960	2024-25	Undue financial aid to the contractor in shape of secured advance in addition to mobilization advance	Executive Engineer B&R Ghizer	5.729	C&W Department
94.	962	2024-25	Irregular / un-justified expenditure on account of POL/ repair & maintenance charges due to non-maintenance of movement registers, log books and history sheet	Executive Engineer B&R Ghizer	3.755	C&W Department
95.	963	2024-25	Non-Revalidation of Performance Securities	Executive Engineer B&R Ghizer	323.537	C&W Department
96.	966	2024-25	Unauthorized Allocation of Government Vehicles approximate valuing	Executive Engineer B&R Ghizer	18.080	C&W Department
97.	973	2024-25	Non-Adjustment/Receipt of Vouched Accounts against advance payment made against Land Acquisition and Non-Mutation of Acquired land in the name of GB Government	Project Director Construction of Road from Pissan to Hopper Nagar	778.355	C&W Department
98.	975	2024-25	Unauthentic payment of disposal of surplus material	Project Director Construction of Road from Pissan to Hopper Nagar	473.532	C&W Department
99.	977	2024-25	Non-revision of PC-I	Project Director Construction of Road from Pissan to Hopper Nagar	3,841.826	C&W Department
100.	891	2024-25	Unauthorized expenditure against pool vehicles	CM Secretariat	9.636	CM Secretariat
101.	893	2024-25	Mis-procurement of goods, services and works	CM Secretariat	16.529	CM Secretariat

102.	894	2024-25	Irregular / un-justified expenditure on account of POL/ repair & maintenance charges due to non-maintenance of movement registers, log books and history sheet	CM Secretariat	7.138	CM Secretariat
103.	141	2023-24	Un-Justified Expenditure	DG, Chairman Inspection Team Gilgit-Baltistan	3.168	DG-CMIT
104.	433	2024-25	Non-achievement of revenue targets	Finance Department	2,078.910	Finance Department
105.	437	2024-25	Non-recovery of un-utilized funds from GBRSP	Finance Department	103.615	Finance Department
106.	498	2024-25	Non-certified supply of wheat / flour	Civil Supply Officer Hunza	125.260	Food Department
107.	504	2024-25	Non-reconciliation of monthly expenditure statements for the financial year 2023-24	Secretary Food	-	Food Department
108.	314	2023-24	Non restocking of government forest nurseries	DFO Darel-Tangir	3.555	Forest Department
109.	345	2023-24	Non deduction of security	Divisional Forest Officer, Chilas	0.849	Forest Department
110.	354	2023-24	Non formulation of mechanism for appointment and assessment of performance/duties of Neghabans	DFO Darel-Tangir	18.215	Forest Department
111.	355	2023-24	Non-promotion of income generation activities	DFO Darel-Tangir	4.000	Forest Department
112.	510	2024-25	Irregular expenditure out of Forest and Wildlife Fund	Secretary Forest	257.090	Forest Department
113.	517	2024-25	Non-formulation of forest conservation and management policy & strategy	Secretary Forest	-	Forest Department
114.	518	2024-25	Non transfer of forest land in favour of forest department	Secretary Forest	-	Forest Department
115.	538	2024-25	Non recovery of rooted plants fee issued to community/ individuals from government & private nurseries	Divisional Forest Officer Gilgit	72.222	Forest Department
116.	635	2024-25	Non-establishment of GB Sustainable Development Board and Fund	Environmental Protection Agency (EPA), Gilgit	-	Forest Department
117.	636	2024-25	Non-declaration of the status of the Environmental Protection Agency in Rules of Business	Environmental Protection Agency (EPA), Gilgit	-	Forest Department
118.	637	2024-25	Non-establishment of environment fund	Environmental Protection Agency (EPA), Gilgit	871.436	Forest Department
119.	638	2024-25	Non-preparation of Provincial Environmental and sustainable development policies	Environmental Protection Agency (EPA), Gilgit	-	Forest Department
120.	639	2024-25	Non-preparation of Gilgit-Baltistan Environment Report	Environmental Protection Agency (EPA), Gilgit	-	Forest Department

121.	643	2024-25	Non-collection of base transceiver station tower fee	Environmental Protection Agency (EPA), Gilgit	6.705	Forest Department
122.	644	2024-25	Abnormal delay in completion of scheme	Environmental Protection Agency (EPA), Gilgit	8.000	Forest Department
123.	645	2024-25	Non-achievement of objectives of the project	Environmental Protection Agency (EPA), Gilgit	150.000	Forest Department
124.	646	2024-25	Irregular signing of letter of agreement and non-recovery of loan	Environmental Protection Agency (EPA), Gilgit	24.500	Forest Department
125.	796	2024-25	Non recovery of rooted plants fee issued to community/ individuals from government & private nurseries	Divisional Forest Officer Astore	1.696	Forest Department
126.	543	2024-25	Procurement of relief items on the basis of false information	Disaster Management Authority	69.250	GBDMA
127.	548	2024-25	Payment of ex-gratia assistance out of disaster management fund by accepting false claims by the Authority	Disaster Management Authority	24.365	GBDMA
128.	375	2023-24	Irregular execution of contract by EPPA with GBRSP	GBRSP	150.000	GBRSP
129.	376	2023-24	No provision of copies of contracts to NAB	GBRSP	483.000	GBRSP
130.	378	2023-24	Irregular expenditure on a development project	GBRSP	8.453	GBRSP
131.	379	2023-24	Irregular purchase of land	GBRSP	50.000	GBRSP
132.	380	2023-24	Unauthorized investment	GBRSP	528.000	GBRSP
133.	71	2023-24	Irregular absorption and promotion from Computer Operator to Private Secretary	GB Service Tribunal	-	GB-ST
134.	72	2023-24	Irregular change of cadre from Stenographer to Reader	GB Service Tribunal	-	GB-ST
135.	73	2023-24	Irregular absorption of Ahmad as Public Relation Officer	GB Service Tribunal	-	GB-ST
136.	630	2024-25	Irregular absorption and promotion of Staff from Anti-Terrorism Court	Gilgit-Baltistan Service Tribunal	-	GB-ST
137.	197	2023-24	Procurement of medicines without consultation of user departments.	Provincial Headquarter Hospital, Gilgit	40.997	Health Department
138.	199	2023-24	Unauthentic government receipt and delay in realization of receipt	Provincial Headquarter Hospital, Gilgit	14.445	Health Department
139.	239	2023-24	Irregular purchase of vehicle - Rs.	Regional Headquarter Hospital Skardu	3.480	Health Department
140.	262	2023-24	Nonrenewal of third-party Insurance @ 1% of the Contract Price	Establishment of 250 Bedded Hospital Skardu	18.129	Health Department
141.	263	2023-24	Less deduction of Security deposit from Contractor	Establishment of 250 Bedded Hospital Skardu	2.924	Health Department
142.	264	2023-24	Non deposit of withheld Income Tax from the Consultants	Establishment of 250 Bedded Hospital	2.400	Health Department

				Skardu		
143.	268	2023-24	Non-obtaining of License from PNRA to Operate Radiation Generating Machines/Equipment	MS Regional Headquarter Hospital, Chilas	-	Health Department
144.	271	2023-24	Irregular / Un-Justified Expenditure on Account of POL/ Repair & Maintenance Charges	MS Regional Headquarter Hospital, Chilas	9.497	Health Department
145.	304	2023-24	Shortage of medicines during the physical verification of the store	MS DHQ Hospital Astore	-	Health Department
146.	307	2023-24	Irregular withdrawal of Non-practicing allowance - Rs. million	DHO, Astore	0.840	Health Department
147.	308	2023-24	Late deposit of OPD receipts into government treasury	DHO, Astore	-	Health Department
148.	359	2023-24	Irregular award of contract to M/s Irfan Brothers International (Pvt) Ltd.	Directorate of Health Services, Planning and Procurement, Gilgit	41.240	Health Department
149.	362	2023-24	Unnecessary blockage of development funds	Directorate of Health Services, Planning and Procurement, Gilgit	11.274	Health Department
150.	363	2023-24	Non-appointment of staff under development project "Strengthening of Directorate Planning, Procurement and Establishment of Monitoring Cell at GB	Directorate of Health Services, Planning and Procurement, Gilgit	-	Health Department
151.	364	2023-24	Irregular award of contracts to local medicines/vaccines suppliers	Directorate of Health Services, Planning and Procurement, Gilgit	8.007	Health Department
152.	400	2024-25	Irregular Purchase of items without market survey	Regional Health Directorate Skardu	1.352	Health Department
153.	401	2024-25	Un authorized payment of Non-Practicing Allowance	Regional Health Directorate Skardu	0.720	Health Department
154.	473	2024-25	Unjustified provision of lump-sum grant and non-utilization and non-reconciliation	Secretary Health	1,036.00	Health Department
155.	520	2024-25	Non deposit of OPD and CT Scan fee	MS Regional Headquarter Chilas	0.347	Health Department
156.	521	2024-25	Irregular expenditure on local purchase of medicines	MS Regional Headquarter Chilas	1.790	Health Department
157.	627	2024-25	Irregular expenditure on Non-Practicing Allowance	City Hospital Gilgit	4.273	Health Department
158.	724	2024-25	Irregular induction of employees transferred form PPHI	District Health Officer Nagar	-	Health Department
159.	730	2024-25	Irregular payment to skilled persons appointed on contract basis for administration of COVID vaccine	District Health Officer Nagar	2.767	Health Department
160.	749	2024-25	Non-obtaining of adjustment/ vouched accounts	District Headquarter Hospital Ghizer	13.500	Health Department
161.	751	2024-25	Mis-procurement of goods and doubtful tendering process	District Headquarter Hospital Ghizer	13.701	Health Department

162.	757	2024-25	Wasteful expenditure due to substandard storage and inventory management for drugs-	District Headquarter Hospital Ghizer	15.803	Health Department
163.	887	2024-25	Non-registration of vehicles by the department amounting to	District Health Officer Ghizer	2.600	Health Department
164.	1056	2024-25	Non-recovery of secured advance from Contractor	Establishment of 250 Bedded Hospital Skardu	18.274	Health Department
165.	1062	2024-25	Irregular expenditure on Non-BoQ Items without approval and issuing Variation Order	Establishment of 50-Bedded Cardiac Hospital, Gilgit	26.603	Health Department
166.	1063	2024-25	Non-deduction of Income Tax from the suppliers	Establishment of 50-Bedded Cardiac Hospital, Gilgit	1.006	Health Department
167.	1064	2024-25	Irregular expenditure on 'Fabrication of New Model Hi-Roof 03 Hiace Vans into Ambulances'	Establishment of 50-Bedded Cardiac Hospital, Gilgit	13.275	Health Department
168.	1065	2024-25	Irregular hiring of building for office-accommodation	Establishment of 50-Bedded Cardiac Hospital, Gilgit	5.649	Health Department
169.	1066	2024-25	Non-deposit of deducted/withheld amount of Income Tax into government treasury	Establishment of 50-Bedded Cardiac Hospital, Gilgit	1.411	Health Department
170.	60	2023-24	Irregular appointment of visiting faculty lecturers without open advertisement	Postgraduate College, Jutial, Gilgit	3.376	Higher Education Department
171.	484	2024-25	Irregular award of contract	Higher Technical and Special Education Department, Gilgit	10.455	Higher Education Department
172.	485	2024-25	Non-implementation of grant-in-aid rules	Higher Technical and Special Education Department, Gilgit	50.000	Higher Education Department
173.	486	2024-25	Doubtful payment on account of repair of furniture and equipment	Higher Technical and Special Education Department, Gilgit	0.500	Higher Education Department
174.	1033	2024-25	Non-Preparation of Pc-Iv/Completion Report of Project	PD Polytechnic Institute for Boys Skardu	355.533	Higher Education Department
175.	1067	2024-25	Increased cost due to delay in award of contract	Establishment of Polytechnic Institute for Boys, Skardu	376.938	Higher Education Department
176.	1069	2024-25	Grant of 15% Mobilization Advance over and above	Establishment of Polytechnic Institute for Boys, Skardu	16.878	Higher Education Department
177.	1070	2024-25	Unauthorized payment of Secured Advance to contractor	Establishment of Polytechnic Institute for Boys, Skardu	67.456	Higher Education Department
178.	1071	2024-25	Failure to achieve the project objectives	Establishment of Polytechnic Institute for Boys, Skardu	-	Higher Education Department
179.	1072	2024-25	Payment of extra work to contractor	Establishment of Polytechnic Institute for Boys, Skardu	4.550	Higher Education Department
180.	1073	2024-25	Overpayment of excess work to contractor over and the above contract Agreement Cost	Establishment of Polytechnic Institute for Boys, Skardu	93.139	Higher Education Department

181.	15	2023-24	Irregular and unjustified expenditure on POL and repair & maintenance of vehicles	Commandant N/A Reserved Police, Gilgit	26.937	Home Department
182.	16	2023-24	Non-reporting of loss	Commandant N/A Reserved Police, Gilgit	7.326	Home Department
183.	17	2023-24	Irregular expenditure on purchase of diet/food charges & non-conducting of inquiry	Commandant N/A Reserved Police, Gilgit	6.999	Home Department
184.	19	2023-24	Irregular expenditure due to non-maintenance of log book of generators	Commandant N/A Reserved Police, Gilgit	1.144	Home Department
185.	20	2023-24	Irregular & unauthorized expenditure on POL & repair of vehicle other than Commandant ARP, recovery thereof	Commandant N/A Reserved Police, Gilgit	0.552	Home Department
186.	22	2023-24	Unauthorized, irregular and inadmissible payment of rent of residential accommodation	Commandant N/A Reserved Police, Gilgit	0.300	Home Department
187.	75	2023-24	Variation of balances in Cash Book of land compensation	Assistant Commissioner Jagalot	20.246	Home Department
188.	112	2023-24	Irregular cancellation of bid without decision of GRC	Director General Rescue 1122, Gilgit,	-	Home Department
189.	189	2023-24	Irregular and unauthorized expenditure against POL.	Deputy Commissioner, Astore	2.990	Home Department
190.	194	2023-24	Non-compliance to the 40% austerity cut against POL consumption.	Superintendent of Police, Astore	2.457	Home Department
191.	195	2023-24	Non-maintenance of Cash Book of Government Receipts	Superintendent of Police, Astore	1.003	Home Department
192.	243	2023-24	No-deposit of savings into government treasury Rs.	Deputy Commissioner Chilas	14.157	Home Department
193.	244	2023-24	Unauthorized retention of unutilized funds	Deputy Commissioner Chilas	87.840	Home Department
194.	247	2023-24	Non maintenance of cash book and non-recording of financial transactions of Rs.	Deputy Commissioner Shigar	157.454	Home Department
195.	250	2023-24	Irregular expenditure on purchase of POL-	Deputy Commissioner Shigar	1.591	Home Department
196.	252	2023-24	Irregular expenditure on entertainment- Rs.	Deputy Commissioner Shigar	1.279	Home Department
197.	254	2023-24	No-deposit of savings into government treasury loss	Deputy Commissioner Shigar	14.157	Home Department
198.	257	2023-24	Where about of miscellaneous items not known	Commissioner Gilgit Division, Gilgit	1.060	Home Department
199.	259	2023-24	Non-maintenance of repair and POL record of IS duties vehicles-Rs.	Commissioner Gilgit Division, Gilgit	38.277	Home Department
200.	266	2023-24	Doubtful Expenditure on POL & Repair of Transport other than official vehicles	Commissioner Diamer	6.850	Home Department

201.	267	2023-24	Irregular expenditure on account of Stationary, Others, Unforeseen Exp for Disaster Preparedness & Repair of Transport	Commissioner Diamer	29.211	Home Department
202.	272	2023-24	Unauthorized opening of bank accounts and retention of land compensation funds	Deputy Commissioner, Hunza	353.549	Home Department
203.	273	2023-24	Non-disbursement of land compensation funds to land owners	Deputy Commissioner, Hunza	311.550	Home Department
204.	326	2023-24	Doubtful unsupported expenditure on purchase of POL	DC Skardu	2.500	Home Department
205.	328	2023-24	Irregular expenditure disaster and mitigation Work	DC Skardu	4.616	Home Department
206.	329	2023-24	Irregular execution of work on verbal orders	DC Skardu	1.352	Home Department
207.	336	2023-24	Whereabout of transaction not known	DC Nagar	225.111	Home Department
208.	367	2023-24	Irregular payment on account of feeding	Superintendent Police Tourist Police Gilgit	0.994	Home Department
209.	409	2024-25	Loss to Govt. due to non-optimized utilization of resources	AIG Special Branch	-	Home Department
210.	446	2024-25	Unjustified expenditure on miscellaneous items	Deputy Commissioner Gilgit	7.266	Home Department
211.	447	2024-25	Un-justified expenditure on sport festival	Deputy Commissioner Gilgit	4.800	Home Department
212.	448	2024-25	Doubtful and unsupported expenditure on purchase of POL-	Deputy Commissioner Gilgit	20.810	Home Department
213.	450	2024-25	Irregular expenditure on hiring of private vehicles for Moharram duty	Deputy Commissioner Gilgit	14.038	Home Department
214.	457	2024-25	Non-obtaining of acknowledgment receipt	Deputy Commissioner Gilgit	542.653	Home Department
215.	458	2024-25	Non maintenance of cash book and non-recording of financial transactions of	Deputy Commissioner Gilgit	7.050	Home Department
216.	459	2024-25	Non-existence of internal controls in the office	Deputy Commissioner Gilgit	-	Home Department
217.	462	2024-25	: Irregular allotment of Govt accommodation	Deputy Commissioner Gilgit	-	Home Department
218.	675	2024-25	Irregular and unauthorized release of funds by the PAO to Deputy Commissioners	Secretary Home & Prison	1,742.276	Home Department
219.	676	2024-25	Excess payment against death and injured compensation cases	Secretary Home & Prison	6.900	Home Department
220.	677	2024-25	Irregular and unjustified expenditure against payment of salaries of Safe City Project	Secretary Home & Prison	29.658	Home Department

221.	678	2024-25	Irregular and unjustified payment against renovation of government accommodations out of development funds provided under development project	Secretary Home & Prison	30.177	Home Department
222.	679	2024-25	Unjustified cost overrun during implementation of development scheme	Secretary Home & Prison	60.291	Home Department
223.	687	2024-25	Mis-procurement of goods and services and doubtful tendering process	Commissioner Baltistan Skardu	8.219	Home Department
224.	689	2024-25	Irregular maintenance of general pool of vehicles	Commissioner Baltistan Skardu	6.098	Home Department
225.	708	2024-25	Non-maintenance of Cash Book of Government Receipts	DC Ghanche	3.750	Home Department
226.	740	2024-25	Irregular signing of Memorandum of agreement	Deputy Commissioner, Hunza	-	Home Department
227.	744	2024-25	Irregular expenditure on hiring of vehicles	Superintendent Police Skardu	0.900	Home Department
228.	745	2024-25	Unauthorized award of contract of repair & maintenance of official vehicles	Superintendent Police Skardu	8.800	Home Department
229.	746	2024-25	Doubtful expenditure on account of food charges	Superintendent Police Skardu	1.500	Home Department
230.	747	2024-25	Unauthorized expenditure against the allocated budget and creation of liability of	Superintendent Police Skardu	3.328	Home Department
231.	915	2024-25	Non-Maintenance of Cash Book and Non-recording of financial transaction	Deputy Commissioner Kharmang	27.094	Home Department
232.	2	2023-24	Irregular and unjustified expenditure on POL and repair & maintenance of vehicles	Local Council Board Gilgit	78.543	LG&RD Department
233.	4	2023-24	Non-investment and non-deposit of receipt into Consolidated Fund Account	Local Council Board Gilgit	18.891	LG&RD Department
234.	6	2023-24	Mis-procurements due to non-floating of tender	Local Council Board Gilgit	2.480	LG&RD Department
235.	8	2023-24	Irregular and unjustified expenditure without measurement book – Rs. 1.545 million	Local Council Board Gilgit	1.545	LG&RD Department
236.	13	2023-24	Non-generation of income through recyclable waste	Local Council Board Gilgit	-	LG&RD Department
237.	165	2023-24	Mis-procurement of works, Goods and Services	DD LG&RD Astore	2.400	LG&RD Department
238.	414	2024-25	Unjustified receipt from public and disbursements to NADRA	Deputy Director LG&RD Diamer	4.999	LG&RD Department
239.	464	2024-25	Irregular expenditure on Honoraria	Secretary Local Government GB	3.000	LG&RD Department

240.	465	2024-25	Irregular maintenance of general pool of vehicles and non-deduction of conveyance allowance	Secretary Local Government GB	0.060	LG&RD Department
241.	466	2024-25	Less deduction of House rent recovery	Secretary Local Government GB	0.069	LG&RD Department
242.	467	2024-25	Non-implementation of grant-in-aid rules	Secretary Local Government GB	349.677	LG&RD Department
243.	527	2024-25	Irregular expenditure on POL and Repair of Vehicles out Development Funds	Director LG&RD Gilgit	3.239	LG&RD Department
244.	877	2024-25	Unauthorized expenditure on operational cost over and above the prescribed rates	Deputy Director LG&RD Gilgit	23.088	LG&RD Department
245.	878	2024-25	Irregular expenditure on left over schemes	Deputy Director LG&RD Gilgit	66.774	LG&RD Department
246.	879	2024-25	Delay in execution/approval of ARDP Scheme and inconsistencies in rules	Deputy Director LG&RD Gilgit	-	LG&RD Department
247.	981	2024-25	Non-mutation of land in favour of Government of Gilgit-Baltistan	DD LG&RD Ghizer	0.726	LG&RD Department
248.	984	2024-25	Irregular expenditure on left over schemes	DD LG&RD Ghizer	48.760	LG&RD Department
249.	985	2024-25	Delay in execution / approval of ARDP Scheme and inconsistencies in rules	DD LG&RD Ghizer	-	LG&RD Department
250.	988	2024-25	Non-observing GB PPRA rules for submission of the bidding documents by the bidders	DD LG&RD Ghizer	-	LG&RD Department
251.	989	2024-25	Unjustified expenditure on TA/DA, POL, Repair of Transport etc. from Block Allocation	DD LG&RD Ghizer	8.431	LG&RD Department
252.	990	2024-25	Non-imposition of LD Charges for delay completion of the project	DD LG&RD Ghizer	0.201	LG&RD Department
253.	578	2024-25	Non-maintenance of register of mining lease	Secretary Minerals and Development	-	Mines & Minerals Department
254.	579	2024-25	Issuance of leases during the ban period	Secretary Minerals and Development	-	Mines & Minerals Department
255.	582	2024-25	Non-cancellation of non-responsive lease	Secretary Minerals and Development	-	Mines & Minerals Department
256.	583	2024-25	Non-compliance with the Rules of Business	Secretary Minerals and Development	-	Mines & Minerals Department
257.	97	2023-24	Non-insurance of vehicles & pump station	NATCO GB	-	NATCO
258.	488	2024-25	Unjustified payment against planning and design review/inception report	Project Management Unit Sanitary and Sewerage system	7.817	Planning Department
259.	489	2024-25	Excess payment against planning and design phase	Project Management Unit Sanitary and	24.584	Planning Department

				Sewerage system		
260.	490	2024-25	Unjustified payments against environmental and material testing	Project Management Unit Sanitary and Sewerage system	6.036	Planning Department
261.	491	2024-25	Overpayment and unauthentic payment against item locating underground services and mapping	Project Management Unit Sanitary and Sewerage system	17.493	Planning Department
262.	493	2024-25	Unjustified and extra payment against material testing and provision for establishment of laboratory in BOQs	Project Management Unit Sanitary and Sewerage system	6.926	Planning Department
263.	496	2024-25	Unauthorized lump-sum provision against extra/additional lead and community and social mobilization process/legal fee/training in PC-I	Project Management Unit Sanitary and Sewerage system	57.000	Planning Department
264.	558	2024-25	Non-Adjustment/receipt of vouched accounts against advance payment made against Land Acquisition and Non-mutation of Acquired land	Director General Gilgit Development Authority, Gilgit	6.181	Planning Department
265.	559	2024-25	Non-maintenance of Movement Register and Log books of 11 vehicles and expenditure on POL & Repair and Maintenance	Director General Gilgit Development Authority, Gilgit	18.478	Planning Department
266.	560	2024-25	Unauthorized allotment/usage of vehicles to other departments	Director General Gilgit Development Authority, Gilgit	-	Planning Department
267.	561	2024-25	Non-imposition of liquidated damages for delay in completion of works	Director General Gilgit Development Authority, Gilgit	148.002	Planning Department
268.	564	2024-25	Irregular approval of technical sanction by GDA instead of Works Department and payment of works expenditure by department itself	Director General Gilgit Development Authority, Gilgit	603.501	Planning Department
269.	565	2024-25	Loss to government due to acceptance of higher rates of solar light items	Director General Gilgit Development Authority, Gilgit	15.734	Planning Department
270.	566	2024-25	Non-achievement of value for money to abnormal delay in approval and tendering process	Director General Gilgit Development Authority, Gilgit	-	Planning Department
271.	567	2024-25	Irregular cancellation of tender	Director General Gilgit Development Authority, Gilgit	60.689	Planning Department
272.	568	2024-25	Loss to Government due to non-Compliance to the Provisions of Gilgit-Baltistan City Development Act, 2020	Director General Gilgit Development Authority, Gilgit	-	Planning Department
273.	569	2024-25	Undue Financial Aid to the Contractor in shape of Secured Advance	Director General Gilgit Development Authority, Gilgit	6.658	Planning Department

274.	570	2024-25	Overpayment due to non-deduction of available material	Director General Gilgit Development Authority, Gilgit	0.274	Planning Department
275.	571	2024-25	Irregular creation of liabilities and charging of non-development expenditure to works contingencies	Director General Gilgit Development Authority, Gilgit	6.254	Planning Department
276.	572	2024-25	Irregular execution of works beyond the mandate of GDA and charging of non-development expenditure to development expenditure	Director General Gilgit Development Authority, Gilgit	12.881	Planning Department
277.	573	2024-25	Loss to government due to procurement at higher rate/violation of PC-I	Director General Gilgit Development Authority, Gilgit	0.824	Planning Department
278.	574	2024-25	Irregular award of works on quotations due to splitting of works	Director General Gilgit Development Authority, Gilgit	2.760	Planning Department
279.	575	2024-25	Non-preparation of PC-IV/Completion Report of Project	Director General Gilgit Development Authority, Gilgit	828.103	Planning Department
280.	788	2024-25	Irregular payments against TA/DA, Honorarium and Hot & Cold Charges	Chilas Development Authority	1.184	Planning Department
281.	1001	2024-25	Overpayment to contractor by not deducting the stone cost	Skardu Development Authority, Skardu	0.517	Planning Department
282.	1002	2024-25	Overpayment to contractor by allowing the higher rate	Skardu Development Authority, Skardu	0.107	Planning Department
283.	1003	2024-25	Irregular approval of technical sanction by SDA instead of Works Department and payment of works expenditure by department itself	Skardu Development Authority, Skardu	265.657	Planning Department
284.	1004	2024-25	Mis-procurement of Works, Goods and Services	Skardu Development Authority, Skardu	16.805	Planning Department
285.	1005	2024-25	Mis-procurement of works, goods and services	Skardu Development Authority, Skardu	6.080	Planning Department
286.	1006	2024-25	Mis-procurement of works, goods and services	Skardu Development Authority, Skardu	3.317	Planning Department
287.	1007	2024-25	Mis-procurement of works, goods and services	Skardu Development Authority, Skardu	70.092	Planning Department
288.	1008	2024-25	Unauthorized allotment/usage of vehicles to other departments and irregular expenditure of hiring vehicle	Skardu Development Authority, Skardu	1.260	Planning Department
289.	1009	2024-25	Non-imposition of liquidated damages for delay in completion of works	Skardu Development Authority, Skardu	10.625	Planning Department
290.	1013	2024-25	Irregularity in recruitment	Skardu Development Authority, Skardu	-	Planning Department
291.	1014	2024-25	Irregular execution of work	Skardu Development Authority, Skardu	2.448	Planning Department

292.	428	2024-25	Irregular allotment of confiscated vehicles to different departments/officers and whereabouts of 53 vehicles not know	General Administration Department	-	S&GAD Department
293.	26	2023-24	Irregular procurement without calling open tender.	Director Education Planning, Gilgit	1.682	School Education Department
294.	80	2023-24	Irregular establishment of pre-fabricated/ model class rooms	Deputy Director Education, Gilgit	-	School Education Department
295.	84	2023-24	Abnormal delay in completion of development scheme	Deputy Director Education, Gilgit	984.020	School Education Department
296.	85	2023-24	Un-authorized delegation of powers	Deputy Director Education, Gilgit	-	School Education Department
297.	86	2023-24	Irregular opening of bank account	Deputy Director Education, Gilgit	-	School Education Department
298.	87	2023-24	Non preparation of rules/regulations to regulate the grant to NGOs	Deputy Director Education, Gilgit	0.900	School Education Department
299.	210	2023-24	Irregular and unjustified provision of funds through block allocation	Secretary Education GB	790.131	School Education Department
300.	211	2023-24	Non-implementation of grant-in-aid rules	Secretary Education GB	131.326	School Education Department
301.	320	2023-24	of Rs. 0.324 million due to ill planning	Directorate of Technical Education & Skill Development GB	0.324	School Education Department
302.	402	2024-25	Irregular and unjustified advance payments	Deputy Director Edu Skardu	3.728	School Education Department
303.	403	2024-25	Un-authorized / irregular opening of bank accounts	Deputy Director Edu Skardu	-	School Education Department
304.	405	2024-25	Un-authorized execution of civil/structure work	Deputy Director Edu Ghanche	4.997	School Education Department
305.	406	2024-25	Irregularities in procurement of furniture & lab equipment	Deputy Director Edu Ghanche	3.357	School Education Department
306.	407	2024-25	loss to government due to acceptance of item at higher rate	Deputy Director Edu Ghanche	0.305	School Education Department
307.	408	2024-25	Overpayment due to non-adjustment of cost of stone in rubble masonry work	Deputy Director Edu Ghanche	0.216	School Education Department
308.	554	2024-25	Irregular appointment of 31 Sweepers and 6 Mosque School Teachers & Pesh Imam	Deputy Director Education Chilas	-	School Education Department
309.	555	2024-25	Irregular and unauthorized expenditure against ADP Grant	Deputy Director Education Chilas	44.465	School Education Department
310.	557	2024-25	Non-transparency in selection process for award of scholarship	Deputy Director Education Chilas	5.400	School Education Department
311.	670	2024-25	Non-taking over the completed projects	Deputy Director Education, Shigar	109.628	School Education Department

312.	672	2024-25	Un-authorized delegation of powers and sanction of expenditure	Deputy Director Education, Shigar	9.267	School Education Department
313.	717	2024-25	Irregular payment to Aga Khan University on account of education fellows	Director Education (Planning) Gilgit	67.609	School Education Department
314.	718	2024-25	Irregular adjustments of various teaching staff and officers/officials for drawing of pay & allowances	Director Education (Planning) Gilgit	-	School Education Department
315.	719	2024-25	Irregular attachment of principle headmaster and teachers	Director Education (Planning) Gilgit	-	School Education Department
316.	720	2024-25	Irregular re-appropriation and placement of funds to sub-ordinate officer	Director Education (Planning) Gilgit	2,172.517	School Education Department
317.	721	2024-25	Non-existence of internal controls in the office	Director Education (Planning) Gilgit	-	School Education Department
318.	897	2024-25	Non-taking over the completed projects	DD Education Ghizer	424.920	School Education Department
319.	898	2024-25	Abnormal delay in completion of development scheme	DD Education Ghizer	1,290.213	School Education Department
320.	902	2024-25	Irregular opening of bank account	DD Education Ghizer	-	School Education Department
321.	905	2024-25	Irregular attachment of principle, headmaster and teachers	DD Education Ghizer	-	School Education Department
322.	906	2024-25	Lack of internal controls in the office	DD Education Ghizer	-	School Education Department
323.	1015	2024-25	Overpayment due to paying lead under earthwork items at higher rates	Technical Cell Education Department Gilgit	0.308	School Education Department
324.	1029	2024-25	Blockage of govt funds and unnecessary cost enhancement due to non-availability of site	Technical Cell Education Department Gilgit	60.547	School Education Department
325.	1032	2024-25	Non-Adjustment/Receipt of Vouched Accounts of Land Acquisition Advance made to the Revenue Department Gilgit and Non-mutation of acquired land in the name of GB Government	Technical Cell Education Department Gilgit	115.417	School Education Department
326.	422	2024-25	Non-Performance of its mandatory functions by Senior Member Board of Revenue Gilgit-Baltistan.	Senior Member Board of Revenue GB	-	SMBR
327.	423	2024-25	Mis-procurement of works, Goods and Services	Senior Member Board of Revenue GB	5.399	SMBR
328.	289	2023-24	Financial Indiscipline due to Violation of service agreement	Self-Employment loan Gilgit	7.568	Social Welfare Department
329.	290	2023-24	Non-utilization of funds	Self-Employment loan Gilgit	0.748	Social Welfare Department

330.	132	2023-24	Loss to Government due to inclusion of cash payment through Contractor.	Secretary Tourism, Culture, Archeology & Museum, GB	0.287	Tourism Department
331.	133	2023-24	Overpayment due to non-deduction of Income tax.	Secretary Tourism, Culture, Archeology & Museum, GB	0.444	Tourism Department
332.	147	2023-24	Irregular and unauthorized expenditure on POL & Repair of Transport -	Director Tourism Gilgit	12.665	Tourism Department
333.	152	2023-24	Irregular & unauthorized expenditure on POL & repair of vehicles other than Directorate Tourism, recovery thereof – Rs.	Director Tourism Gilgit	0.143	Tourism Department
334.	156	2023-24	Loss resulted due to non-deduction of tax on consultancy service charges @ 10% - Rs.	Director Tourism Gilgit	0.048	Tourism Department
335.	833	2024-25	Non-achievement of result-based monitoring (RBM) indicators	Secretary Tourism GB	59.682	Tourism Department
336.	834	2024-25	Non-issuing/preparation of Post Visit Reports	Secretary Tourism GB	90.584	Tourism Department
337.	44	2023-24	Loss to government due to award of work without calling tenders	XEN W&P Ghizer	68.743	Water & Power Department
338.	45	2023-24	Undue financial aid to contractor due to non-recovery of advance as per contract deliverables	XEN W&P Ghizer	6.411	Water & Power Department
339.	51	2023-24	Extra payment beyond Contract Agreement.	Civil Engineering Division, Water & Power, Gilgit	3.508	Water & Power Department
340.	52	2023-24	Non-imposition of liquidated damages due to non-completion of work timely.	Civil Engineering Division, Water & Power, Gilgit	26.813	Water & Power Department
341.	65	2023-24	Irregular payment against additional work without provision of PC-I	Civil Engineering Division, W&P, Chilas	12.238	Water & Power Department
342.	66	2023-24	Unjustified release of retention money prior to completion of work	Civil Engineering Division, W&P, Chilas	6.800	Water & Power Department
343.	67	2023-24	Irregular award of additional work without calling tenders/market survey & rate analysis	Civil Engineering Division, W&P, Chilas	106.228	Water & Power Department
344.	206	2023-24	Payment against supply of sub-standard/below specification electrical equipments/ installations.	XEN Water & Power Diamer	11.646	Water & Power Department
345.	208	2023-24	Unauthorized and wasteful expenditure on conduct of feasible study of 10 MW HPP at Tangir, Diamer.	XEN Water & Power Diamer	20.000	Water & Power Department
346.	212	2023-24	Overpayment due to allowing discontinued allowances – Rs.	XEN GB HEW Gilgit	1.026	Water & Power Department

347.	213	2023-24	Non-recovery of in-built cost against Insurance Policies of Work- Rs.	XEN GB HEW Gilgit	0.385	Water & Power Department
348.	216	2023-24	Irregular award of auction in violation of PPRA Rules-Rs.	XEN GB HEW Gilgit	31.219	Water & Power Department
349.	219	2023-24	Unfit charge of current expenditure to development budget – Rs.	XEN GB HEW Gilgit	5.192	Water & Power Department
350.	223	2023-24	Unauthentic and unjustified expenditure against POL due to coverage of low mileage as compare to standard mileage	Secretary Water & Power Gilgit	1.059	Water & Power Department
351.	530	2024-25	Loss to government due to non-billing of 184.802 GW/h units available for Sale	Water & Power (Operation/Billing) Division	1,100.537	Water & Power Department
352.	533	2024-25	Unjustified application of percentage of line losses (technical /non-technical) resulting in loss to government exchequer	Water & Power (Operation/Billing) Division	430.004	Water & Power Department
353.	534	2024-25	Installation of electrical infrastructure below specified standard – Rs.109.273 million ii) Recovery of 30% charges against sub-standard installations – Rs.32.781	Water & Power (Operation/Billing) Division	142.054	Water & Power Department
354.	536	2024-25	Excess payment beyond contract agreement and permissible limits	Water & Power (Operation/Billing) Division	9.830	Water & Power Department
355.	764	2024-25	Loss to Government due to less generation of electricity than installed capacity	Executive Engineer W&P Astore	84.384	Water & Power Department
356.	766	2024-25	Payment against supply of sub-standard/below specification electrical equipment /installation amounting to	Executive Engineer W&P Astore	37.101	Water & Power Department
357.	784	2024-25	Non-preparation of PC-IV/Completion Report of Project	Executive Engineer W&P Ghanche	105.027	Water & Power Department
358.	917	2024-25	Loss to Government due to non-Billing of 1.75 GW/h units available for Sale	Executive Engineer W&P Kharmang	6.217	Water & Power Department
359.	918	2024-25	Non-preparation of PC-IV/completion report of project	Executive Engineer W&P Kharmang	92.576	Water & Power Department
360.	923	2024-25	Non-preparation of PC-IV/Completion Report of Project	Executive Engineer W&P Nagar	739.378	Water & Power Department
361.	991	2024-25	Overpayment due to non-deduction of available material	Civil Engineer W&P Skardu	0.946	Water & Power Department
362.	992	2024-25	Overpayment to contractor by allowing the higher rate	Civil Engineer W&P Skardu	0.218	Water & Power Department

363.	993	2024-25	Overpayment due to non-deduction of available material	Civil Engineer W&P Skardu	0.145	Water & Power Department
364.	994	2024-25	Overpayment due to non-deduction of stacking cost	Civil Engineer W&P Skardu	0.268	Water & Power Department
365.	995	2024-25	Non-Adjustment/Receipt of Vouched Accounts against advance payment made against Land Acquisition and Non-Mutation of Acquired land in the name of GB Government	Civil Engineer W&P Skardu	52.000	Water & Power Department
366.	999	2024-25	No deposit of additional security	Civil Engineer W&P Skardu	0.378	Water & Power Department
367.	1039	2024-25	Unauthentic Energy Generation, Revenue and Loss thereof	Xen Water & Powers Hunza	96.578	Water & Power Department
368.	1045	2024-25	Non-recovery of loan granted to other PSDP project	16MW Hydro power project Nalter-III Gilgit	49.600	Water & Power Department
369.	1046	2024-25	Loss due to non-adherence of ECNEC decision / PC-I conditions resulting in wasteful expenditure	16MW Hydro power project Nalter-III Gilgit	144.802	Water & Power Department
370.	1047	2024-25	Non-obtaining of adjustment accounts	16MW Hydro power project Nalter-III Gilgit	80.930	Water & Power Department
371.	1049	2024-25	Wasteful expenditure due to poor monitoring and evaluation by consultant	16MW Hydro power project Nalter-III Gilgit	41.110	Water & Power Department
372.	1054	2024-25	Overpayment to contractor for excess quantities of BoQ	20MW Hydro power project Hanzel Gilgit	10.297	Water & Power Department
373.	1055	2024-25	Non-obtaining of adjustment accounts – Rs. 49.800 million	20MW Hydro power project Hanzel Gilgit	49.800	Water & Power Department
374.	181	2023-24	Excess payment due to non-deduction of cost of stone	Directorate Gilgit Water Management	0.594	Water Management Department
375.	620	2024-25	Non-completion of project as per PC-I	Secretary Water Management Gilgit	60.000	Water Management Department
376.	624	2024-25	Failure to provide capacity building training to Water Management & Irrigation staff	Secretary Water Management Gilgit	-	Water Management Department
377.	907	2024-25	Non-achievement of deliverables / non-completion of projects within timeline	Dir Water Management GLT	180.562	Water Management Department

Annexure-2 Para No.3.4.2***Detail of Pay and Allowances of staff on attachment*****(Amount in rupees)**

S. No.	Name & Designation (M/s)	Place of Posting	Monthly Salary	Yearly Salary
1.	Jan Alam Mir, Private Secretary	Health Department	255,310	3,063,720
2.	Juma Mir, Supdt	GB House IBD	139,788	1,677,456
3.	Mr. Muhammad Alam, C.O	Governor Sectt.	106,434	1,383,642
4.	Muhammad Sabir SG	Services & GAD	101,607	1,320,891
5.	Zafar Iqbal, SG	Health Department	120,546	1,446,552
6.	Altaf Hussain, SG	Planning & DD	95,927	1,151,124
7.	Muhammad Askari, DEO	GB House IBD	79,949	959,388
8.	Majeed ur Rehman, UDC	Governor Sectt.	82,745	1,075,685
9.	Noor ullah, LDC	Services & GAD	62,415	748,980
10.	Ikhlq Ahmed, Driver	AS Food	49,826	597,912
11.	Ghulam Asghar, Driver	CS Office	67,860	814,320
12.	Mir Sajid, Driver	Secretary Works	75,234	978,042
13.	Ejaz uddin, Driver	AS to Governor Sectt.	51,176	665,288
14.	Muhammad Yasin, Qasid	DC Office, Skardu	64,263	771,156
15.	Mushtaq Ahmed, Naib Qasid	Services & GAD	55,236	662,832
16.	Akhtar Hussain, Naib Qasid	Finance Department	51,176	614,112
17.	Basheer Ahmed, Chowkidar	Secretary Social Wel	51,626	619,512
			Total	18,550,612

Annexure-3 Para No.4.4.1

Irregular disbursement of discretionary grant

S. No.	Names of Recipients	Category of recipients	Amount
1	Mr. Imran Alam S/o Shaheed Alam Jan, SIP	Beneficiaries	1,000,000
2	Mr. Roshan Bibi (Injured lady) r/o Ghizer.	-do-	840,000
3	President Chamber of Commerce & Industry Astore	-do-	50,000
4	Mr. Zuhaib Akhter President & Cabinet Gilgit Union of Journalists	-do-	300,000
5	Mr. Muhammad Jamshed (Jamshed Dukhi Welfare Foundation)	-do-	50,000
6	Mr. Qasim Hussain Chairman (Team Baltistan Aman Walk)	-do-	200,000
7	Mr. Ijlal Hussain, President (Hunza Press Club)	-do-	200,000
8	Molana Maqsood Ahmed S/o Shujaat Khan (Jama Masjid Siddique-e-Akbar)	-do-	100,000
9	Secretary General (Press Club Skardu)	-do-	200,000
10	Polo GB Scouts (Winner Team)	-do-	500,000
11	NLI Polo Team (Runner up Team)	-do-	300,000
12	Best Player (Saddam Hussain Raji)	-do-	100,000
13	President Polo Association, GB	-do-	100,000
14	Polo Winner Team Chilas	-do-	200,000
Total			4,140,000

Annexure-4 Para No.4.4.3***Un-authorized establishment of camp office at Islamabad***

S. No.	Nature of Expenditure	Amount	Detail
1	Employee Related Expense	7,893,756	12 Nos. of staff (1xDEO, 1xWaiter, 4xDivers, 1xSweeper and 2xCooks are posted in Camp Office, Islamabad
2	Rent of Residential Building	1,497,444	09 Nos. of staff at Camp Office, Islamabad
3	POL for Vehicles	3,749,744	07 vehicles of different make and models are placed at the disposal of CM, GB's Camp Office, Islamabad
4	Rep/Maint. Of Vehicles	3,388,150	
	Total:	16,529,094	

Annexure-5 Para No.5.4.1

Irregular payment against unexecuted works

(Rs. in million)

S. No.	AP No.	Project	Contractor	Item of work	Quantity and payment	Work done at site quantity and payment	Overpayment
01	37	Establishment of Model Village at Bado Dass, Bubur, District Ghizer (Road Work)	M/S Haji Ghulam Hussain and Sons (JV) M/S Naseer Ahmed & Sons	road marking with thermoplastic paint yellow color	42000 rft @Rs.79.26 p/rft	Work not done	3.329
		---do---	--do---	cat-eyes/road studs	2,500 units @ Rs.800	Work not done	2.000
		----do---	--do--	street light with solar panel and poles	20 No. @ Rs.300,000/- = Rs.6,000 million	18 numbers @ Rs.300,000/- = Rs.5,400 million	0.600
02	38 & 39	Establishment of Model Village at Bado Dass, Bubur, District Ghizer (Construction of 62 Nos. of Pre-fabricated Houses – Part-II) including installation/provision of solar system	M/S Shah Jahan Associates & Builders	prefabricated housing including installation of solar system	Payment of Rs.223.200 million was made against 51 houses including solar system	Rs.209.212 million Moreover, Solar units not provided	13.988
Total							16.588

Annexure-6 Para No.5.4.4***Non-recovery of inbuilt cost/facilities from the contractor*****(Rs. in million)**

S. No.	Description	M/s Habib-ur-Rehman (Cost)	M/s Shams-ur-Rehman (Cost)
1	Fully Furnished office construction Cost	1.350	1.350
2	Furniture	0.250	0.250
3	Computer, Monitor, Flash drives etc	0.080	0.080
4	Printer, Fax, Telephone, Internet Facility, maintenance cost of equipment and utility bills etc.	0.356	0.356
5	Electric Appliances:	0.470	0.470
6	Stationery	0.040	0.040
Recoverable Amount		2.546	2.546

Annexure-7 Para No.5.4.6

Non-revalidation of performance guarantees

(Rs. in million)

S. No.	AP No.	Division	Name of Work	Date of start	Completion date	Contract Cost	Performance Guarantee
1.	592	Building Division Gilgit	Execution of incomplete work of Police Officer colony ARP HQ and water supply for police colony Sakwar Gilgit	05.04.2022	04.04.2024	118.056	11.806
2.			Commercial trout fish farming in Ghizer and Gilgit Sai Nullah Juglote	02.05.2023	01.05.2024	22.161	2.216
3.			Left over work of Directorate of Food GB	15.07.2016	14.01.2017	14.360	1.436
4.			Extension of provincial hospital DHQ Gilgit as per master plan and acquisition of land for shaheed Saif-ur-Rehman Hospital Gilgit	07.06.2021	07.06.2023	179.412	17.941
5.			Establishment of MCH center at Leprosy Centre land amphary and const; of A class Dispensary at Shikote Halqa-Gilgit	28.09.2022	27.03.2024	15.976	1.598
6.			Strengthening of ICT based monitoring and evaluation in GB Development process and introducing reforms	03.12.2021	07.06.2023	22.466	2.247
7.	611	B&R Division Hunza	Various Works	-	-	2,143.600	214.360
8.	804	B&R Division Ghanche	Various Works	-	-	102.980	10.298
9.	869	B&R Division Nagar	Various Works	-	-	25.989	2.599
10.	939	B&R Division Gilgit	Various Works	-	-	937.835	93.784
Total						3,582.835	358.285

Annexure-8 Para No.5.4.19

Overpayment due to allowing higher rate of hot-mix bituminous

	Name of Work	Item	Unit	Rate	Rate to be paid	Qty	Amount Overpaid	Reference
1	Metaling of Road 7.31-Meter-wide Through Paver from KKH to Bridge	S/L of consolidated thickness of AC Premix Bituminous Wearing Coarse	Ton	18,000.00	12,858.73	866.98	4,457,362.84	MB 745- page 27
2	Metaling of Road 7.31-Meter-Wide through Paver from Radio Pakistan to Grain Godown	S/L of consolidated thickness of AC Premix Bituminous Wearing Coarse	Ton	18,000.00	12,858.73	1,861.95	9,572,782.54	MB 745- page 28
3	Metaling of Road 7.31-Meter-Wide Through Paver From Normal Road to RCC Bridge	S/L of consolidated thickness of AC Premix Bituminous Wearing Coarse	Ton	18,000.00	12,858.73	457.98	2,354,588.55	MB 745 Page 27
	Overpaid Amount						16,384,733.93	

Annexure-9 Para No.5.4.20

Overpayment due to non-deduction of voids

S. No	Contractor Name	Contract Name	Quantity	Deduction	Rate	Amount (Rs. in million)
1.	M/S Majeed & Sons	Const of link road in Halqa II	14535.92x35/135	3769.572	6917.46%Cft+130% Premium	0.600
2.	M/s Six Star Jv Broshal Associates	Widening and Metaling of 1.5 KM Road from rest House to Aminabad Nomal	20159.33 x35/135	5226.49	6917.46%Cft + 55% premium	0.560
3.	M/s Aurangzaib & Sons	Const./ Metaling/ Widening of road from Oshikhandass to Jalalabad	72342.54x35/135	18,755.47	6917.46%Cft+150% Premium	3.244
4.	M/s Royal Architects	Const./ Metaling/ Widening of road from Oshikhandass Gilgit (Part-B)	6194.35x35/135	1605.94	6917.46%Cft+128.91% Premium	0.254
5.	M/s Kumail Abbas	Const. of Road in Halqa-III Gilgit	17161.34x35/135	4449.24	6917.46%Cft+17% Premium	0.360
6.	M/s Gulda Jan	Const./ Metaling/ Widening of link road in GBA-III (Part-B)	28862.65x35/135	7482.91	6917.46%Cft+10% Premium	0.569
7.	M/s Maqsood Hussain & Brothers	Const./ Metaling/ Widening of link road in GBA-III (Part-C)	19044.5x35/135	4937.46	6917.46%Cft+150% Premium	0.854
Total						6.441

Annexure-10 Para No.5.4.24***Non-preparation of PC-IV***

		(Rs. in million)
S. No.	Name of Work	Amount
1	Construction of 28 seasonal check posts Phase-I	48.597
2	Additional Alteration of Existing building of District Courts/ Residential Accommodation	27.214
3	Construction of 02 Nos Animal Husbandry Hospital at Yasin and Sandi	5.00
4	Destination Development Initiative in GB	11.588
5	Establishment/ Construction of Tourist Facilitation Centre on KKH	3.609
6	Construction of 10 Bedded Civil Hospital at Shairqillah	60.00
7	Missing Component of Health Facilities in District Ghizer	22.203
8	Conversion of Small Suspension Bridge in to RCC in GB	126.196
9	Hiring of Engineering Services	4.00
10	Imp/ Metaling of Road from PWD Rest House to Lalik Jan Shaheed Mazar	199.987
11	Construction of Link Road in Barkolti and Nazbar	30.00
Total		538.394

Annexure-11 Para No.5.4.29

Non-adjustment of the cost of facilities

S. No.	Description	Names of works				Amount (Rs.)
		Imp/Wid of link road from main Juglot Skardu Road 1 st Curve of road near suspension bridge Mendi & Shaqthang)	Metaling of remaining portion road from 411 Giayul and approached road to 250 bedded hospital	Widening of existing road from Talu to talu Broq Haqlqa-IV Roundu (for 20 months from 10/22 to 06/24)	Metalling of road from 411 to Abdullah Hospital (for 20 months from 10/2022 to 6/2024)	
1	Fully Furnished office construction cost (approx) 300 sft office @Rs.5,000/- p/sft	1,500,000	1,500,000	1,500,000	1,500,000	6,000,000
2	Furniture & Fixture and Air-Conditioner (Approx)	450,000	450,000	450,000	450,000	1800,000
3	POL for transportation for 36 months (from 7/2021 to 6/2024 at monthly ceiling of 150 liters @ Rs.200/- per liter (150 x 200x36)	1,080,000	1,080,000	600,000	600,000	3360,000
4	Stationary, Telephone, Fax Internet faculties for 36 months (from 7/2021 to 6/2024 @ Rs.25,000/- per month (36x25,000)	900,000	900,000	500,000	500,000	2,800,000
5	Laptop/Computers (2 Nos) @ Rs.150,00/-	300,000	300,000	300,000	300,000	1,200,000
6	Printer (1 Nos.) @ Rs.50,000/-	50,000	50,000	50,000	50,000	200,000
	Total	4,280,000	4,280,000	3,400,000	3,400,000	15,360,000

Annexure-12 Para No.6.4.4***Appointment and regularization of officers***

S. No.	Names of Individuals	Post	BPS
1	Zubair Ahmed S/O Saeed Ahmed	Assistant Director	17
2	Imtiaz Ahmed S/O Shoukat Ali	Assistant Director	17
3	Muhammad Ali S/O Doulat Khan	Assistant Director	17
4	Shahzad Baig S/O Khush-Amdin	Assistant Director	17
5	Assam ud Din S/o Noor ud Din Shah	Assistant Director	17
6	Nasir ud Din S/O Kabir ur Din	Assistant Director	17
7	Muhammad Ali S/O Ain-ul-Hayat	Assistant Director	17
8	Ghufran Ullah Baig S/O Imam Yar Baig	Assistant Director	17
9	Mir Aftab Alam S/O Sardar Rasul Mir	Assistant Director	17

Annexure-13 Para No.6.4.8

Non-framing of rules/operating procedure

(Rs. in millions)

Vr. No. & Date	Release Order No. & Date	Payee's Name	Ch. No. & Date	Amount
Nil/Nov., 17	Budget-2(35)/2017-18 08.09.17	GB Disaster Management Authority Endowment Fund NBP Main Br. Account, Gilgit	0235562/03.11.17	60.000
Nil/Feb., 18	Budget-2(35)/2017-18 15.02.18		0255869/28.02.18	150.000
51/Feb., 19	Budget-2(35)/GB/2018-19 14.01.19		0308925/18.02.19	50.000
Nil/Jan, 20	Budget-2(35)/GB/2019-20 03.10.19		0376423/15.01.20	42.500
86/March, 21	Budget-2(35)/GB/2020-21 10.03.21		0453727/26.04.21	42.500
68A1/Nil	Budget-2(35)/GB/2021-22 03.12.21		0503589/03.02.22	276.939
Sub-Total				621.939
171/June, 18	Budget-2(40)/2017-18 24.04.18	GB Disaster Management Fund NBP Main Br. Account, Gilgit	0285316/29.06.18	10.000
50/Feb., 19	Budget-2(35)/GB/2018-19 14.01.19		0308924/18.02.19	30.000
83/Jan., 20	Budget-2(35)/GB/2019-20 03.10.19		0376421/15.01.20	25.500
Nil/March, 21	Budget-2(35)/GB/2020-21 10.03.21		0453726/06.04.21	25.500
53/Nil	Budget-2(35)/GB/2021-22 03.12.21		0502216/25.01.22	25.500
Sub-Total				116.500
Total Amount				738.439

Annexure-14 Para No.7.4.3

Detail of Inquiry cases

S. No.	Title of Inquiry	Forwarded from	Submitted to	Date
1	Inspection report regarding “Minutes of the 6 th meeting of GB Development Working Party (GB-DDWP) held on 24 th May, 2023	GB-DDWP / ACS (Dev.)	Additional Chief Secretary (Dev.), GB	04.08.2023
2	Fact finding inquiry report regarding “Construction of 2 MW HPP Dahitar District Nagar to 4 MW (Revised)	GB-DDWP / ACS (Dev.)	Chief Secretary, GB Additional Chief Secretary (Dev.) GB	21.08.2023
3	Inquiry report regarding “Referral for departmental inquiry under Rules 3(2) of FIA (Inquiry & Investigation)	DD, FIA, Gilgit	FIA, Gilgit	18.10.2023
4	Inquiry report regarding “Construction of Youth Development Centre at Gilgit-Baltistan	Chief Secretary, GB	Chief Secretary, GB Additional Chief Secretary (Dev.) GB	19.10.2023
5	Inquiry report regarding “Referral for departmental inquiry under Rules 3(2) of FIA (Inquiry of Investigation)	Chief Secretary, GB	Secretary, S&GAD, GB	18.10.2023
6	Fact finding inquiry report application submitted by NATCO employees	Chief Secretary, GB	Chief Secretary, GB	26.12.2023
7	Committee report regarding “Extension of PHQ Hospital as per Master Plan and acquisition of land for Shaheed Saif-ur-Rehman Hospital, Gilgit”	ASC (Dev.)	Additional Chief Secretary (Dev.), GB	02.01.2024
8	Complaint on greater water supply Chakarkot	CM, GB	Secretary to CM, GB	05.01.2024
9	Inquiry report regarding “Procurement of fort lifters by Gilgit Development Authority (GAD) for structural Reforms of Traffic Police”	CS, GB	Chief Secretary, GB	24.01.2024
10	Fact finding report regarding Escalation claim for Rs.20 million against the project “Construction of Youth Development Centre at Gilgit”	ACB, GB	Secretary, S&GAD, GB	06.02.2024
11	Allegations leveled Dr. Engr. Nazeer Hussain, SE Public Works Department Skardu / Shigar Circle	ACB, GB	Chief Secretary, GB	28.02.2024
12	Fact finding inquiry regarding construction of 02 MW HPP Hisper River Nagar	ACS (Dev.)	Additional Chief Secretary (Dev.), GB	04.03.2024
13	Monitoring report regarding “Construction of C-Class dispensary at Amphary Gilgit”	CMT, GB	Chief Secretary, GB	27.03.2024

14	Verification report regarding const. of office and residence for Chief Election Commission Gilgit	CS, GB	Additional Chief Secretary (Dev.), GB	15.05.2024
15	Beautification of 12 Nos. School building in District Shigar	CS, GB	Chief Secretary, GB	15.05.2024
16	Inquiry report regarding “Procurement of Fort lifters by Gilgit Development Authority (GDA) for structural reforms of traffic Police” Fresh view	CS, GB	Chief Secretary, GB	15.05.2024

Annexure-15 Para No.15.4.3

Non-appointment of Doctors and paramedical staff

S. No.	Designation	No. of Vacant post
1.	Senior Consultant	05
2.	Senior Consultant Anesthesia	01
3.	Senior Consultant ENT	01
4.	Senior Consultant Pathology	01
5.	Deputy Nursing	01
6.	Deputy Med. Superintendent	02
7.	Consultant Orthopedic	02
8.	Consultant Anesthesia	01
9.	Consultant Urology	02
10.	Consultant Dermatology	02
11.	Surgical Specialist	01
12.	Consultant Peads	01
13.	Consultant Pathologist	01
14.	Consultant Radiology	01
15.	Neuro Surgeon	01
16.	Peadiatric surgeon	01
17.	Critical care	01
18.	Consultant Ophthalmology	01
19.	Senior Medical Officer	07
20.	Senior Dental Officer	01
21.	Nursing Supervisor	01
22.	Metron	01
23.	GDMO	02
24.	Medical Officer	02
25.	Clinical Psychologist	01
26.	Head Nurse	03
27.	Pathology Technologist	01
28.	Rerectionist Officer	01
29.	Radiology Technologist	01
30.	Physiotherapist	01
31.	Head Nurse	01
32.	General Nurse	11
33.	Chief Tech Pathology	01
34.	Charge Burse	02
35.	Nurse	05
36.	Chief Tech Radiology	01
37.	Chief Tech Radiology	01
38.	Chief Tech Dental	01
39.	Chief Cardiology Tech	01
Total		72

Annexure-16 Para No.15.4.4***Non-functional of medical equipments/ instruments***

S. No.	Name of equipments/ instruments	Quantity
1.	Oxygen Concentrators	06
2.	Electric Suction Machine	06
3.	B.P Apparatus	03
4.	Instrument Boilers	06
5.	Infant Warmer	05
6.	Autoclave machine	03
7.	Fetal Monitors	03
8.	U.S.G Machine	01
9.	Cardiac Monitors	06
10.	Bio Pape	01
11.	Potable X-Ray Machine	01
12.	Defibrillators	02
13.	ECG Machine	01
14.	Oxygen Concentrators Hay Duty	04
15.	Nulbilzer Machine	05
16.	CTG Machine	05
17.	Dialysis Machine	01
18.	Diathermy machine	02

Annexure-17 Para No.15.4.5

Non-imposition of penalty on delay supply of medicines

S. No	AP No.	Office/ Hospital	Name of Firm	Date of supply order	Actual date of delivery (30 days)	Delay period (days)	Bill amount	Penalty (amount in Rs.)
1.	240	RHQ Hospital Skardu	M/s. Hashir Enterprises	07.04.2022	30.05.2022	14	1.443	0.020
2.			M/s. Chandan & Company Baltistan	07.04.2022	28.09.2022	145	7.725	1.120
3.			M/s. Chandan & Company Baltistan	07.04.2022	03.12.2022	211	0.173	0.036
4.			M/s. Armaghan Traders	02.06.2022	23.11.2022	144	4.453	0.641
5.			M/s. Jabbar Engineering Pvt.	09.05.2022	30.09.2022	114	2.466	0.281
6.	305	DHO Astore	Takbeer Marketing Service	10.11.2022	30.12.2023	422	2.521	1.064
7.			GSK	10.11.2022	17.04.2023	100	0.287	0.029
8.			Mahad Scientific & Surgical Supplies	10.11.2022	10.05.2023	122	0.083	0.010
9.			Health Zon	10.11.2022	06.03.2023	57	0.382	0.022
10.	312	DHO Shigar	MS Caraway	21.12.2021	29.05.2022	100	0.248	0.025
11.			MS Pharma wise Lab	21.12.2021	29.05.2022	100	0.986	0.099
12.			MS GSK	28.11.2022	20.04.2023	84	0.421	0.035
13.			Don Valley Pharma Lahore	21.12.2021	04.03.2022	13	0.478	0.006
14.			Science Master	21.12.2021	04.03.2022	13	0.156	0.002
15.	299	DHQ Hospital Astore	Anwar trader	15.11.2022	06.02.2023	23	1.026	0.024
16.			Ghani Medicines	15.11.2022	09.03.2023	55	0.286	0.016
17.	725	DHO Nagar	M/s. Jamal Enterprise	31.05.2022	19.04.2023	288	8.347	2.404
18.			M/s. Medequips (Pvt) Ltd	26.04.2021	16.11.2021	170	3.380	0.575
19.			M/s. New Eagle Enterprises	26.04.2021	15.11.2021	169	4.497	0.760
Total							39.358	7.169

Annexure-18 Para No.15.4.16

Abnormal delay in completion of development scheme

S. No.	Schem	ADP No.	Admin Approval	Completion Period	Approved cost (million)
01	Provision of Missing Facilities to RHC Chalt 10 Bedded Hospital Ghulmat and 30 Bedded Hospital Nager	1056	13.10.2020	One year	20.000
02	Renovation of 10 bedded Hospital Nagar Khas	1057	09.09.2022	Two years	31.000
03	Construction “MCH” Center at Nagar Paeen	1058	03.04.2023	One year	8.000
04	Construction of BHU at Fakar Nagar	1059	09.08.2023	Two years	29.022
05	Provision of Missing Facilities to RHC Chalt, 10 Bedded Hospital Chulmat	1060	23.11.2022	One year	30.000
06	Provision of bio medical equipment of 10 Bedded Hospital Nagar Khas	1061	02.11.2021	One year	59.090
07	SPS posts (Technical & Specialized staff) for District	1062	02.11.2021	Till approval of PC-IV	35.000
08	Up-gradation of BHU Hoper into 10 Bedded Hospital	1063	01.04.2022	Two years	40.000
09	Up-gradation of “C” class dispensary into “A” class dispensary Shayar	1064	09.09.2022	Two years	14.526
10	Construction of C class Dispensary at Dadimal Nagar Halqa-IV Nagar	1065	22.04.2022	Two years	8.000
Total					274.638

Annexure-19 Para No.15.4.18***Non-completion of assigned tasks within the timelines***

S. No.	Description of work	Timeline (Days)	Date	
			From	To
1	Inspection Report	5	20.06.2023	26.06.2023
Phase-1				
2	BME's (Phase-1)) as per scope of work	15	26.07.2023	16.07.2023
3	HVAC System (phase I) as scope of work	2	16.07.2023	31.07.2023
4	Comments of Architectural Design (Phase-I) as per scope of work	3	08.08.2023	11.08.2023
Sub Total		40		
6	Architectural Works as per scope of work	20	11-08-23	31-08-23
7	Civil Works as per scope of work	40	31-08-23	10-09-23
8	E & M works as per scope of works	25	10-09-23	10-10-23
9	BME's Works as per scope of works	30	10-10-23	10-11-23
10	HMIS Works as per scope of works	25	10-11-23	05-12-23
Sub Total:		140		
Total Time in days:		180		

Annexure-20 Para No.15.4.19

Non-utilization of funds

(Rs. in million)

S. No.	PSDP No.	Year	Budget Allocated by FG	Released Budget Transferred into GB-CF	Actual Expenditure Incurred by PMU
1	580	2016-17	100.000	100.000	-
2	580	2017-18	10.000	10.000	15.998
3	753	2018-19	200.000	200.000	167.593
4	568	2019-20	250.000	250.000	193.268
5	557	2020-21	907.214	907.714	136.436
6	682	2021-22	1,100.000	550.000	173.766
7	296	2022-23	500.000	-	252.940
TOTAL			3,067.214	2,017.714	940.001
Un-spent balance available					1,077.713

Annexure-21 Para No.15.4.21***Non-achievement of objects and cost enhancement of hospital equipment***

S. No.	Description of items	Lot Nos	Nos of items
1	Anesthesia and ventilation (lot No.1_	Lot-1	98
2	Cardiac Monitoring (lot no 2)	Lot-2	143
3	Endoscopy	Lot-3	31
4	Modular operation theater	Lot-4	20
5	Operation theater	Lot-5	56
6	Nuclear Medicine	Lot-6	1
7	Diagnostic ultrasound	Lot-7	12
8	Lab analyzer	Lot-8	12
9	Sterilization	Lot-9	12
10	Medical Gasses and Maintenance	Lot-10	69
11	Office Equipment	Lot-11	29
12	General Articles	Lot-12	571
13	Dental	Lot-13	29
14	Heart Lung Machine	Lot-14	4
15	Intra Aortic Balloon	Lot-15	4
16	Cardiac surgical Instruments set	Lot-16	7
17	Hospital laundry	Lot-17	8
18	Information Technology	Lot-18	1
19	HIMS	Lot-19	1
			1108

Annexure-22 Para No.17.4.16

Non-award of land

(Rs. in million)

S. No.	Name of Project/Scheme	Amount
1	Const. of Remaining road infrastructure in Niat valley road	5.259
2	Const. of Court/ IC Residential Accomodation for Civil Judges in 5 new Sub divisions	0.455
3	Const. of Water supply scheme at Gutmal Hudur	0.230
4	Laying od 06 Dia GI pipe line from Botogah Nullah left over area in Harpin dass Chilas	3.000
5	Construction of Remaning road infrastructure on Bunner Valley	1.170
6	Metaling of 3 KM Road at Goharabad/ IC left over work of Laser and Mushkay Bridge Tangir	14.147
7	Const. of Link road from Hellali Bridge to Muthat Nullah and Diamerio Nullah Bunner	1.359
8	Metaling of road 500 Meter main Road Hudur to Qalam Sher House Topper Hudur	0.815
9	const. of Link roads in Darel and Chilas	1.472
10	Improvement and const of roads in Niat valley IC 3 No Suspensiong Bridge at Niat/Raikote	0.821
11	const of link roads in GBLA-15 Halqa 2 Diamer	0.798
12	Re-alignment of Hudur valley road	4.000
13	Re. const/Re alignment of flood damaged Jeep road from Thalpan to Gomas Khinner	0.319
14	Construction of Link from Hallali Bridge to Muthat Nullah and (Remaing work)	13.846
15	Const of irrigation channel Manikal Paine to Bashay Nullah Darel	2.500
16	Const of 04 MW HPP Thack	12.323
17	Const. of water tank Ph-I Khanbary Darel	0.544
18	Const. of Jeepable road from Mashjid Choke satil to Dadi Hari Tangir	0.539
19	Construction/ Improvement of irrigational channel Darel	1.130
20	Repair/rahabilitation of RCC Bridges in GB	0.686
21	Const. of veterniary Dispensary at Shai Hudur	0.288
22	Const. of Link roads in Halqa I Diamer	9.630
23	Const. of Link road at Diamer 1(W)	1.500
24	Const. of 07 Nos Jeepable Bridge & Protective Bund in Halqa-16 Diamer	8.280
25	Const. of Express way Darel &Tangir, Khanbar & bunner	251.639
26	Const. of link road at Khudri Hudur	1.658
27	Const of 06 Nos B/P School Thore, Hudur & Khiner	6.314
28	Leftover work of Thalpan to Gomas Khiner	0.500
29	Establishment of Degree college at Darel	2.500
30	Const. of Small suspension Bridge at Tangir	1.500
31	Const. of water supply scheme at Tangir Valley	0.400
Total		349.622

Annexure-23 Para No.17.4.17

Non-imposition of Section-4

S. No.	Name of Project/Scheme	Amount (million)
1	Construction of residential; quarters at 10 bedded hospital Goner Faram	1.000
2	Const. of Sports Infrastructure in NAS	12.000
3	Left over work/Const. of youth stadium at Tangir	2.800
4	Strengthening of food Dept. GB	2.000
5	Re-const. /Re alignment of Jeep Road from ARCH Bridge Ronai to Botogah	0.800
6	Construction of single Jeep road from satil to Seven Natural Lakes at Pai Nullah Tangir	2.720
7	Widening/metalin from KKH to PWD and National Bank Choke	6.342
8	const. of remaining portion of District Jail Chilas	2.500
9	Const. of 01 MW HPP at Gais Chilas	1.745
10	Const. of 0.5 MW HPP at Khinner	2.300
11	Upgradation of C160 KW HPP at 02 MW Tangir	0.670
12	Outstanding land compensation of deleted HPPs in GB	2.718
13	Const. of peeking reservoir for power station Botogah Ph-2 and 1.6 MW Thore i/c Disliting Basen for 01 MW HPP Bunner Dass Chilas and diversion weir Tangir 1.2 HPP	0.245
14	CM sustainable Development Goals program SDGS Const. of road in GBLA16 Diamer-2	16.125
15	Const. of link road Tomaty to Gitilil via Rami het	0.050
16	Const of link road Darkali Goharabad and Sadanobach Babusar	0.200
17	Metaling of leftover road Darel, Tangir and Chilas (NADP)	0.350
18	P/F of Di Pipe from Autheddarran Dass	0.050
19	Reconstruction of flood damage road from KKH to Makhili Thore	0.300
20	2 Nos Water Channel at Dabas Tangir	0.200
21	Const. of accomodation for Education Department in Darel/Khanbary	0.200
22	Upgradation of School Adhoch in Diamer	0.397
23	Const. of residential accomodation for Public School Chilas	0.830
24	Upgrdation of M/S to H/S at Darel	0.460
25	Remaining work P/S Midukush Niat	0.200
26	Upgradation of C class Dispensary to 10 bedded Hospital Goner Farm	0.200
27	Const. veterinary Dispensary at Khnner Kote	0.200
28	Const. of Water supply scheme butt kote Tangir	0.231
29	Const. of link road at Mushkay Tangir	0.175
30	Metaling of leftover road Darel /Tangir and Thore (NADP)	2.000
1	Const. of Jeepable Bridge Darel Thore-Molve Janbaz	0.339
32	Const of Girls Entre College Chilas	2.400
33	Const of jeepable road 17 KM Gais Pine	0.828
34	Const. of water channel at Khami Tangir	0.393
35	Const. of No. vet. Dispensary at Hudur and Thore	0.152
36	Const of 20 KM Jeepable road KKH to Fairy meadows	1.811

37	50 No. Girls Home School in Remote vallies Diamer and GPS for Darel and Tangir	0.630
38	CM Special package initiative promote female education in Darel/Tangir	1.800
39	Construction of water channel Jilipur to Daran Dass	0.510
40	Const. of Jeep road Gais Bala Baithamba	0.617
41	P/F of PIPE from Muthat to Darran Dass	0.532
42	Construction of wather channe Sobokote Tangir	0.180
43	Const. of Jeep road Gais Paine due to Flood	0.200
44	Repair of Water channel lichoGah Girls SAP School Goner Farm	0.340
45	Const. of 2 Nos Additional Room HS Goner Farm	0.960
46	Const. of 5 Nos P/School in Halqa-4 Tangir	0.200
47	Widening /Metaling from Tabore Darel	0.200
48	Upgradation of 30 Bedded Hospital Tangir	1.450
49	Metaling of left-over road in NADP	4.340
50	Const of link Roads at Tangir	0.400
51	outstanding liabilities of Land Compensation	0.382
52	Const of 7 Nos GP Schools Chilas	2.332
53	Const of 5 Nos Primary Schools in Chilas	1.003
54	Education Department GB	1.760
55	Const. Link road in Darel valley modified	0.200
56	Construction of water supply scheme at Luruk, Darkali Bala, Mushkay and Shumari Tangir	0.345
57	Const of Civil Supply Depot at Diamer	0.207
58	Const of Matured liabilities of flood, residential accommodation officers, and water supply at Maikay Thore	0.500
59	Water supply scheme at Khami Kote Tangir	0.218
60	Const of 3 Nos P/Schools at Thore, Botogah and Khinner	0.170
61	Various Schemes from EE B&R	3.204
62	Const. of Link road at Darkali Tangir 2 KM	0.474
63	Conversion of small suspension Bridges into RCC in Diamer Region	1.353
64	Construction of Jeepable road Rami Het to Gitili Mani Goner Farm and Bunner	2.400
65	Cpmst. Of water supply scheme i/c provision water purification plant Halq 1 Diamer	3.315
66	Destination development initiative in GB Babusar	0.325
67	imp/Const of road in Niat valley i/c 03 Nos suspension Bridges at Niat and Raikote	0.255
68	Const. of Road and Land compensation Mildukuash and BaichalNiat	0.378
69	Const. of 10 Nos Grils P/School at Darel &Tangir	0.011
70	upgradation of 4 Nos Boys P/S into M/School Niat & Babusar	1.836
71	Upgradation of Boys P/School into M/School Korangah, Gichar Nullah Tangir	0.059
72	Const. of 08 Nos Boys P/S at Niat	0.213
73	Const. of Road at Thak, Niat, Buneer & Babusar	1.000
74	Widdining/ Mettilling of Road from Shumari to Aut Darel	0.055
75	Outstanding land compensation of Dare/ Tangir	27.701
76	Widdining/ Mettilling of Road from shumari to KorangaTangir	34.997

77	Const. of 01MW HPP at Shabkool Darel	9,200
Total		172.184

Annexure-24 Para No.17.4.22

Unauthorized retention of public money

S. No.	Project Name	ADP NO.	Year	Amount (Rs)
01	Payment of land compensation for Boys High School Damote	328	2015-16	5,905,000
02	Const. of Jeep road in Halqa-III Gilgit (Revised).	483	2014-15/ 2013-14	450,000
03	Const. of Jeep road in Halqa-III Gilgit (Revised).	231		
04	Const. of link roads in Halqa-II Gilgit-Ph-II	551/551	2015-16	562,000
05	2 MW Hydel Power Project at Bagrote Gilgit (Revised).	120	2012-13	6,771,428
06	Outstanding Liabilities of Land Compensation /Contractors in District Gilgit. (Revised)	790	2017-18	152,717,000
07	Const. of Suspension Bridge on Ghizar River for Khutum Muhallah Bargo Paeen i/c Approach Road.	1058	2019-20	690,000
08	Construction of link roads in Halqa-I Gilgit.	804	2017-18	4000,000
09	Const. GPS at Sultanabad	390	2019-20	3,089,182
10	Const. of AC Office, AC House and Tehsildar House at Sub-Division Danyore. (M)	32	2018-19	5,763,000
11	Imp./Re-alignment of Road from Alam Bridge to Chakarkote Road	800	2018-19	1,000,000
12	Widening/Metaling of Road from Kote Damote to Manote i/c RCC Bridge Over Damote Nullah, District Gilgit (Revised).	1301	2020-21	1,0510,000
13	Const. of C Class Dispensary at Shamarote Sai Bala.	546	2018-19	6,000,000
14	Const. of C Class Dispensary at Toppi Muhallah Rahimabad No.2.	545	2018-19	716,000
15	3 MW Hydel Station at Sai Juglote (Revised).	119	2012-13	1,146,750
16	2 MW Hydel Power Project at Bagrote Gilgit (Revised).	120	2012-13	8,700,000
17	2.5 MW HPP at Dormoshko Gilgit. (Stage-1)	81	2019-20	2,821,597
18	3.2 MW Hydel Power Project at Cane Kargah (Revised).	118	2012-13	209,128
19	Const. of 01 MW HPP Danyore Gilgit (Revised)	84	2019-20	3,000,000
20	Construction of 32 meter Span RCC Bridge from Nomal to Aminabad over Naltar Nallah (Ish Pash).	797	2017-18	1,127,474
21	imp./Re-alignment of Road From Alam Bridge to Chakarkote Road.	800	2018-19	11,699,000
22	Const. of 260 ft Span Suspension Bridge at Bargo Pain.	1135	2021-22	575,000
23	Procurement of land for approach road at City Hospital Gilgit.	500	2016-17	6,839,050
24	Upgradation of 10 Bedded Civil Hospital Sai Juglote to 20 Bedded.	652	2021-22	3,122,537
25	Upgradation of Girls Primary School Dasso Haramosh to Middle standard.	382	2017-18	671,000
26	Const. of GPS at Paidan Dass, Juglote	437	2021-22	992,000
27	Const. of GPS at Nagar Colony	379	2018-19	3,200,000
28	Const. of Office for DIG Crimes Branch Gilgit.	35	2018-19	13,436,900
29	Const. of Office for DIG Range Gilgit.	34	2018-19	20,700,000
30	Upgradation of GMS Farfu Bagrote to H/S.	411	2019-20	1,494,000
31	Upgradation of GMS Shikyote to H/S.	410	2019-20	1,870,000
32	Repair and Const. of Polo Ground at Danyore.	312	2018-19	34,800,000
33	Const. of Truckable 22 ft Wide Road from FC HQ to Khari and Link Road 16.5 ft Wide from Alsaba Chowk to Khari Soni Kote Water Pump	1063	2019-20	49,852,000
34	Establishment of Veterinary Dispensary in Hurkus	220	2018-19	328,000
35	Upgradation of FAP to C Class at Sakwar and FAP to A Class at Minawar.	742	2020-21	2,260,000
36	Const. of C Class Dispensary at Jutal Pine District Gilgit.	740	2020-21	609,500
37	Upgradation of C-Class Dispensary to A Class Dispensary at Rehimabad Gilgit.	739	2020-21	1,272,000
38	Const. of A Class Dispensary at Bulchi Bagrote Gilgit.	653	2021-22	1,500,000
39	Const. of Purification Plants at Nomal, Danyore, Oshkhandass and other Areas.	907	2019-20	1,280,000
40	Const. of 02 Nos GPS at Chakarkote Dass and	383	2018-19	687,000
41	Rehabilitation of flood damaged civil hospital Sassi Haramoosh.	538	2017-18	1,058,400

	(Revised)			
42	Upgradation of C Class Disp. to A Class Dispensary Falkan Damote.	654	2021-22	1,765,000
43	Const. of Building for Boys Inter College Jagir Basin.	434	2020-21	6,450,000
44	Const. of Play Ground at Soniyar Jaglote.	319	2020-21	2,000,000
45	Const. of 01 MW HPP Danyore Gilgit (Revised)	84	2019-20	35,991,145
46	Const. of Link Road from Zulfiqar House to DC House Linking Through Hassanain Akbar House and from River View Road to Muhammad Ali Shah House	1159	2020-21	10,905,000
47	Const. of Play Ground at Soniyar Jaglote.	319	2021-21	5,000,000
Total				435,536,091

Annexure-25 Para No.17.4.26

Un-authorized retention of un-utilized funds (Hunza)

(Rs. in million)

S. No.	Project title	Allocation	Compensation Paid	Saving amount
1	Const. of road from Shiraz Hyderabad to River bank for garbage dumping	15.405	15.376	0.029
2	Residential accommodation for SDPOs and SHOs	12.540	5.147	7.393
3	Const of MCH Center at Shishket Gojal and FAP at Hussani Gojal	2.135	1.149	0.986
4	Const. of 16.5 ft wide (800 rft) link road from Hyderabad Khan to Ishaiq House Hunza	2.648	1.938	0.710
5	Const of Public library at Ganish and Const of tourist point and dev wash facility at potential areas in Hunza	2.184	2.165	0.019
6	Const. of Rural Health Center (RHC) at Sost Gojal.	6.250	4.477	1.773
7	Up gradation of FAP Hyderabad to BHU.	3.436	3.320	0.116
8	Up-gradation of C Class Dispensary Shimshal to BHU.	1.384	0.992	0.392
9	Imp./widening, metaling of road from Aliabad to Girls Degree College Karimabad Hunza.	57.393	53.622	3.771
10	Const of District Headquarter Complex Hunza.	26.833	11.500	15.333
11	Upgradation of Boys Middle School Mayoan Hunza to High Standard Boys P/S Khudabad; Khyber, Girls P/S Odver to Middle Standard	5.271	5.190	0.082
12	Const./Metaling of Link Road to Aga Khan School Murtazabad	3.402	3.358	0.044
13	Const. widening / imp of link roads at Halqa –IV Hunza	20.588	16.863	3.725
Total		159.469	125.096	34.373

Annexure-26 Para No.17.4.27

Non-award of land (Huna)

(Rs. in million)

S. No.	Name of Project/Scheme	Amount
1	Imp./metaling of road from Ultershang to Altit i/c RCC bridge 15-meter span.	7.412
2	Const. of NHA Camp office at Gulmit Gojal Hunza	26.406
3	Const. of 02 MW HPP at Misgar Gojal Hunza	2.313
4	Const. of 16.5 ft wide (800 rft) link road from KKH to Javed House and (200ft) from PWD office to New Jamat Khana at Garelth Hunza	4.451
5	Widening of 1.5 Km 16.5 wide link road from KKH to Nasirabad Hunza	8.138
6	Widening of 1.1 Km 16.5 ft wide link road from Harasug to Girls Degree College Hostel alongwith Samarand Khool Karimabad	6.710
7	Const. of 0.5 KM 16.5 ft wide link road from main road to Ganish Muhalla at Hussainabad Hunza	2.966
8	Const. of 16.5 ft wide link road from KKH to Rahmatabad Paeen.	2.049
9	Const. of 16.5 ft wide link road from KKH to Badiyub at Nasirabad	4.988
10	Const. of 16.5 ft wide link road from Metalled road to Rahimabad Graveyard at Aliabad Hunza	9.552
11	Const. of 16.5 ft wide link road from Karimabad Road to Chumarkhan Hyderabad Hunza	1.348
12	Const. of 16.5 ft wide link road from Bashart House to Rehmat House Diramshal at Karimabad Hunza	2.017
13	Const. of 16.5 ft wide link road from main road to near Aga Khan Academy to Barashal Muhallah at Karimabad	4.164
14	Const. of 16.5 ft wide link road from Hamachi Khool Falchat to Qalandar Khan House at Chaboikushal Ganish	2.556
15	Imp. /metalling of road from Ultershang to Altit i/c RCC bridge 15 meter span.	7.412
16	Wid/Metalling of road from PWD Rest House Karimabad to Baltit Fort Chowk i/c /// Solar street lights from Mominabad to Altit Fort, Const of Public Toilets in Altit and Aliabad and Const of Foot Bridge Hassanabad.	35.882
17	Widening of road from Borith Lake and Beautification and strengthening of Hussaini Bridge.	3.578
18	Const. of (1000rft) 16.5 ft wide link road from KKH to Shamsabad Jamat Khana at Nasirabad	5.351
19	Const. of (500 rft) 16.5 ft wide link road from Existing metalled road near Hameed house to Al Murtazabad Academy at Murtazabad Hunza	2.822
20	Const. of (500rft) 16.5 ft wide link road from Gushpur Dass to Mayoan Shinaki Hunza	2.229
21	Const. of (500rft) 16.5 ft wide link road at Sina Khan Muhallah Aliabad	3.696
22	Const. of (100rft) 16.5 ft wide link road from Main road to Govt. Girls school Karimabad	1.072
23	Const. of (600rft) 16.5 ft wide link road from female wing hospital to Shanokushal Muhalla upto Waseem House	4.471
24	Const. of (700rft) 16.5 ft wide link road from Maqsood Shah Land to Samarqand Khool at Karimabad	5.181
25	Const. of (500rft) 16.5 ft wide link road from Ahmadullah House to Azra Baig Hose at Sost Gojal	1.928
26	Const. of Veterinary Dispensary at Pamir and Khanabad Hunza.	1.091
27	Construction of BHU at Nasirabad Hunza	5.720

28	Upgradation of C Class Dispensary into A Class Dispensary at Misgar	1.625
29	Const. of C-Class Dispensary at Zoodkhan Chipurson, Gojal.	0.500
30	Metalling of 500 ft Road from Main KKH Road to Masjid Quba Aliabad	6.015
31	Approached road and restoration of damaged irrigation water channel from ultar nullah to central Hunza at Karimabad/ Altit	6.229
32	Const. of A Class dispensary at Reshit Chipurson Gojal Hunza	1.046
33	Const. of approach road to PH-III at Hassanabad Hunza	0.316
34	Const. of IPS NPAK Project at Dondgass	13.800
35	Const. of NHA Camp office at Gulmit Gojal Hunza	26.406
36	Const. of 02 MW HPP at Misgar Gojal Hunza	2.313
37	Const. of 54 MW HPP at Attabad lake	294.354
Total		518.107

Annexure-27 Para No.20.4.1

Irregular payment of fee

S. No	Name of Officer/Official	Legal Fee Granted
1.	Mr. Muhammad Abbas Khan, Advocate on Record, SAC GB.	180,000
2.	M/S Ali Law Associates.	1,500,000
3.	M/S First law Company	1,500,000
4.	Mr. Muhammad Makhdoom Ali Khan	40,500,000
5.	Mr. Muhammad Abbas Khan, Advocate on Record, SAC GB.	108,000
6.	Mr. Faizul Wahid, Advocate on Record, SAC GB.	84,000
7.	Raja Shakil Ahmad, Advocate on Record, SAC GB.	300,000
8.	Mr. Muhammad Ghazi Khan, Advocate on Record, SAC GB.	120,000
9.	Mr. Ali Nazar Khan, Advocate on Record, SAC GB.	164,000
10.	M/S Butter & Associates, Associates & Legal Consultants.	3,050,000
11.	M/S The Legal & Management Consultants (LMC Consultants)	1,200,000
12.	Mr. Ali Nazar Khan, Advocate on Record, SAC GB.	84,000
13.	Mr. Rahmat Ali, Advocate on Record, SAC GB.	60,000
14.	Mr. Faizul Wahid, Advocate on Record, SAC GB.	72,000
15.	Mr. Aurangzeb Khan, On Record, SAC GB.	72,000
16.	Mr. Ali Nazar Khan, Advocate on Record, SAC GB.	152,000
17.	Mr. Muhammad Abbas Khan, Advocate on Record, SAC GB.	192,000
18.	Mr. Faizul Wahid, Advocate on Record, SAC GB.	312,000
19.	Mr. Aurangzeb Khan, On Record, SAC GB.	984,000
20.	Mr. Muhammad Abbas Khan, Advocate on Record, SAC GB.	72,000
21.	Mr. Faizul Wahid, Advocate on Record, SAC GB.	312,000
22.	Mr. Muhammad Ghazi Khan, Advocate on Record, SAC GB.	60,000
23.	M/S The Legal & Management Consultants (LMC Consultants)	800,000
24.	Mr. Ali Khan, Advocate on Record, SAC GB.	24,000
25.	Mr. Aurangzeb Khan, Advocate on Record, SAC GB.	216,000
	Total	52,118,000

Annexure-28 Para No.21.4.8***Irregular attachment of staff outside office-Rs.11.086 million*****(Rs. in million)**

S. No.	Name & Designation	Place of Posting	Annual Salary
1.	Mr. Sharafat Hussain, Municipal Officer - BS-16	LG&RD Directorate Skardu	1,444,008
2.	Mr. Abul Naseer, Acctt-BS-16	PM LG&RD Markez Darel	1,393,296
3.	Mr. Raja Atta Ullah Jan-BS-14	Central Directorate LG&RD Gilgit	1,418,772
4.	Mr. Asif Mashroof Photographer BS-14	CM Secretariat Gilgit	810,432
5.	Mr. Syed Kiran Zehra, BS-14	LG&RD District Gilgit	735,984
6.	Mr. Shakeel Ahmed DEO-BS-15	LG&RD Secretariat Gilgit	837,504
7.	Mr. Muhammad Nasseem LDC-BS-11	Central Directorate LG&RD Gilgit	664,339
8.	Mr. Athar Qayum ST-BS-14	Central Directorate LG&RD Gilgit	825,936
9.	Mr. Abdul Hassan Driver-BS-7	LG&RD Darel/Tangir	569,448
10.	Mr. Jabbar Malik, Loader-BS-02	Central Directorate LG&RD Gilgit	604,019
11.	Mr. Babar Khan, NQ-BS-02	LG&RD District office, Gilgit	610,368
12.	Mr. Abullah Jan, NQ-BS-2	CM Secretariat Gilgit	639,684
13.	Mr. Alamgir Hussain NQ-BS-2	UC Jalalabad	532,779
Total			11,086,569

Annexure-29 Para No.24.4.14

Overpayment to contractor by not deducting the stone cost

AP No.	Schemes	contractor	Amount	Remarks
1016	Up-Gradation of Boys High School Gulapur to HSS	M/S Israr Ahmad	0.432	Total stone quantity available at site was 30,492 (19404+11088) Cft. Instead of utilizing the stone at site 5316 Cft the office paid with cost of stone @11146.15 instead of @9526.15 against item “providing and laying un-coursed rubble masonry in cement mortar 1:6 in foundation etc”, which resulted an overpayment of Rs. 223,909 (11146.15-9526.15 + 180% premium x 5316 Cft).
1017	Upgradation of 03 Girls Primary School (GMS to GHS Tinjus, GPS Tandal to GMS, and GMS Giayul to GHS) Skardu Halqa-II	M/S Muhammad Hassan JV Shahid Abbad	0.256	Total stone quantity available at site was 11,373.32 (5686.66+5686.66) Cft. Instead of utilizing the available stone at site 11373.32 Cft the office paid @2207.48 instead of @784.55 against item “supplying stacking and spreading and filling stones of approved size to required slope from approved quarries in plinth or under floor etc”, which resulted an overpayment of Rs.255,698 (2207.48-784.55 + 58% premium x 11373.32).
1018	Protective Wall at Ruth Phao Govt. Girls College Sultan Abad Danyore, Gilgit	M/S Ajmal Hussain	1.806	i. The total stone quantity available at site was 96,778.21 Cft. Instead of utilizing the stone at site 11,248 Cft the local office paid with cost of stone @11146.15 instead of @9526.15, which resulted an overpayment of Rs. 273,326 (11146.15-9526.15 + 50% premium x 11248). ii. Stone available at site was 85,530.21 (96778.21-11248) instead of utilizing the available stone at site 27,271.14 Cft the office paid with cost of stone @ 11146.15 instead of @ 9526.15, which resulted in overpayment of Rs. 795,226 (11146.15-9526.15 + 80% premium x 27,271.14). iii. Stone available at site was 58,259(96778.21-11248-27271.14) Cft. Instead of utilizing the remaining stone at site 34048 Cft the local office paid with cost of stone @6917 instead of @5714.46, which resulted an overpayment of Rs.737,275 (6917.46-5714.46 + 80% premium x 34048).
1019	Protective Wall at Ruth Phao Govt. Girls College Sultan Abad	M/S Ajmal Hussain	0.141	The earth available at site was 23186 Cft (4416 plus +6770+12000). Instead of utilizing the earth available at site 23,186 Cft the office paid with borrow pit @590.90 instead of @242.29, which resulted an overpayment of Rs.140,872(590.90-

	Danyore, Gilgit			242.29 + 50% premium x 4416) + (590.90.242.29 + 80% premium x 18770).
1020	Up-gradation of GMS Olding into GHS	M/S habbir Hussin & Sons JV Sajjad Danish	0.718	The total stone quantity available at site was 25,998 Cft. Instead of utilizing the stone at site 9157.22 Cft the office paid with cost of stone @11146.15 instead of @9526.15, which resulted an overpayment of Rs.274,442 (11146.15-9526.15 + 85% premium x 9157.22). Stone available at site was 16840.78 Cft (25,998 – 9157.22) instead of utilizing the available stone at site 16840.78 Cft the office paid with cost of stone @ 2207.48 instead of @ 784.55, which resulted in overpayment of Rs. 443,320 (2207.48-784.55 + 85% premium x 16840.78).
Total			3.353	

Annexure-30 Para No.24.04.16

Mis-procurement of works

(Rs. in million)

AP No.	Schemes	Contractor	Amount	Observations
1024	Up-gradation of GHS Dashkin into GHSS Level	M/S Sharafat Azam & Sons	14.980	Only single bidder M/S Sharafat Azam & Sons participated in the bid, which was accepted by the management, and the contract was awarded. The management did not maintain the record of tender to ascertain the number of tender documents issues and received in order to authenticate the actual participation of bidder.
1025	Establishment of Girls Model School Rattu	M/S Fareedullah Gohar	24.436	Only two bidders M/S Fareed Ullah Gohar and M/S Ikram Ullah & Brother were technically qualified in the bid. The management did not maintain the record of tender to ascertain the number of tender documents issues and received in order to authenticate the actual participation of bidder. The bid amount was Rs.24.436 million which is 16.70% above the TS amount (TS amount Rs.20.939).
1026	Reconstruction of Primary School Mendi Roundu	M/S Salaar Enterprises GB	10.712	Only single bidder (M/S Salaar Enterprises GB) participated in the bid, which was accepted by the management, and the contract was awarded. The management did not maintain the record of tender to ascertain the number of tender documents issues and received in order to authenticate the actual participation of bidder. Audit also observed that 10 tender documents were sold to the contractors and only single bidder was qualified for submission of bid.
1027	Construction of 01 BPS & 01 GPS in Roundu (Reconstruction of Primary School Youlbo Roundu	M/S Muhammad Jaffar Ali Khan JV Mir Enterprises Roundu	12.209	Only single bidder Muhammad Jaffar Ali Khan JV Mir Enterprises Roundu, participated in the bid, which was accepted by the management, and the contract was awarded. The management did not maintain the record of tender to ascertain the number of tender documents issues and received in order to authenticate the actual participation of bidder. Audit also observed that 13 tender documents were sold to the contractors and only single bidder was qualified for submission of bid. The bid amount was Rs.12.209 million which is 6.73% higher than the TS amount (TS amount Rs.11.439 million).
Total			62.337	

Annexure-31 Para No.24.4.18

Non-revalidation of performance security

(Rs. in million)

S No.	Names of Works	Contract Cost	Date of Start	Date of Completion	Amount of Performance Guarantee
1	Const of additional class room at GPS Abbas town Skardu	3.785	01.04.2022	31.03.2024 (12 months extension)	0.379
2	Establishment of Public School at Shigar	39.566	01.04.2022	30.09.2023 (18 months)	3.956
3	Construction of college of Education for women Gilgit	112.14	18.04.2023	17.04.2024 (12 months)	11.214
4	Up-gradation of Boys Primary School Khaltoro to Middle School	17.110	29.07.2022	28.07.2023 (12 months)	1.711
5	Up-gradation of GPS Gulakhmuli to MS Level	11.891	08.03.2022	07.03.2023 (12 Months)	1.189
6	Up-gradation of GMS Phander to HS Level	18.037	03.03.2022	02.03.2023 (12 months)	1.803
7	Up-gradation of Boys High school Bagyote to HSS Level	15.556	14.8.2022	13.08.2023 (12 Months)	1.555
8	Up-gradation of Middle School Thorgu Bala to H/S	11.311	01.04.022	31.03.2023 (12 Months)	1.131
9	Provision of Missing Facilities in Cadet College, Skardu	44.800	7.4.2022	6.4.2023 (12 months)	4.480
	Total	274.196			27.418

Annexure-32 Para No.24.4.19

Non-obtaining of insurance coverage and non-recovery of inbuilt premium (Rs. in million)

S. No.	Name of Work	Estimated Cost (Rs)	1% Premium
1	Up-Gradation of PS Asumber Tehsil Ishkoman District Ghizer	16.282	0.163
2	Construction of Primary of Primary School Giyote Makal	5.299	0.053
3	Construction of boys and girls primary schools in GBLA-17 Darel (Atiullahvillage Gabar)	4.818	0.048
4	Up-gradation of GHS Dashkin into GHSS Level	14.980	0.150
5	Establishment of Girls Model School Rattu	24.436	0.244
6	Reconstruction of Primary School Mendi Roundu	10.712	0.107
7	Construction of 01 BPS & 01 GPS in Roundu (Reconstruction of Primary School Youlbo Roundu	11.434	0.114
8	Estb. Of women degree college at jutial	80.118	0.801
9	Estb. Of girls high school Ratu Astore into GHSS	24.436	0.244
10	Est. of GMS Nasir Abad Maeеча into GHS level	14.326	0.143
11	Up-gradation of boys primary school Barchi	20.898	0.209
12	Estb. Of public school at Nagar	46.921	0.469
13	Estab. Of public school at Hunza	49.961	0.500
14	Dismantling and Re-construction of BHS Mehdi Abad Kharmang	19.129	0.191
15	Const of BPS and 01 No Thorsay Roundu	9.253	0.093
16	Const. of examination hall 02 washroom Halqa 2 Skardu	14.815	0.148
		367.818	3.677

Annexure-33 Para No.27.4.5

Non-recovery of inbuilt cost of vehicles

(Rs. in million)

S. No.	Description	Amount
1	Vehicles 1300 CC – 03 Nos @ Rs.4,500,000/- (market rate as on 1.8.2024)	13.500
2	Motorcycle 125 CC – 06 Nos. @ Rs.250,000/ (market rate as on 1.8.2024)	1.500
3	Registration 03 vehicles x Rs.100,000/- (approx)	0.300
4	Insurance Cover of Vehicles 2% p.a insurance (approx.) on vehicles cost = 2% x 13,500,000 x 3 yrs	0.810
Amount		16.110

Non-recovery of inbuilt cost of office facilities.

S. No.	Description	Names of works			Amount
		SSS for Gilgit City (Package-I)	SSS for Gilgit City (Package-II)	SSS for Gilgit City (Package-III)	
1	Fully Furnished office construction Cost (approximately) 500 sft office x Rs.2,000 p/sft	1,000,000	1,000,000	1,000,000	3,000,000
2	Furniture & Fixture and Air-Conditioner (Approx)	450,000	450,000	450,000	1,350,000
3	Stationary, Telephone, Fix Internet faculties for 17 months (from Mar/2023 to July/2024) @ Rs.25,000/- per month x17	425,000	425,000	425,000	1,275,000
4	Laptop (2 Nos) @ Rs.150,00/-	300,000	300,000	300,000	900,000
5	Scanner (2 Nos) @ Rs.50,000/-	100,000	100,000	100,000	300,000
6	Printer (2 Nos.) @ Rs.50,000/-	100,000	100,000	100,000	300,000
	Total	2,375,000	2,375,000	2,375,000	7,125,000

Annexure-34 Para No.27.4.6

Non-revalidation of performance guarantees

(Rs. in million)

S. No	Name of Scheme	Contract Start Date	Contract Completion Date	Contract Amount (in million)	Performance Guarantee Amount
1	Solid Waste Management System for Gilgit City.	06.03.2018	05.03.2019	152.485	15.248
2	Sewerage System for Partial Area of Zone-3	04.02.2022	03.02.2023	248.225	24.822
3	Integrated Water Supply System for Gilgit city phase I (Water Supply for Sakarkoi, Konodas & KIU).	01.01.2018	30.06.2019	197.205	19.720
4	Provision of clean drinking water in Halqa-1 Gilgit/ Phase-2	09.06.2020	08.12.2021	170.424	17.042
Total				768.339	76.832

Skardu Development Authority

S. No	Name of Scheme	Contract Start Date	Contract Completion Date	Contract Amount (in million)	Performance Guarantee Amount
1	Master Plan of Skardu City Shiger, Kharmang and Ghanche	12.04.2022	11.04.2023 10.10.202 (36 months granted)	52.500	5.250
2	Introducing/Establishment a Stat of Art, ICT based lecture Rooms for woman degree	28.04.2022	27.04.2024	35.734	3.573
3	Establishment of Balti Music School/Art center and Stipend of artists at Skardu	15.11.2022	14.11.2023 (Extension granted 6 months 14.05.2024	18.010	1.801
Total				106.244	10.624

Annexure-35 Para No.27.4.7

Non recovery of Insurance Premium

S. No	Name of Scheme and Contractor Name	Contract Start Date	Contract Completion Date	Contract Amount (in million)	Insurance Contractor All risk Insurance
1	Sanitary Sewerage System with Treatment Plant for Gilgit City Zone 2 & 3 Gravity Main Package 5 (Modified)	16.10.2020	15.10.2022	639.873	735.853
	Construction of walking /hiking track from and Landscaping Works in Gilgit city (Revised) 06 sub-work	05.12.2023 05.12.2023 09.10.2023 25.12.2023 24.05.2024 20.03.2024	04.12.2024 04.12.2024 08.10.2025 24.12.2024 23.05.2025 19.03.2025	12.700 6.034 19.002 2.051 6.030 17.741 63.558	73.0917
2.	Beautification/Horticulture work at Gilgit and Danyore (Improvement/Maintenance of footpaths, horticulture work on public roads & green belt in Gilgit & Danyore) 19 sub-works	04.12.2023 13.05.2024 21.08.2023 27.11.2023 07.12.2023 25.10.2023 11.09.2023 12.02.2024 04.03.2024 05.12.2023 11.09.2023 07.03.2024 07.03.2024 20.05.2024 21.08.2023 07.03.2024 27.11.2023 15.05.2024 27.11.2023 29.02.2024	03.01.2024 12.06.2024 20.02.2024 26.12.2023 06.12.2024 24.04.2024 10.03.2024 11.03.2024 03.09.2024 04.12.2024 10.03.2024 06.09.2024 19.11.2024 20.08.2024 06.09.2024 06.09.2024 26.12.2023 14.08.2024 26.12.2023 26.12.2023	87.81	100.982
4.	Block Allocation for GDA (New)				
i	Repair / Renovation & Rehabilitation of old suspension bridges in Gilgit.	10.05.2024 22.05.2024 24.05.2024 15.05.2024 16.05.2024	09.05.2024 21.08.2024 23.08.2024 14.08.2024 15.08.2024	23.532 3.303 6.216 4.189 2.096	27.0618 3.79845 7.1484 4.81735 2.4104
ii	Providing and Fixing of M.S Grating over Lower Channel at Main Bazar Area Gilgit				
iii	Construction of Boundary wall and basic facilities at Public Graveyard Minawar Gilgit.				
iv	Supply of Equipment & Furniture for GDA Office.				
v	Installation of Cat Eyes along ABS Speed Breakers.				
5.	Development of GDA Family Park at Airport Funnel Area Sonikot Gilgit	21.03.2024	20.03.2026	93.309	107.305
	Total			932.886	1,062.468

Annexure-36 Para No.28.4.2

Delay in completion of development & feasibility study projects/schemes

S. No.	Name of Project	Approved Cost as per PC-I	Period
1.	People's Youth Program Initiative on Youth and Sports Infrastructure Development (Modified)	118.000	36 months (2018 to 2021)
2.	Development and Improvement of Historical Monuments of Trekking Trails in GB (Modified)	54.822	36 months (2016-17 to 2018-19)
3.	Strengthening of Tourism, Sports and Culture Department in GB (Modified)	50.000	36 months (2016-17 to 2018-19)
4.	Provision of Missing Facilities in Existing Sports Infrastructure in GB (Modified)	59.000	36 months (2016-17 to 2018-19)
5.	Establishment of Tourist Information Centre at Islamabad	24.550	36 months (2016-17 to 2018-19)
6.	Promotion of Gilgit-Baltistan as Four-Season Tourist Destination (Modified)	75.000	36 months (2016-17 to 2018-19)
7.	Construction of Playgrounds at Tehsil Level in GB (Revised)	152.735	24 months (2021-22 to 2022-23)
8.	Establishment of Tourist Facilitation Centre on KKH (Modified)	20.000	24 months (2020-21 to 2021-22)
9.	Establishment of GB Academy for Regional Languages, Art & Culture (Modified)	59.342	36 months (2017 to 2020)
10.	Feasibility study for destination management of tapped areas and destination planning for un tapped areas of Gilgit-Baltistan	66.500	12 months (2020-2021)
11.	Feasibility study for establishment of Hospitality and Hotel Management Institute at Skardu	10.000	12 months (2020-2021)
12.	Feasibility study for establishment of Adventure Sports, Mountaineering and Rock-Climbing Institute at Passu District Hunza	10.000	12 months (2020-2021)
13.	Feasibility study for establishment of Museum and Cultural Complex in Gilgit	10.000	12 months (2020-2021)
Total		709.949	-

Annexure-37 Para No.28.4.3

Un-authorized allocation of vehicles to other offices

S. No.	Vehicle No.	Make & Type	Model	Users
1	GLT-G-40	Toyota Revo 2400 CC	2017	Minister Tourism, Gilgit
2	GLT-I-104	Honda BRV	2021	Parliamentary Secretary Tourism, Gilgit
3	GLT-A-6117	V-8	-	Secretary Tourism & Culture GB
4	GLT-G-119	Toyota Corolla XLI	2017	Deputy Secretary Tourism, Gilgit
5	GLT-G-70	Toyota Corolla GLI	2017	Deputy Secretary Tourism, Gilgit
6	GLT-C-18	Suzuki Jimny	2008	PS to Secretary Tourism
7	GLT-A-6126	Suzuki Potohar	2005	Tourism Secretariat General Pool
8	GLT-C-20	Suzuki Jimny	2008	Sports Board
9	GLT-A-6492	Suzuki Potohar	2005	Sports Board
10	KMG-14	Honda BRV	2021	DD Coordination Islamabad
11	GLT-G-43	Toyota Corolla GLI	2017	DD Coordination Islamabad
12	KMG-12	Honda BRV	2021	Director Archaeology
13	GLT-A-6493	Suzuki Potohar	2005	Director Archaeology
14	GLT-A-6125	Suzuki Potohar	2005	Assistant Director Archaeology & Museums GB
15	AFR	Tractor	2017	Tourism Secretariat
16	-	Motorcycle	2007	Driver Secretary Tourism
17	-	Motorcycle	2007	Cashier Tourism Secretariat
18	-	Motorcycle	2021	Tourism Coordination & Facilitation Office Islamabad
19	-	Motorcycle	2021	Tourism Coordination & Facilitation Office Islamabad

Annexure-38 Para No.29.4.2

Loss to government due to non-completion of projects

(Rs. in million)

S. No.	Names of Works	Date of approval of project	Approved Cost	Total value of work done/Payment Made	Remarks
1	0.7 MW HPP at Batogah – Phase-III, Chillas	16.12.2011	196.148	149.431	Work is halted for last 09 years. Inquiry is under investigation at the level of CMIT. No outcome/findings have been issued as yet.
2	0.5 MW HPP at Kinner, Chillas	05.07.2008	71.000	17.513	Work is halted for the last 11 years. Matter is under litigation in the court due to site selection issues meaning thereby that department failed to select the appropriate site for construction of HPP.
3	01 MW HPP at Botogah, Phase-IV, Chillas	25.5.2012	184.834	183.486	Work is halted for the last 04 years. Inquiry is under investigation at the level of CMIT. No outcome/findings have been issued as yet.
	Total			350.430	

Annexure-39 Para No.29.4.13

Non-obtaining/revalidation of performance guarantees

(Rs. in million)

S. No.	AP No.	Name of works	Division	Status of permeanance security	Contract Cost	10% performance Security
1.	387	various works of Hydro Power Projects	Xen W&P Chilas	Non revalidation	323.537	32.354
2.	388	Transformer, HT lines, LT Lines, poles at Botogah, Khinner, Hudur Chilas	Xen W&P Chilas	Not obtained	19.043	1.904
3.		Solar Street Light at Chilas City	Xen W&P Chilas	Not obtained	23.569	2.356
4.		Transmission Lines, Poles and Transformer at GBA-16	Xen W&P Chilas	Not obtained	20.688	2.069
5.	395	construction of 02 MW Hydro Power Project at Raikot Muthat (supply, installation, commissioning & test running of turbo generation set)	Xen W&P Chilas	Not obtained	149.500	14.950
6.	768	Construction of 400 KW Hydel Power Project ISPAY	Xen W&P Astor	Non revalidation	63.560	6.356
7.	783	02 MW Hydro Power Project at Lachat (Penstock Pipe)	Xen W&P Ghanche	Non revalidation	165.871	16.587
8.		Provision of Transmission Lines & Transformer for GBA-23 Ghanche-II (Distribution Line, Distribution Transformers and Transmission line & Dismantling/ Re fixing)	Xen W&P Ghanche	Non revalidation	24.811	2.481
9		Provision of Transmission Lines & Transformer for GBA-22 Ghanche-I (S/F of Transformers and Accessories, Improvement of Transmission line and Improvement of Distribution line)	Xen W&P Ghanche	Non revalidation	19.468	1.947
10		Rehabilitation/Up-rating of HP station Kharkoo GBA22Ghanche – I (Penstock Pipe, S/F of overhead bridge crane of 15Ton Capacity and F/O HDPE PN-12 Danpal Ghula to P/H Head Work etc.)	Xen W&P Ghanche	Non revalidation	60.785	6.079
11		Procurement and Fixing of Poles and Transformer in GBLA-24 (Transmission line & Accessories and Distribution line & Accessories)	Xen W&P Ghanche	Non revalidation	13.839	1.384
12		Const. of 1 MW HPP at balghar Dagboni GBA-22 Ghanche-I (Ph-I Civil Work) Penstock Pipe and Overhead bridge crane	Xen W&P Ghanche	Non revalidation	166.911	16.691
13	998	Construction of 2 MW HPP at Lachat Ghanche (Sub head Power channel, Fore bay, waste way etc.	Xen CED W&P Skardu	Non revalidation	11.186	1.119
Total					1,062.768	106.277

Annexure-40 Para No.29.4.14

Non-recovery of insurance premium

(Rs. in million)

S. No.	AP No.	Name of Division	Works	Contractor	Contract cost	Insurance cover
1.	389	Xen W&P Chilas	Transformer, HT lines, LT Lines, poles at Botogah, Khinner, Hudur Chilas	M/s Kifayatullah & Brothers	19.043	0.762
2.		Xen W&P Chilas	Solar Street Light at Chilas City	M/s Janan & Sons JV M/s Majeedullah	23.569	0.943
3.		Xen W&P Chilas	Transmission Lines, Poles and Transformer at GBA-16	M/s Kafil & Brothers	20.688	0.828
4.	398	Xen W&P Chilas	Raikot Muthat (supply, installation, commissioning & test running of turbo generation set)	M/s Muhammad Yousuf & Sons	149.500	5.980
5	769	Xen W&P Astore	Improvement of Transmission/Distribution Line Replacement of Wooden Poles into Steel Structure I/C provision of Electricity to Deprived Villages of Qamri in District Astore	M/S Kashif and Y&Y Engineers (JV) M. Ali & Sons	18.776	0.751
6	782	Xen W&P Ghanche	16 different works	Different contractors	555.907	22.236
7	922	Xen W&P Nagar	04 different works	Different contractors	257.545	10.302
8	996	Xen CED W&P Skardu	Construction of 2 MW HPP at PH – IV Shiger (Civil Works Package I)	M/S Shokat Ali & Sons JV	173.127	6.925
9	1041	Xen W&P Hunza	Supply & Fixing of Smart Meters & CT Operated Meters	M/S Irfan Brothers Internal (JV) M/s Micro Tech Industries (Pvt) Ltd	125.202	5.008
		Xen W&P Hunza	Supply & Fixing of Aerial Bundled Cable	M/S Ahmed Global Construction Co. (Pvt) Ltd	137.492	5.500
Total					1,480.849	59.235

Annexure-41 Para No.29.4.19

Non-recovery of inbuilt cost from the contractors

(Rs. in million)

(Rs. in million)						
S. No.	AP No.	Name of works	Division	Contractor	Nature of inbuilt cost	Amount involved
1.	765	Supply, Installation, Commissioning & Testing, Running of Turbo Generating sets at District Astore for i. 400 KW HPP at ISPAY, ii. 500 KW HPP at Bulashber iii. 01 MW HPP at Terising	W&P Astore	M/s MS Mushtaq Ali and M/S Zeal Enterprises (JV) Pearl International	Training abroad of 10 employees	8.876
2.	390	01 MW Hydel Power Project at Gais Chilas (SH: Supply, Installation, Commissioning and Test Running of Turbo Generating Set)”	W&P Chilas	M/S Sultan Mehmood and Sons	Training abroad of 12 employees	8.400
3.	776	Re-habilitation/ Up-Rating of HP Station Karkoo GBA-22, Ghanche-I	W&P Ghanche	M/s Haji Muhammad Ali & Sons	Local Training of 02 employees	0.600
4.		Const of 1 MW HPP at balghar Dghoni GBA 22 Ghanche-I (Ph-I Civil Works)		M/s Husnain Ali & Sons Jv Haji Muhammad Hasan & Sons Jv Wazir Imtiaz Haider & Sons		0.600
5.		Const of 2 MW HPP at Lachat		M/s hassan Ali & Sons, Wazir Imtiaz Haider & Sons, Hasan & Sons		0.600
Total						19.076

Annexure-42 Para No.29.4.20

Non-recovery of liquidated damages

(Rs. in million)

S. No.	AP No.	Division	Scheme/Works	Contractor	Completion date	Contract Amount	Amount of LD
1	767	W&P Astore	Construction of 400 KW Hydel Power Project ISPAY District Astore	M/S Muhammad Yousaf & Sons	09.07.2019	63.560	6.356
2	997	CED W&P Skardu	Construction of 2 MW HPP at Lachat Ghanche (Sub head Power channel, Fore bay, waste way etc.	M/S Haji Muhammad Ali & Sons and Haji Muhammad Ibrahim with Bireno Associates (JV)	21.06.2023	11.186	1.119
4	1042	W&P Hunza	Supply & Fixing of Smart Meters & CT Operated Meters	M/S Irfan Brothers Internal (JV) M/s Micro Tech Industries (Pvt) Ltd	26.02.2024	125.201	12.520
5			Supply & Fixing of Aerial Bundled Cable	M/S Ahmed Global Construction Co. (Pvt) Ltd	25.07.2023	137.492	13.749
Total						337.439	33.744

Annexure-43 Para No.29.4.29

Overpayment due to post-bid amendment in the contract

Schedule Item	Payment %	Previous cost / Original PC-I	Previous Cost Paid Amount	IPC No.	Date of IPC	M B P g No	Amended Cost / Revised PC-I	Payment	Overpaid / Difference due to amended PC-I	IPC No.	Date of IPC	M B P g No
A	B	C	D=C*B	E	F	G	H	I = H*B	J = I-D	K	L	M
3A Design Services (Civil)												
3A1	20%	93,753,520	18,750,704	1	07.12.17	3	118,645,770	23,729,154	4,978,450	19	28.12.21	40
3A2	20% of 50%	93,753,520	9,375,352	13	12.02.19	25	118,645,770	11,864,577	2,489,225	19	28.12.22	40
3A3	40%	93,753,520	37,501,408	16	03.04.19	32	118,645,770	47,458,308	9,956,900	19	28.12.23	40
5B steel / concrete bridge over Naltar River for access to Power House												
5B1	30%	29,545,635	8,863,691	10	09.05.18	10	42,419,715	12,725,915	3,862,224	19	28.12.23	41
5B2	40%	29,545,635	11,818,254	17	12.11.18	17	42,419,715	16,967,886	5,149,632	19	28.12.23	41
Total			86,309,409					112,745,840	26,436,431			

Annexure-44 Impact Audit

A. Has the participation in VAC improved access and affordability to formal medical care?	Responses	Percentage
No	3	5.00%
Yes	57	95.00%
Grand Total	60	100.00%
95% of farmers affirmed positively whereas, 5% negated.		
B. Prior to your participation in VAC, was it financially viable for you and your dependents to seek proper/formal paid medical care?	Responses	Percentage
Proper/formal medical facility not available	2	3.33%
Yes	33	55.00%
Yes, but in case of medical emergency only	24	40.00%
No financial affordability	1	1.67%
Total	60	100.00%
55% of the selected population has access and ability to pay for medical treatment and 40% of the respondents could pay medical charges in case of emergency. 3.33% of the respondents did not have formal medical facility and affordability for medical treatment. While 1% denied to have financial affordability of treatment.		
C. After your participation in VAC, are you and your dependents able to seek proper medical care?	Responses	Percentage
Irrelevant question	2	3.33%
There is no formal medical facility nearby	1	1.67%
Non-affordability for seeking proper medical treatment	2	3.33%
Yes	46	76.67%
Yes, but in case of medical emergency only	9	15.00%
Total	60	100.00%
76.67% of selected farmers has access and affordability for paid medical facility. The number of those unable to afford treatment dropped significantly to 3.33%, while those reliant on medical care only in medical emergency decreased from 40% to 15%. This indicates the project's role in improving both access and affordability of healthcare.		
D. How did the VAC contribute improving life style i.e. nutrition and living conditions?	Responses	Percentage
Nutritious food	11	18.33%
Better living conditions	24	40.00%
Better households	25	41.67%
Grand Total	60	100.00%
41.67% of the respondents reported better households followed by 40% better living conditions whereas 18.33% reported availability of nutritious food.		
E. After membership of VAC, did you opt for better private schooling for your children?	Responses	Percentage
Yes	30	50.00%
No	18	30.00%
Some of the children	12	20.00%
Grand Total	60	100.00%

50% respondents reported affordability of private schooling for their children while 30% could not afford private schooling for their children. Whereas 20% of respondents reported affordability of private schooling for some of their children.

F. Prior to your participation in VAC, did all your school-age children attend school?	Responses	Percentage
None of the children	10	16.67%
some of them	6	10.00%
All children	44	73.33%
Grand Total	60	100.00%

All school-age children of 73.33% of the participates attended schools, while none of children of 16.67% attended schools. However, 10% responded that some of their children enrolled in the schools.

J. Has the participation in VAC improved access and affordability of education of your children in private schools?	Responses	Percentage
No	8	13.33%
Yes	52	86.67%
Grand Total	60	100.00%

86.67% of farmers affirmed positively whereas, 13.33% negated.

H. Did your participation in VAC help increase your agriculture yield?	Responses	Percentage
No	3	5.00%
Yes	57	95.00%
Grand Total	60	100.00%

95% of farmers affirmed positively whereas, 5% negated.

I. If yes, how much volume did increase?	Responses	Percentage
Substantial increase (+100%)	21	35.00%
Significant increase (+50-99%)	23	38.33%
Modest increase (+20-49%)	14	23.33%
Small increase (upto 10%)	2	3.33%
Grand Total	60	100.00%

38.33% of respondents reported significant increase in yield whereas, 35% reported substantial increase in agriculture production. 23.33% reported modest increased while 3.33% reported small increased.

J. Did VAC contribution increase your agriculture yield?	Responses	Percentage
Increase in irrigated area cultivated	4	6.67%
Better agricultural practices	31	51.67%
Better seeds variety	19	31.67%
Better use of fertilizers	6	10.00%
Grand Total	60	100.00%

51.67% of respondents reported increase in Agri-production due to better agriculture practices while 31.67% respondents attributed it to better seeds variety. Whereas, 10% and 6.67% attributed it to use of fertilization and increase in irrigated area respectively.

K. What were the key factors contributing to increase in agricultural income?	Responses	Percentage
Increase in irrigated area cultivated	7	11.67%

Able to sell when prices are highest	1	1.67%
Better sale prices due to better marketing (e.g., through farmers' association)	16	26.67%
Better sale prices due to improved quality	13	21.67%
Increase in quantities produced	3	5.00%
Increase in quantities sold	20	33.33%
Grand Total	60	100.00%
The key contributors to increased income included higher volumes sold (33.33%) and better market prices (26.67%). Whereas, 21.67% respondents attribute it to better sale prices due to improved quality.		
L. For which crop or commodity did you receive value chain support from VAC?	Responses	Percentage
Apricots	32	53.33%
Orchards or nurseries	3	5.00%
Vertical farming	25	41.67%
Grand Total	60	100.00%
Participants engaged in apricot cultivation (53.33%) and vertical farming (41.67%), reflecting diverse opportunities provided by the project to enhance the means of livelihoods.		
M. Did the value chain support provided by VAC help increase your agricultural production?	Responses	Percentage
No	2	3.33%
Yes	58	96.67%
Grand Total	60	100.00%
96.67% of farmers affirmed positively whereas, 3.33% negated.		
N. If yes, how much was the increase?	Responses	Percentage
Substantial increase (+100%)	22	36.67%
Significant increase (+50-99%)	19	31.67%
Modest increase (+20-49%)	15	25.00%
Negligible increase (upto 10%)	4	6.67%
Grand Total	60	100.00%
36.67% of the respondents reported substantial increase in production and 31.67% respondents reported significant increase. Whereas, 25% of respondents reported modest increase.		
O. Did the VAC provided help you increase your agriculture income?	Responses	Percentage
Adoption of better agricultural practices/technologies	17	28.33%
Access to healthy seeds	31	51.67%
Access to fertilizers and other inputs	10	16.67%
Crops diversity/rotation	2	3.33%
Grand Total	60	100.00%
51.67% of respondents reported increase in agriculture income due to access to healthy seeds while 28.33% respondents attributed it to adoption of better agricultural practices/technologies. Whereas 16.67% respondents attributed it to access to fertilizers and other inputs.		