



**AUDIT REPORT
ON
THE ACCOUNTS OF
MINISTRY OF FOREIGN AFFAIRS
AUDIT YEAR 2019-20**

AUDITOR – GENERAL OF PAKISTAN

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ABBREVIATIONS & ACRONYMS

ADP	Attaché Defence Procurement
AFS(E)	Additional Finance Secretary (Expenditure)
AIR	Audit and Inspection Report
AMA	Authorized Medical Attendant
APS	Assistant Private Secretary
BE&OE	Bureau of Emmigration and Overseas Employment
BOD	Board of Directors
CA	Contract Agreement
CAO	Chief Accounts Officer
CMA	Control Military Accounts
CPO	Competent Purchase Officer
DA	Daily Allowance
D&AA	Defence and Air Attaché
DAC	Departmental Accounts Committee
EA	Entertainment Allowance
EOBI	Employees Old Age Benefit Institution
EMDF	Export Marketing Development Fund
FA	Foreign Allowance
FIGOB	Fund for Improvement of Government Owned Buildings
FMMA	Financial Management at Missions Abroad
FTR	Federal Treasury Rules
GFR	General Financial Rules
GOP	Government of Pakistan
HBA	House Building Advance
HOC	Head of Chancery
HOM	Head of Mission
HQ	Headquarters
HRA	House Rent Allowance
IBAN	International Bank Account Number
IDB	Islamic Development Bank
IT	Invitation to Tender
LC	Local Currency
MB	Measurement Book
MFDAC	Memorandum For Departmental Accounts Committee
MOFA	Ministry of Foreign Affairs
MORA	Ministry of Religious Affairs & Interfaith Harmony
MRP	Machine Readable Passport
NIRC	National Industrial Relations Commission
OEC	Overseas Employment Corporation
OEM	Original Equipment Manufacturer

PAC	Public Accounts Committee
PAHIC	Pakistan High Commission
PAO	Principal Accounting Officer
PAREP	Pakistan Permanent Representative
PCW&EF	Pakistan Community Welfare & Education Fund
PM	Prime Minister
PPRA	Public Procurement Regulatory Authority
SDF	Short Duration Flight
TA	Travelling Allowance
TDAP	Trade Development Authority of Pakistan
TDO	Trade Development Officer
UK	United Kingdom
UN	United Nations
USA	United States of America
VVIP	Very Very Important Persons

Abbreviations of foreign currencies

£	Pound
€	Euro
PKR/Rs.	Pakistan Rupee
DHS / AED	U.A.E. Dirham
SRL	Saudi Riyal
TL	Turkish Lira
QR	Qatari Riyal
US\$	United States Dollar
BD	Bahraini Dinar
CHF	Swiss Franc
Bhat	Thai Bhat
NOK	Norwegian Krone
S\$	Singapore Dollar
HK\$	Hong Kong Dollar
B\$	Bahamian Dollar
KD	Kuwaiti Dinar
Tenges	Kazakhstani Tenge
RR	Russian Ruble
TND / TD	Tunisian Dinar
IR	Iranian Riyal
LD	Libyan Dinar
BGN	Bulgarian
A\$	Australian Dollar
RMB	Ren Min Bi
DKK	Danish Korone

Preface

Articles 169 & 170 of the Constitution of the Islamic Republic of Pakistan 1973, read with Sections 8 and 12 of the Auditor-General (Functions, Powers and Terms and Conditions of Service) Ordinance 2001, require the Auditor-General of Pakistan to conduct audit of receipts and expenditure from the Federal Consolidated Fund and Public Account. The audit of these formations was conducted accordingly.

The report is based on audit of receipts and expenditure of Ministry of Foreign Affairs and allied wings of other Ministries based in Pakistan Missions abroad for the financial years 2016-19 and in some cases previous years. Audit of local formations of Ministry of Foreign Affairs including Headquarter has been conducted up to the financial year 2018-19. The Directorate General Audit (Foreign & International), Islamabad conducted audit during the year 2019-20 on test check basis with a view to report significant findings to the relevant stakeholders. Audit also assessed the efficiency, effectiveness, and economy aspects of the expenditure. The main body of the Audit Report includes only the systemic issues and audit findings carrying value of Rs. 1.0 million or more. Relatively less significant issues are listed in the Annex-I (MFDAC) of the Report. The Audit observations listed in the Annex-I shall be pursued with the Principal Accounting Officer at the DAC level and in all cases where the PAO does not initiate appropriate action, the Audit observations will be brought to the notice of the Public Accounts Committee through the next year's Audit Report.

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

The observations included in this report have been finalized in the light of discussions in the DAC meeting(s), where held.

The Audit Report is submitted to the President in pursuance of the Article 171 of the Constitution of Islamic Republic of Pakistan, 1973, for causing it to be laid before both houses of Majlis-e-Shoora [Parliament].

Islamabad
Dated: 13.02.2020

Sd/-
Javaid Jehangir
Auditor-General of Pakistan

EXECUTIVE SUMMARY

The Directorate General Audit (Foreign & International) is mandated to conduct audit of the Ministry of Foreign Affairs, its 14 local formations, 122 Missions abroad and DG Hajj Jeddah. Further, it is also responsible for conducting audit of the allied wings of other Ministries and Divisions i.e. Defence, Commerce, TDAP, Information & Broadcasting, Interior, Overseas Pakistanis, Aviation, Finance and 27 PIA offices located abroad.

During the audit year 2019-20, the Directorate General Audit (Foreign & International) planned audit of 51 formations that included 01 Financial Attest Audit and Compliance with Authority Audit of 14 local formations, 30 Pakistan Missions abroad and 04 PIA stations abroad, 01 DG Hajj Jeddah, 01 Performance Audit with 10,205 mandays. However, this office has conducted 41 audits up till now which includes 01 Financial Attest Audit, Compliance with Authority Audit of 04 local formations of the Ministry of Foreign Affairs, 30 Pakistan Missions abroad, 04 PIA stations abroad, 01 DG Hajj Jeddah, and 01 Performance Audit utilizing 10,058 mandays. The achievement in terms of planned audits and mandays was 78.43% and 98.56% respectively. During the audit, the accounts relating to the financial years 2016-2019 (and in some cases previous years as well) were scrutinized by selecting transactions on test check basis.

During audit, a number of cases pertaining to financial indiscipline, poor internal controls and violation of prescribed rules/regulations etc. were observed which were reported to the respective Secretaries/Administrative Heads, seeking departmental responses and for holding meetings of the Departmental Accounts Committees (DACs). After completion of the prescribed audit exercise, cases of serious nature have been selected for printing in the Audit Report. Amount held under observations in these cases is Rs. 9,274.666 million. A statement indicating currency wise details of the amount pointed out in the audit observations is placed at **Annex-II**.

a. Scope of Audit

This office is mandated to conduct audit of 164 formations working under Ministry of Foreign Affairs and Allied Wings. Total expenditure of these formations was Rs. 48,992.758 million (MOFA and DG Hajj) for the financial year 2018-19.

Audit coverage relating to expenditure for the current audit report comprises 39 formations of Ministry of Foreign Affairs and one formation of DG Hajj Jeddah having a total expenditure of Rs. 37,438.049 million for the financial year 2018-19. In

terms of percentage, the audit coverage for expenditure is 76.41% of auditable expenditure.

In addition to this Compliance Audit report, DG Audit (F&I) conducted 01 Financial Attest audit, 01 Performance audit. Reports of these audits are being published separately.

b. Recoveries at the Instance of Audit

As a result of audit, recovery of Rs. 341.944 million was pointed out in this report. Recovery effected from January to December 2019 was Rs. 360.640 million which has been verified by audit.

c. Audit Methodology

The audit activity started with desk audit which included examining the permanent files, computer generated data, bank account statements, other related documents along with study of the policies followed which facilitated better understanding of the systems, procedures and audit entity(s). Field audit activity included review of record, sight visits where necessary and discussion with the management.

d. Audit Impact

On the observation of audit, the Ministry of Foreign Affairs has stopped Foreign Allowance to ongoing Chevening and Australian Awards Scholars besides recovery. Moreover, on the instance of audit, the management has ceased payments of 5 days DA to Accountants for overlapping periods and recoveries have also been effected.

Furthermore, in pursuance of audit paras DAC directed to re-evaluate and stop payment of health insurance benefits to locally hired staff at Missions in USA.

e. Comments on Internal Controls

Internal control system is the most effective tool for good governance and efficient use of available resources. During audit it was observed that the accounts at the MOFA Headquarters were maintained on SAP system, whereas, Missions abroad were maintaining their accounts manually. The Ministry has started the process to bring the accounts of all Pakistan Missions abroad on SAP system which will help to streamline the accounting process. Weaknesses of internal controls have resulted in following irregularities:

- Mis-appropriation of funds
- Mis-procurement of physical assets

- Un-authorized appointment of contingent paid staff
- Non-refund of security deposits for rented accommodation abroad
- Overpayment / non-adjustment of TA/DA
- Overpayment of pay & allowances
- Un-authorized expenditure out of PCW&EF and FIGOB
- Cash payments instead of crossed cheques

g. Recommendations

The concerned Principal Accounting Officer(s) is requested to:

1. Make sure that all auditable record is provided to audit team(s) in time and cases of non-production of record should be dealt strictly under E&D Rules.
2. Investigate the incidence of financial embezzlement, fix responsibility and take action for recovery.
3. Ensure pending adjustment of TA/DA bills
4. PPRA violations should be dealt strictly.
5. Take action for prompt recovery of Government dues and credit the recovered amount into Government Treasury.
6. Recruitment of Local based staff should be streamlined as per MOFA rules and local laws.
7. Irregular retention of FIGOB funds in private accounts in Pakistan should be streamlined as per Finance Division instructions.
8. Method of hiring of health insurance services needs to be reviewed in general (specifically in US).
9. Ensure that DAC meetings are held promptly and appropriate directives are issued to implement the directives in order to avoid repetition of identical irregularities in future.

CHAPTER 1 MINISTRY OF FOREIGN AFFAIRS

1.1 Introduction

Ministry of Foreign Affairs, under the Rules of Business of the Federal Government, has been assigned to formulate, implement and monitor the foreign policy and deal with the matters listed below:

- i. Relations and dealings with other countries.
- ii. Matters (other than those handled by other Divisions) relating to:
 - (a) International organizations and bodies and their decisions.
 - (b) Agreements and treaties with other countries.
- iii. Diplomatic, consular, trade and other representation abroad.
- iv. Declaration of war upon, and the making of peace with any country.
- v. Offences against the laws of nations.
- vi. Foreign and extra-territorial jurisdiction.
- vii. Negotiations for settlement of Kashmir dispute and implementation of agreements reached.
- viii. Administration of:
 - (a) Foreign Service of Pakistan.
 - (b) Pakistan Missions abroad.
 - (c) Security and operation of cypher communications.
- ix. Visits of the Heads of States and foreign dignitaries to Pakistan and the Head of the Government of Pakistan to foreign countries.
- x. Matters relating to:
 - (a) Protocol and foreign representatives in Pakistan.
 - (b) Federal Government Guest Houses.
- xi. Preparation of policies regarding:
 - (a) Extradition to and from other countries.
 - (b) Repatriation of Pakistan nationals from abroad.
- xii. Foreign awards to Pakistanis.
- xiii. Pakistan Institute of International Affairs.

- xiv. Coordination of all works pertaining to Economic Cooperation Organization (ECO).
- xv. Institute of Strategic Studies.

Table-1 *Audit Profile “Ministry of Foreign Affairs”*

Sl. No	Description	Total Nos	Audited	Expenditure Audited FY 2018-19 (Rs in million)
1	Ministry and its Formations	136	50	9,879.476
2	Assignments Accounts (excluding FAP)	01	01	--do--
3	Authorities / Autonomous Bodies etc. under the PAO	02	Nil	Nil

1.1.1 Sectoral Analysis

The primary feature of Pakistan’s foreign policy is protection of independence, sovereignty, and territorial integrity of Pakistan. Pakistan’s relations and problems with India have greatly influenced its foreign policy options. Pakistan’s relations with all kinds of States at the international level are maintained on the basis of common interest.

Ministry of Foreign Affairs is a resource constraint organization which manages around 122 Missions in just under PKR 20 Billion which if converted to USD, taking into account the prevailing rate, becomes roughly \$135 Million. Above all recent devaluation in the currency rate has further reduced the financial strength of the ministry and in dollar terms its budget has been reduced from USD 163 Million (Conversion Rate: USD 1 = PKR 110) in the FY 2017-18 to USD 131 Million (Conversion Rate: USD 1 = PKR 145) in FY 2018-19.

In spite of these meager resources, the audit findings indicate that financial discipline of the Ministry has been declining with the passage of time (especially at missions abroad). Serious irregularities and violation of rules has been observed during the course of audit. Following is a brief overview of instances involving

financial embezzlements/frauds observed at missions abroad during the course of FY 2016-19.

Rs. in Millions

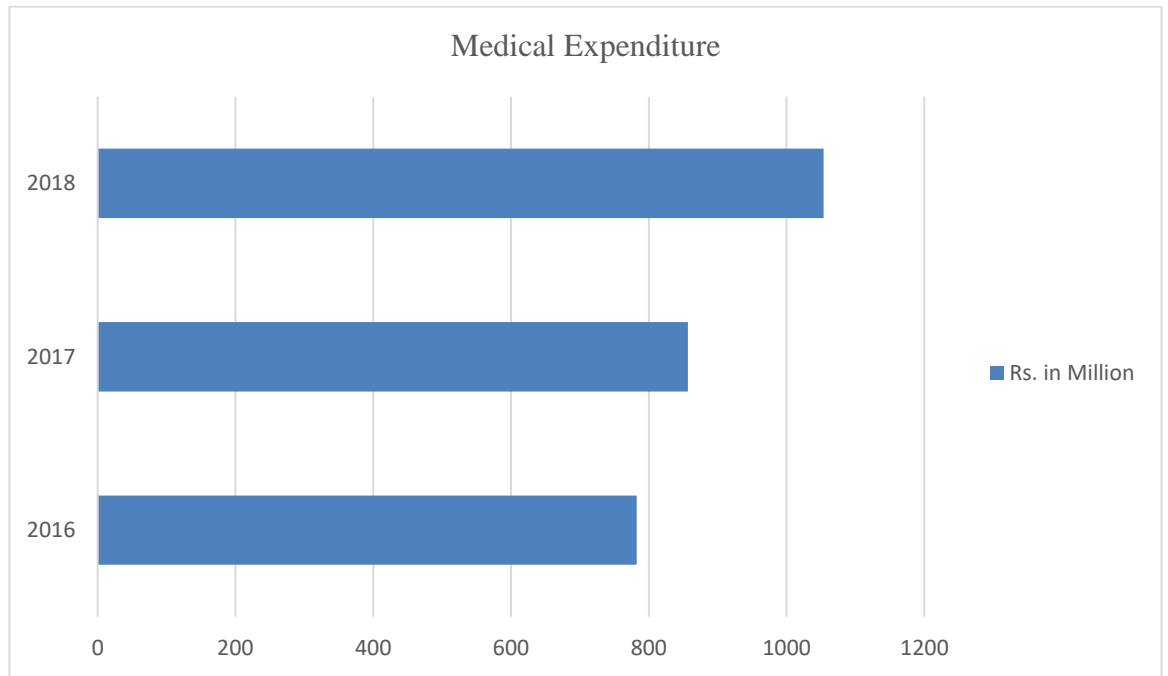
Missions	Amount	Audit Report	Nature
Sofia	23.957	2018-19	Fraudulent Drawals
Birmingham	30.579	-do-	-do-
Milan	24.143	-do-	-do-
Vienna	5.13	2019-20	-do-
London	2.8	-do-	-do-

Moreover, some general observations are as follows.

- 1- Ambassadors, generally, have not been meticulous enough in carrying out duties as Treasury Officers in their area of jurisdiction and most of the financial duties are left at the mercy of the Accountants and lower staff which has compromised the system of financial control.
- 2- The procurements falling under PPRA's ambit are frequently made after bypassing PPRA's rules.
- 3- A hefty payment is being made by the GOP with respect to medical expenditures incurred at missions, and this all is processed without due diligence and codal formalities as no system of referral and verification thereafter is available.

Rs. in Millions

Year	Actual Expenditure
2016-17	782.454
2017-18	857.000
2018-19	1,053.838



- 4- TA/DA Advances remain unsettled, sometimes for decades which creates problems for officers/officials at the retirement stages:

Rs. in Millions

Audit Report	TA/DA Unsettled
2015-16	207.273
2017-18	9.648
2018-19	837.379

- 5- The Foreign Office has not been able to evolve quantifiable performance indicators for various services provided to Pakistani community abroad. For example, in addition to the fee collected for consular services, Ministry of Foreign Affairs collects 10% per transaction which is retained in PCW&EF for legal and financial assistance, medical expenditure, payments of fines, and other welfare measures for Pakistani community abroad. In December 2019, the cumulative amount held in PCW&EF account was Rs. 2.82 billion which is indicative of the fact that the money collected from Pakistanis for their welfare has not been utilized fully and kept in various accounts for years despite thousands of Pakistanis abroad in desperate need of legal and medical assistance.

The Ministry of Foreign Affairs' outcomes/outputs as presented in MTBE 2016-19 and subsequent documents are fluid and difficult to measure in a quantifiable manner. The Budgetary outlay in terms of MOFA's Outputs is as follows:

(Rs. in million)

Serial No.	Outputs	Budget FY (As per MTBE 2019-22)	
		2017-18	2018-19
1	Constant engagement with international community by developing friendly relations with all countries of the world.	17,994.349	18,861.232
2	Conflict prevention and peace keeping.	40.326	52.541
	Total	18,034.675	18,913.773

For Example, Foreign Office indicated Future Policy Priorities in MTBE are as under:

- Consolidating our commercial and economic cooperation with a view to seeking more investments and enhancing our exports
- Outreach with other countries in Africa, Central Asia and Latin America
- expanding our diplomatic presence worldwide by opening new Missions
- Advancement of Pakistan interests in the EU, ASEAN, OIC, ECO, SCO, and SAARC as well as other key international bodies/institutions
- Enhanced interaction/engagement with parliamentarians, political and business leadership in host countries
- Enhanced focus on Public Diplomacy

Similarly, Performance Indicators are as follows.

- Constant engagement with international community by developing friendly relations with all countries of the world
- Conflict prevention and peace keeping

However, the Foreign Office has not initiated the process of quantifying the performance of its BPS 17 and above positions but this is yet to materialize and still at a nascent stage, but welfare of Pakistani community abroad still takes a backstage as evident by the outputs of MOFA as given in MTBE 2016-19 and subsequent documents.

1.2 *Classified Summary of Audit Observations*

Audit observations amounting to Rs. 9,274.666 million were raised as a result of this audit. This amount also includes recoverable of Rs. 341.944 million as pointed out by the audit. Summary of the audit observations classified by nature is as under:

Rs. in Millions

Sr. No.	Classification	Amount
1	Non –production of record.	1 Case
2	Reported cases of fraud, embezzlement and misappropriation	53.091
3	Irregularities / Overpayments	-
	A- HR / Employees relates irregularities	469.274
	B- Procurement related irregularities	4839.300
	C- Management of Accounts with Commercial Banks	372.591
4	Value for money and service delivery issues	1,484.445
5	Others	2,055.965
	Total	9,274.666

1.3 *Brief comments on the status of compliance with PAC directives*

Year of Audit Report	Total Paras	Compliance received	Compliance not received	Percentage of compliance
1986-87	11	4	7	36
1987-88	5	3	2	30
1988-89	6	2	4	33
1985-86	3	1	2	33
1989-90	8	1	7	13
1990-91	13	7	6	54
1991-92	9	2	7	22
1992-93	11	8	3	73
1993-94	10	-	10	0
1994-95	9	1	8	11
1995-96	19	5	14	26
1996-97	30	11	19	37
1997-98	31	-	31	0
1998-99	65	25	40	38
OIC	7	5	2	71
SAR Mexico	28	-	28	0
1999-2000	19	0	19	0
2000-01	26	3	23	12
2001-02	25	20	5	80
2002-03	20	7	13	35
2003-04	25	8	17	32
2004-05	47	22	25	47
2005-06	34	3	31	9
2006-07	23	8	15	35
2007-08	17	6	11	35
2009-10	52	16	36	31
2010-11	47	14	33	30
2013-14	05	0	05	0
2015-16	25	1	24	4
TOTAL	630	183	443	30

The overall compliance in respect of Ministry of Foreign Affairs is comparatively low.

1.4 AUDIT PARAS

Non-production of record

1.1.1 Non-production of record

According to Section 14 of the Auditor General's Ordinance 2001 (Function, Powers and Terms/conditions of Service), the Auditor General shall, in connection with the performance of his duties under this ordinance, has the authority to require any accounts, books, papers and other documents which deal with or form the basis of or otherwise relevant to the transactions to which his duties in respect of audit extend, shall be sent to such place as he may direct for his inspection.

Further, Section 14(3) of the said ordinance, states that any person or authority hindering the audit functions of the Auditor General regarding inspection of accounts shall be subjected to disciplinary action under the relevant Efficiency and Discipline Rules, applicable to such person(s).

Contrary to the above statutory provisions, Embassy of Pakistan in Washington did not produce record as detailed below:

Sl. No.	Details of Record
1	Contract with leasing vehicle companies
2.	Expenditure regarding Dr. Afia Siddiqui case.
3.	Taxes paid for old buildings, expenditure and receipts on account of rent
4.	Contracts for cleaning, repair and maintenance etc and payments
5.	List of A-2 visa obtained for recruitment of local based staff and policy for such appointments

Audit is of the view that due to weak managerial controls auditable record was not produced whereas management replied that all relevant record has already been provided to audit team for scrutiny.

DAC in its meeting held on 02.01.2020 directed the Ministry to provide agreed record for verification.

Audit recommends that record may be provided for scrutiny without further delay.

(Para-27 Washington DC 2017-18)

Reported cases of fraud, embezzlement and misappropriations

1.1.2 Misappropriation worth - Rs. 24.268 million

Para-23 of GFR Vol-I provides that every Controlling Officer is personally responsible for the accuracy and completeness of the accounts in respect of public money. Any officer who signs or countersigns a certificate is personally responsible for the fact certified by him.

During the course of audit in Pakistan Missions abroad 13 cases of serious financial irregularities were noticed i.e. shortfall of material, misappropriation, procurement/payment on fake/bogus invoices and purchases from firms having no existence. etc. **Detail is at Annex-III.**

Audit is of the view that due to weak administrative and accounting controls the amount of 24.638 million was misappropriated.

Matter was reported to the Management. The management replied that concerned missions have been directed to provide response in this matter.

DAC meeting held on 02.01.2020 directed the management to take steps for early verification of record and inquire the matter and results may be shared with audit.

The matter was brought into the notice of management of the Mission who stated that the matter had already been brought to the notice of Ministry. In compliance of observation the Ministry would be requested for taking necessary decision of recovery from the person at fault. The mission gave the interim reply.

Audit recommends that strict disciplinary action may be initiated against the person(s) at fault besides effecting recovery.

Irregularities

A- *HR / Employees related irregularities*

1.1.3 Excess payment on account of TA/DA–Rs.17.510 million

According to Para 10.20.7 of the FMMA Vol-II and Finance Division letter No. F.1(7)R-10/2012-61 dated 03.04.2018, only 50 percent of Daily Allowance is admissible to the officials of the Mission where residential accommodation is available during joining time and DA for 05 days for overlapping period is not admissible.

Contrary to above rules, various Pakistan Missions abroad made payments to officers/officials on account of TA/DA over and above their entitlements. **Detail is at Annex-IV.**

The management replied that necessary instructions have been issued to effect the recovery from the concerned officers / officials.

DAC in its meeting held on 02.01.2020 directed the Ministry to effect the recovery from the concerned.

Audit recommends that outstanding recovery may be effected at the earliest from the concerned under intimation to Audit. It is further recommended that the practice of excess payment may be discontinued.

1.1.4 Non-recovery of inadmissible education subsidy–Rs. 19.802 million

According to para-5.33(i) and Para 5.6.1 (v) of FMMA Vol-II, education subsidy will be admissible @ 90% of actual cost of education.

In violation of the above, in certain Pakistan Missions abroad, it was noticed that education subsidy was paid for the children of officers / officials over and above the entitlement. **Detail is at Annex-V.**

Audit is of the view that due to weak managerial controls, amount in question was not recovered causing loss to public exchequer. Management replied that in most of the cases necessary instructions have been issued for recovery.

DAC in its meeting held on 02.01.2020 directed to the Ministry to effect the recovery from the concerned.

Audit recommends that recovery of inadmissible payment of education subsidy may be made good from the concerned officers / officials at earliest. Further, at least 10 years payment of education subsidy in all missions may be probed under intimation to Audit.

1.1.5 Irregular expenditure on account of rent of residential accommodations in excess of rental ceilings – Rs. 2.611 million

According to para- 8.8.2-B (iii) of FMMA Vol-II, the Ministry of Foreign Affairs, *inter alia*, approved that no rent agreement be concluded where the rent exceeds the approved ceiling.

As per 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.

Contrary to above in Parep Moscow excess payment of rent had been made against the approved rental ceiling as detailed below:

Name of Mission	Para No of AIR	Period of AIR	Amount (US\$)
Moscow	9	2017-19	11,016
Moscow	1	2017-19	5,832

The matter was reported to the Ministry of Foreign Affairs for holding of DAC meeting on 29.11.2019, 10.12.2019, 16.12.2019, 27.12.2019 & 09.01.2020 but no response received till the finalization of the report.

Audit recommends that the Mission should recover the excess payment of rent from the concerned officers and staff, and get the recovery verified from Audit.

1.1.6 Unjustified payment of overtime allowance to locally recruited staff at exorbitant rates – Rs. 16.933 million

As per Rule 10 (v) of GFR Vol-I, the amount of allowances granted to meet expenditure of a particular type should be so regulated that the allowances are not on the whole a source of profit to the recipients. Furthermore, Para-5.14.1 of FMMA Vol.-II sets the ceiling for overtime allowance and night duty allowance to the Drivers and Despatch Riders at the rate of US\$ 1 per hour subject to maximum of US\$ 6 per day.

Contrary to above rules, the following Pakistan Missions abroad made payments to local officials on account of overtime allowance at higher rates. In one case, driver was retained for four years in spite of the fact that one vehicle was stolen and mission having no vehicle but paid him salary and overtime allowance.

Name of Mission	Period of AIR	Para of AIR	Amount	Detail
Moscow	2017-19	03	US\$ 25,449	Drivers paid @ US\$ 3 per hour instead of US\$ 1 per hour
Athens	2016-19	07	Rs 2.001 million	Drivers paid @€ 4 equal to US\$ 5 per hour
Sarajevo	2013-19	02	Rs 7.936 million	An extra driver retained and paid salary and overtime allowance in spite of stolen vehicle for four years.
Berlin	2017-19	13	€ 29,205	Driver paid overtime allowance above US\$ 6 per day.

Audit is of the view that due to weak internal control such payments were made in violation of the above-stated rules.

The matter was reported to the Ministry of Foreign Affairs for holding of DAC meeting on 29.11.2019, 10.12.2019, 16.12.2019, 27.12.2019 & 09.01.2020 but no response received till the finalization of this report.

Audit recommends that the excess payment made to the drivers may be recovered and missions may be directed to stop the practice immediately and fix responsibility.

1.1.7 Non-recovery of excess payment of pay, allowances and other dues - Rs.76.916 million

In terms of Rule-28 of GFR Vol-I, no amount due to government should be left outstanding without sufficient reason and where any dues appear to be irrecoverable the orders of competent authority for their adjustment must be sought.

Contrary to the above rules, Ministry and Pakistan Missions abroad paid Rs.76.916 million on account of excess payment of pay & allowances, and other allied dues. **Detail is at Annex-VI.**

Audit is of the view that payments were made in violation of Government rules which stand inadmissible and should be recovered from the officers / officials under intimation to audit. Management replied that recovery is being pursued and progress will be shared with Audit.

DAC in its meeting held on 02.01.2020 directed the Ministry to recover the outstanding amount at the earliest.

Audit recommends that the decision of DAC may be implemented in letter and spirit.

1.1.8 Unauthorized recruitment of staff–Rs. 72.923 million

As per para-9.1.1 of FMMA Vol-II, Heads of Missions are empowered to recruit staff locally on temporary basis against sanctioned posts. Further, in accordance with instructions contained in Para 11(A) (VI) of the Revised System of Financial Control and Budgeting, 2006, contingent paid staff can only be appointed with the prior authorization/approval of Additional Finance Secretary (Expenditure).

Contrary to above rules, Missions recruited local based staff beyond the age of superannuation, and without advertisement. In some cases, payments were made out of HEC funds. For the appointment of contingent paid staff, approval of the Finance Division was also not obtained. Detail is as under:

Name of Mission	Year of Audit	Para of AIR	Amount	Remarks
UN New York	2018-19	1	US\$ 142,779	Payment to local employees having age above 60 year
Washington	2017-18	3	-	Retention of Local Based Employees beyond the age of superannuation
Washington	2018-19	1	US\$ 56,000	Payment out of HEC Funds
Birmingham	2018-19	14	£ 79,200	Payment without approval of MOFA
Abuja	2015-18	8	Naira 699,194	Appointment of contingent paid staff
MOFA (HQ)	2018-19	34(2,10,37,41)	Rs. 4.882 million	Appointment of contingent paid staff
Athens	2016-19	12	€ 10,800	Appointment of contingent paid staff
Sarajevo	2013-19	5	Rs. 5.743 million	Appointment of contingent paid staff
London	2018-19	18	Rs. 11.903 million	Appointment of contingent paid staff

Audit is of the view that due to weak financial management and internal controls, local staff was recruited unauthorizedly.

The matter was reported to the Ministry of Foreign Affairs for holding of DAC meeting on 29.11.2019, 10.12.2019, 16.12.2019, 27.12.2019 & 09.01.2020 regarding appointment of local based staff but no response received till the finalization of the report. As regard appointment of contingent paid staff, the DAC in its meeting held on 02.01.2020 and paras have been kept pending for appropriate legal action by the management.

Audit recommends that:

- i. The matter may be inquired at the appropriate level and fix responsibility on the persons responsible for recruitment.
- ii. The practice of recruitment of contingent paid staff without sanction should be stopped henceforth.

1.1.9 Unauthorized appointment of local based staff from FIGOB - Rs. 9.043 million

According to Para-11.1.1 of the FMMA Volume II, the purpose of FIGOB is to generate resources for the maintenance and up keep of buildings owned by the Government of Pakistan in foreign countries.

Parep Athens paid an amount of € 52,272 on account of salary of temporary appointments during the audit period 2016-19.

Audit observed that the mission made two appointments on temporary basis with salary of € 750 and € 702. Audit also observed that there was no provision for appointment from the fund. These employees were over and above to the sanctioned post of the mission.

Audit is of the view that expenditure from the irrelevant head of account was unauthorized.

The matter was reported to the Ministry of Foreign Affairs for holding of DAC meeting on 29.11.2019, 10.12.2019, 16.12.2019, 27.12.2019 & 09.01.2020 but no response received till the finalization of the report.

Audit recommends that this practice may be discontinued and responsibility may be fixed for violations of instructions

(Para 11, Athens 2016-19)

1.1.10 Non-recovery of security deposits– Rs. 4.171 million

As per para-8.6.1(a) of FMMA Vol-II, Pakistan Missions abroad are required to ensure recovery of the security deposits from the landlord at the time of vacation of accommodations occupied by the officers/officials. The cost of cleaning or breakage must be borne by the occupant and not by the State.

Contrary to above, in the following cases security deposits were either recoverable from landlords or landlords refused to refund security due to violation of contract by the occupants:

Formation	AIR Para No.	Period of AIR	Amount
Houston	4	2016-18	US\$ 3,000
CG Chicago	10	2016-18	US\$ 9,940
Copenhagen	3	2016-19	DKK 179,373
Beijing	9	2018-19	RMB 78,000

Audit is of the view that due to weak managerial control security deposits could not be refunded. Management replied that necessary recovery will be effected from the concerned.

DAC in its meeting held on 02.01.2020 in some cases, directed the management to effect recovery from the concerned. However, the remaining cases are yet to be discussed at DAC level despite repeated reminders in this regard.

Audit recommends recovery may be effected either from the landlord(s) or from the officers / officials concerned under intimation to Audit. Internal controls in this respect need to be strengthened to avoid any further loss in future.

1.1.11 Non-recovery of utility charges– Rs. 1.917 million

As per Para 8.10.1 and Para 8.11.4 of FMMA Vol.II, each Head of Mission will pay 25% of all utility charges. Recovery of 6% utility charges shall also be applied to hotel accommodation provided by the government to officers and staff of Missions abroad.

In the following Pakistan Missions abroad, utility charges, etc. have not been recovered.

Name of Mission	Para No. of AIR	Year of Audit	Amount
Frankfurt	5,6,7 & 8	2017-19	€ 4,076
Frankfurt	21	2017-19	€ 410
Algiers	5	2015-19	Algerian Dinar 187,828
Vienna	12	2017-19	€ 1,162
Berlin	6 to 12	2017-19	€ 4,035

Audit is of the view that an amount of Rs. 1.917 million was paid irregularly in violation of rules and is recoverable from the officers / officials.

The matter was reported to the Ministry of Foreign Affairs for holding of DAC meeting on 29.11.2019, 10.12.2019, 16.12.2019, 27.12.2019 & 09.01.2020 but no response received till the finalization of the report.

Audit recommends that recovery may be effected from the concerned officers under intimation to Audit.

1.1.12 Irregular payment of social security fee – Rs. 15.271 million

According to Para-9.6.1(ii) of FMMA-II, in countries where our Missions contribute towards Social Security Scheme in respect of locally recruited Government servants in accordance with the local rules/regulations, they should stipulate in the service contract/letter or terms of appointment that the end-of- service gratuity or pensionary benefits would be admissible only under that scheme.

In violation of the above, in the following Pakistan missions abroad, social security in respect of local staff had been paid direct to the employees instead of social security authorities.

Name of Mission	Para No. of AIR	Period of AIR	Amount
Frankfurt	27	2017-19	€ 9,480
Istanbul	2	2018-19	TL 12,420
CG New York	12	2017-18	US\$ 18,960
Athens	8	2016-19	€ 23,748
Athens	10	2016-19	€ 24,428
Stockholm	1	2016-19	Rs. 1.050 million
Athens	9	2016-19	€ 5,670

Audit is of the view that payment of social security to the employees instead of social security authorities was irregular.

DAC in its meeting held on 02.01.2020, paras are kept pending till the receipt of detailed replies from the Missions.

Audit recommends that the matter may be investigated and results may be shared with Audit.

B- Procurement related irregularities

1.1.13 Irregular procurement – Rs. 1,698.002 million

As per Rule-12 and Rule 9 of PPRA rules, all procurement opportunities should be advertised and carried out without any splitting or regrouping of procurements.

Furthermore, as per Cabinet Division's O.M. No. 4/1/2008 dated 09-04-2008 financial limits for open tender(s) for Pakistan's Missions abroad have been fixed as under:

Sl. No.	Kind of Tender	Monetary Limits.
1.	Open tender	US\$ 4,000 or € 3,000 & above
2.	Limited tender	Less than US\$ 4,000 or € 3,000 & above US\$ 2,000 & € 1,500
3.	Single tender	Up to US\$ 2,000 or € 1,500

Contrary to above, Pakistan Missions abroad incurred expenditure worth Rs. 1,702.427 million on purchase of misc. items. **Detail is at Annex-VII.**

Audit is of the view that due to weak managerial controls; irregular procurement of material and services was made in violation of above-stated rules.

DAC in its meeting held on 02.01.2020, in some cases, directed the management to inquire into the cases of violations of PPRA rules and submit report within two months. However, the remaining cases are yet to be discussed at DAC level despite repeated reminders in this regard.

Audit recommends that violation of PPRA rules may be inquired and responsibility may be fixed.

1.1.14 Irregular procurement of medical insurance by rejecting the lowest bidder resulting into loss to the government– Rs. 5.593 million

As per Rule-23(2)(f) of the Public Procurement Rules 2004, for competitive bidding, whether open or limited, the bidding documents shall include the specifications and drawings or where ever applicable, the performance criteria.

In violation of the above, the management sought bids for medical insurance for the year 2018-19. Various firms offered their quotes. M/s United Health Care quoted lowest rates i.e. US\$ 575,954 whereas, M/s Aetna Insurance quoted the highest US\$ 612,039. However, the mission accepted the most uneconomical and expensive package quoted by M/s Aetna Insurance which resulted into loss to the government exchequer.

Audit is of the view that the management chose the most uneconomical and expensive option in violation of PPRA rules.

The matter was reported to the Ministry of Foreign Affairs for holding of DAC meeting on 29.11.2019, 10.12.2019, 16.12.2019, 27.12.2019 & 09.01.2020 but no response received till the finalization of the report.

Audit recommends the management to inquire into the matter besides fixation of responsibility against the person(s) at fault for the loss sustained by the government due to procurement of medical services at exorbitant rates.

(Para-2 CG New York 2018-19)

1.1.15 Unauthorized advance payment – Rs. 28.850 million

As per Rule-397 of FTR Vol-I, no advance payment can be made to the contractor / supplier except for work actually done or supplies actually received.

In violation of the above, following three missions made advance payments amounting to US\$ 213,130 for purchase of vehicles. In the case of Mazar-e-sharif the supplier has refunded US\$ 15,000 out of \$ 30,000. In case of Kandhar and Herat, no vehicles were supplied till the finalization of report.

Name of Mission	Para No of AIR	Period of Audit	Amount (US\$)	Remarks
Kandhar	5	2015-18	153,130	Advance payment has been made in 6/18 but car was not delivered till 12/18.
Mazar-e-Sharif	1	2015-18	30,000	Advance payment has been made in 6/16 but car was not delivered till 12/18.
Herat	1	2015-18	30,000	Non-supply of vehicle despite advance payment.

Audit is of the view that unauthorized advance payments on procurement of vehicles were made to the suppliers in violation of the above-stated rules.

DAC in its meeting held on 02.01.2020, directed the management to provide evidence of delivery of vehicles and justification of the delay and violation of PPRA rules and submit report within two months. In case of Mazar-e-Sharif, Ministry informed the DAC that recovery of US\$ 15,000 has been effected from the supplier and efforts are being made for remaining recovery.

Audit recommends that the matter may be inquired for fixing responsibility on the person at fault for making advance payment and loss to the national exchequer, besides recovery from the concerned.

1.1.16 Irregular expenditure out of PCW&EF and FIGOB in violation of Works Code and rules - Rs. 32.926 million

According to Para 51 read with the provisions of paragraph 102,106 of CPWD Code, for each individual work proposed to be carried out, except petty works, petty repairs, and repairs for which a lump sum provision has been sanctioned, a properly detailed estimates must be prepared for the sanction of competent authority - technical sanction.

Paragraph 76 to 78 read with Paragraph 208, 284, 285 and 297 of Pak PWD Accounts Code prescribe the procedure for maintenance of essential accounting records like Cash Book, Measurement Book, Works Register, Contractor Ledger etc.

Contrary to above government instructions, Ministry and Embassy of Pakistan, Washington DC made the payment of Rs.17,32.926 million out of PCW&EF and FIGOB as detailed below.

Sl.#	Para No./Period of AIR	Amount	Brief particulars
1	25 (1&4), MOFA (HQ), 2018-19	Rs. 9,640,501	The payment was made to M/s A.S Khan construction Pvt. (Ltd) on account of Foreign Service Academy Hostel project
2	-do-	Rs. 7,779,383	The procurement of furniture & furnishing items and steel benches was made from M/s Charagdin & Co. during 2014-15 but payment was made in 06/2018 out of Welfare fund maintained at HBL Foreign Affairs. Whereas, this is a case of pending liabilities of PSDP for construction of High Security Block.
3	17, Washington DC 2018-19	US\$ 100,041	Wasteful expenditure from FIGOB without observing codal formalities.

Audit is of the view that in absence of detailed estimates of repair, technical sanction, and measurement book, genuineness and economy of expenditure cannot be certified.

DAC in its meeting held on 02.01.2020, directed the Ministry to provide vouched account of the expenditure referred in audit para within two months.

Audit recommends that:

- 1- The matter may be investigated at appropriate level and results may be shared with the Audit.

- 2- It may also be justified that furniture items had been purchased for High Security Block under PSDP during 2014-15 but why payment was not made from the allocated budget?
3. Why and under what rule, payment was made out of Welfare Fund for the pending liabilities of the PSDP?
4. Sanction of Finance Division for time barred cases be produced to Audit.

C- Management of Accounts with Commercial Banks

1.1.17 Unauthorized retention of government money in private bank account - Rs. 124.001 million

According to para-6 of GFR Vol-I, if a government officer receives in his capacity moneys which are not government dues or the deposit of which in the custody of government has not been authorized by government, he must open an account with a bank for their deposit. The prior approval of government is required to their deposit in any other bank.

As per para 3.6.1 of FMMA Vol-I, all funds lying with Pakistan Missions Abroad, which are not required to be disbursed within a period of one month, shall be promptly remitted to Pakistan. According to existing instructions, the balance should be kept equal to the requirement of two months.

Contrary to above rules, the accounts in private commercial banks were opened without prior approval of the Finance Division. Further, the amount lying in the bank was transferred from the PCW&EF account maintained abroad and the amounts transferred in dollars but approval of Finance Division and conversion rate was not produced to Audit. As per Ministry's letter No. 1(1)/Fin-II/2018-19, dated 26.08.2019, cash balance worth Rs. 39,512,236 was lying in the following Bank Accounts as tabulated below:

Rs. in million

Sl #	Bank Name/ Reference	Title / No. of Accounts	Balance upto 30.06.2019	Brief Particulars
1.	Habib Bank Limited	Foreign Office Welfare Fund 0460-00510061-01	27.420	The balance was available as on 30.06.19 in the account titled "Welfare"(PCW&EF) maintained by the Ministry in the HBL
2.	No. PD/FSA/074 dt 19.12.17 (Para-739)	PCW&EF PLA	12.092	The balance amount is lying in bank account titled PCW&EF PLA
Total			39.512	

It was further observed that Government of Pakistan allocated an amount of £ 416,203 for purchase of plot for Consulate of Pakistan, Bradford in 2008. The funds were lying in Imprest Account of the Mission. However, on the instructions of internal audit, the funds were transferred from Mission's £ Sterling Imprest Account No. 060004-02 to Mission's Special Account No.06000407 with UBL, UK in October

2018. The entire amount has been kept in current account since 2008, without earning a penny for the government. The prevailing interest rate in UK is between 1.5%-2.0% but the management preferred to keep the funds idle and deprived the government of precious foreign exchange earnings.

DAC in its meeting held on 02.01.2020, directed the Ministry to provide following record of at least last five years within three months regarding opening of private bank account in Pakistan.

- i. Cash book since opening of the bank account
- ii. Vouchers of the expenditure incurred so far

Regarding retention of funds in Bradford, the matter was reported to the Ministry of Foreign Affairs for holding of DAC meeting on 29.11.2019, 10.12.2019, 16.12.2019, 27.12.2019 & 09.01.2020 but no response received till the finalization of the report.

Audit recommends that:

- i. Approval of Finance Division for opening of bank accounts in Pakistan and reasons for retention of amount worth Rs. 39,512,236 outside the government accounts alongwith detail of expenditure incurred so far may be provided.
- ii. Management may justify reasons for non-utilization of the funds in Bradford and explain why the plot could not be purchased despite lapse of almost a decade.
- iii. Matter may be investigated for weak financial management observed in benefitting the bank by keeping these huge funds in current account.
- iv. Amount may immediately be shifted in term deposit account.
- v. In case there are no prospects for purchase of plot, the Ministry may pass instructions for remittance of amount to Pakistan

(Para-24 MOFA (HQ) 2018-19)

(Para-2, Bradford, 2018-19)

1.1.18 Unauthorised retention of funds in the bank account meant for returning of loan –Rs. 24.594 million

According to Rule 11 of GFR Vol-I, 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 Mission purchased the embassy residence in Vienna during 2007. The Mission obtained a loan of € 1,952,981 from FIGOB at various Missions for the said purchase. Upon instructions of the Ministry of Foreign Affairs, the Mission was obligated to repay the loans from the approved monthly ceiling of the embassy residence. Monthly rental ceiling of Ambassador residence amounting to € 7,034.73 per month was regularly deposited in a saving account to repay the loan.

Audit observed a total amount of € 142,158.50 was withdrawn from the rent account since December 2017 to November 2019 but instead of repayment, the amount was utilized for other purposes. Neither the vouched accounts nor the receipt in imprest account was produced to Audit.

Furthermore, the Mission cannot draw the amount from the ‘Head - Rent of Hired Accommodation’ for repayment of any loan without prior approval of Finance Division.

The matter was reported to the Ministry of Foreign Affairs for holding of DAC meeting on 29.11.2019, 10.12.2019, 16.12.2019, 27.12.2019, and 09.01.2020 but no response received till the finalization of the report.

Audit recommends the management to investigate the unauthorized drawal of funds from consolidated fund for the repayment of loan without prior approval of Finance Division and provide detailed account of the funds received and withdrawn.

(Para-7, Vienna 2017-19)

1.1.19 Charging of commission by bank - Rs. 131.093 million

As per Para 25 of GFR Volume-I, all departmental regulations in so far as they embody orders or instructions of a financial character or have important financial bearing should be made by, or with the approval of, the Ministry of Finance.

In violation of the above, it was observed that visa, passport and CNIC services are being provided by the mission and its consulates but the Bank is charging £ 2 for each transaction as detailed below:

Mission	Visa/travel documents	Passport	CNICs	Total Documents	Bank charges (£)
London	73,286	-	-	73,286	146,572
Manchester	42,896	60,575	14,440	117,911	235,822
Bradford	26,202	6,533	61,349	94,084	188,168
Birmingham	37,607	-	-	37,607	75,214
Total	179,991	67,108	75,789	322,888	645,776

Audit observed that information pertaining to MRP and NADRA in respect of PHC London and Consulate of Pakistan Birmingham for the FY 2017-19 was not provided whereas in case of Consulate of Bradford, the information for MRP was not provided for FY 2017-18. .

Audit is of the view that the charging of £2 from each applicant is unjustified.

The matter was reported to the Ministry of Foreign Affairs for holding of DAC meeting on 29.11.2019, 10.12.2019, 16.12.2019, 27.12.2019 & 09.01.2020 but no response received till the finalization of the report.

Audit recommends that the matter may be reviewed in light of existing rules and regulations.

(Para 44, London 2018-19)

(Para 20, Manchester 2018-19)

(Para 15, Bradford 2018-19)

(Para 20, Birmingham 2018-19)

1.1.20 Unjustified retention of funds in bank of China, received for construction of Pak-China residential complex- Rs. 16.290 million

Para No. 7.1.2 of Financial Management at Missions Abroad Volume-I provides that the expenditure in excess of annual budget provision cannot be incurred by the Ministry and utmost vigilance has to be exercised by the heads of the Missions to control expenditure out of their respective annual budget grant and ensure that it is not exceeded in any case.

In violation of the above, it was observed that an amount of Rs 10 million was remitted to the Embassy by the ministry for construction of Pakistan-China Friendship Complex in Beijing since 2008. However, after a lapse of 10 years, the funds had not been utilized for the requisite purpose. As on 30-09-2019, an amount of RMB 728,192 is still lying in the Bank of China. Record showed that no strenuous effort was made by the management to start the construction of the building. It was further observed that a substantial amount had been incurred on the rent of residences of Embassy employees.

Audit is of the view that the amount was irregularly retained and utilized for unspecified purposes.

The matter was reported to the Ministry of Foreign Affairs for holding of DAC meeting on 29.11.2019, 10.12.2019, 16.12.2019, 27.12.2019 & 09.01.2020 but no response received till the finalization of the report.

Audit recommends that:

1. Reasons for non utilization of funds may be intimated to audit.
2. Matter may be taken up with the higher authorities for early construction of building.

(Para-11, Beijing 2018-19)

1.1.21 Unjustified delay in remittance of Bhasha and Mohamand Dam funds to Pakistan and refund of donations by the bank- Rs. 76.614 million

As per instructions of the State Bank of Pakistan, issued vide FD Circular No. 05 of 2018 dated July 13, 2018, “the contributions tendered at the branches of domestic banks, operating abroad, shall be reported to the head office of respective bank on daily basis.”

In violation of the above, the management of the Mission at London opened an account with UBL for donations received for Bhasha and Mohammad Dams. It was observed that the Bank is having positive balances at the end of each month which shows that all the amounts received in a month were not transmitted to the State Bank of Pakistan on immediate basis for unknown reasons.

The management further informed in the same statement that total amount credited in the Bank was £2,557,394. However, total amount sent to the SBP was £ 2,188,000 and the short remittance of £ 365,470 was due to the return of donations by the Bank. A total of 27 cheques have been shown returned by the bank.

In Parep Copenhagen an amount of DKK 1,034,350 was also required to be remitted to Pakistan, in Dam fund but not yet transferred and was retained in cash.

The matter was reported to the Ministry of Foreign Affairs for holding of DAC meeting on 29.11.2019, 10.12.2019, 16.12.2019, 27.12.2019 and 09.01.2020 but no response received till the finalization of the report.

Audit recommends;

- i. The reasons for non-remitting the funds promptly may be explained with evidence.
- ii. Responsibility be fixed for late remission of funds to Pakistan.
- iii. Non remittance of £ 365,470 on the basis of cheques returned to donors may be justified with evidence.

(Para 16, London, 2018-19)

(Para-2, Copenhagen 2016-19)

Value for money and service delivery issues

1.1.22 Non-investment of surplus funds of PCW&EF and FIGOB –Rs. 1,404.151 million

As per para-11.3.5 of FMMA Vol-I, the surplus fund in the PCW&EF and FIGOB should be invested in fixed deposit.

In violation of the above, following Pakistan Missions abroad retained heavy amount in PCW&EF and FIGOB account(s) and did not invest in profitable schemes. Details are as under:

Name of Mission	Period of Audit	Para No of AIR	Amount
Houston	2016-18	19	US\$ 268,304
Tokyo	2017-19	7	Yen 11.674 million
Singapore	2016-19	2	S\$ 119,566
London	2018-19	24,25,27 & 28	£ 2.755 million
Birmingham	2018-19	1&9	£ 0.500 million
Bradford	2018-19	12 & 13	£ 305,984
Stockholm	2016-19	2	SEK 35.321 million
Istanbul	2018-19	4	US\$ 178,764
Copenhagen	2016-19	4	DKK 2.391 million

Due to non-investment of surplus funds of PCW&EF and FIGOB, the Government sustained considerable loss of profit/ interest which depicts negligence on the part of management.

DAC in its meeting held on 02.01.2020 in some cases, directed the management to have the record verified from Audit. However, the remaining cases are yet to be discussed at DAC level despite repeated reminders in this regard.

Audit recommends immediate investment of surplus amount.

Others

1.1.23 Irregular payments in cash instead of crossed cheques—Rs. 83.722 million

As per para-13.12.1 of FMMA (Vol-II), the limit of cash payment in respect of Pakistan's Missions abroad has been fixed. Further, payment more than the prescribed limit has to be made through crossed cheque in compliance of Rule-157 of FTR Vol-I.

In violation of the above rule, in the following Pakistan mission abroad made cash payments instead of crossed cheques.

Formation	AIR Para No.	Period of AIR	Amount
Abuja	10	2015-18	US\$ 6,379 & Naira 2,533,695
Cairo	13	2015-18	Egyptian Pond 1,514,236
Moscow	5	2017-19	Rs. 14.455 million
Vienna	10	2017-19	Rs 2.223 million
Tokyo	2	2017-19	¥ 24.432 million
London	31 & 42	2018-19	£ 52,669

DAC in its meeting held on 02.01.2020 in some cases, directed the management to have the record verified from Audit. However, the remaining cases are yet to be discussed at DAC level despite repeated reminders in this regard.

Audit recommends that irregular cash payments may be regularized from the Finance Division.

1.1.24 Loss due to payment of common charges for vacant government owned building - Rs. 2.144 million

Para-11 of GFR Vol-I states that each head of 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.

Audit observed that the Embassy of Pakistan Athens was shifted to new chancery building in May 2016. The old building is lying vacant since May, 2016. On the other hand, the mission paid an amount of Euro 54,000 on account of common charges for this period. Timely renting out of the building could have saved substantial amount.

Audit is of the view that non-utilization of the prime property is loss to the public exchequer.

The matter was reported to the Ministry of Foreign Affairs for holding of DAC meeting on 29.11.2019, 10.12.2019, 16.12.2019, 27.12.2019 & 09.01.2020 but no response received till the finalization of the report.

Audit recommends immediate steps to be taken for the proper utilization of the building and unnecessary expenditure on the building be avoided.

(Para-14, Athens 2016-19)

1.1.25 Non-receipt of vouched accounts –Rs.13.063 million

As per Rule-668 of FTR Vol-I, advances granted under special orders of competent authority to Government officers for departmental or allied purposes are subject to adjustment by submission of detailed accounts supported by vouchers or by refund as may be necessary.

In violation of the above, in the following cases vouched accounts of advance payments were not presented for audit:

Name of Mission	Para No of AIR	Period of Audit	Amount	Remarks
Manchester	8	2018-19	£ 2,219	No documentary evidence for drawal of amount from entertainment fund
Kabul	3	2015-18	Rs 9.770 million	Expenditure on repair work
Kabul	4	2015-18	Rs. 0.136 million	Expenditure on repair work
Kabul	8	2015-18	Rs. 2.707 million	Expenditure on repair work

Audit was of the view that the vouched accounts should be obtained to adjust the advance payment.

The matter was brought into the notice of the management of the Mission who stated that detailed reply would be submitted after receipt of vouched account with the vehicle from the concerned. It was an interim reply.

DAC in its meeting held on 02.01.2020 directed the Ministry to provide vouched accounts for audit scrutiny. Regarding para-4 of Parep Kabul, it was decided that the double payment may be recovered.

Audit recommends that vouched account may be produced to Audit for verification.

1.1.26 Loss due to non-disposal of old vehicles and other items – Rs. 32.050 million

According to Para-23 of GFR-I, every government officer should realize fully and clearly that he will be held personally responsible for any loss sustained by the government through fraud or negligence on his part.

Contrary to the above, in the following cases Ministry and Missions did not dispose off vehicles and other items as detailed below:

Name of Mission	Period of Audit	Para No of AIR	Amount	Description
Brazil	2013-18	5	-	2 old vehicles
Buenos Aires	2013-18	10	-	1 old vehicle.
MOFA (HQ)	2018-19	32	Rs. 32.050 million	12 old vehicles and other Misc. items.

Audit is of the view that due to weak managerial control vehicles and other items were not disposed off.

DAC in its meeting held on 02.01.2020 directed the ministry to expedite the process of disposal of old vehicles and other misc. items.

Audit recommends that the old vehicles and other misc. items may be disposed off at the earliest under intimation to Audit.

1.1.27 Doubtful drawal and non-disbursement of the funds remitted for universities – Rs. 37.205 million

As per Para-11 GFR Vol-I, each Head of 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.

In violation of above, an amount of RMB 69,500 and US\$ 230000 was booked under 'Head- Contribution and Subscription-Soft Image' which was meant for distribution of funds to Chinese universities. Audit observed that the funds were not disbursed to the Chinese Universities. Audit further observed that a drawal of Rs. 37.205 million was made but its vouched accounts were not produced to audit.

The matter was reported to the Ministry of Foreign Affairs for holding of DAC meeting on 29.11.2019, 10.12.2019, 16.12.2019, 27.12.2019 & 09.01.2020 but no response received till the finalization of the report.

Audit recommends that:

- 1- Relevant record may be produced for audit scrutiny.
- 2- Reason for not distributing the funds as shown in the expenditure statement may be intimated to audit.
- 3- Matter may be investigated at higher level for fixing responsibility.

(Para- 3, Beijing 2018-19)

1.1.28 Inadmissible payment on account of excess mileage of leased vehicle - Rs. 1.231 million

Rule 23 of GFR Vol-I, states that every government officer should realize fully and clearly that he would 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 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. Besides, there is provision in the rule to hire vehicles by the Missions on lease.

In violation of the above, in Consulate General New York, M/s Audi Financial Services charged US\$ 7,945 on account of excessive use of its leased vehicles by the Mission Management as detailed below:

Description	Amount (US\$)
Mileage Covered	72,718
Mileage Allowed	45,380
Excess Covered	27,338
Charges for excess mileage	6,984
Excess wear and use charges	960

Following irregularities were observed:

1. Excess mileage is objectionable for leased vehicles.
2. The payment is made from the Head-‘Repair of Transport’ without prior approval of Finance Division.

The matter was reported and discussed with the management of the consulate general, but no satisfactory response to the issue highlighted above was received.

The matter was reported to the Ministry of Foreign Affairs for holding of DAC meeting on 29.11.2019, 10.12.2019, 16.12.2019, 27.12.2019 & 09.01.2020 but no response received till the finalization of the report.

Audit recommends investigation into the matter and fixation of responsibility for unauthorized leasing, misclassification of accounts, and for excess mileage.

(Para-7, CG New York 2018-19)

1.1.29 Unauthorized repatriation of funds from the consolidated Special Remittances account to Ministry of Science & Technology– Rs. 310.168 million

As per Para-5.21.1 of FMMA Vol-I, the account of special remittance should be prepared in accordance with prescribed procedure.

It was observed that an amount of US\$ 2,001,085 was returned on account of unutilized funds to the Ministry of Science & Technology through CAO office in respect of unspent balance of Human Resource Development Program (for training of Pakistan Scientists, engineers for MS/Ph.D) but detail of balance available and its source of refund were not produced to audit for scrutiny.

Audit is of the view that lack of proper record for special remittances may lead to financial indiscipline and weak internal controls.

The management replied that the Mission has repatriated the un-utilized funds. The Mission surrendered the amounts which were related to the concerned department. However as per direction of the audit, the Mission is further scrutinizing the old record and the detailed reply will be submitted in due course.

The reply was not tenable as record for special remittances was not maintained as per rules.

The matter was reported to the Ministry of Foreign Affairs for holding of DAC meeting on 29.11.2019, 10.12.2019, 16.12.2019, 27.12.2019 & 09.01.2020 but no response received till the finalization of the report.

Audit recommends that the matter may be investigated thoroughly and record pertaining to special remittances, its utilization, and surrender of unspent balance be produced to audit for scrutiny.

(Para-13, Washington DC 2018-19)

1.1.30 Non-remittance of unspent funds to the concerned department – Rs. 53.618 million

As per Para 5.21.3 of the FMMA Vol-I, the unspent balance if any, out of special remittances, when no longer required should be remitted to the concerned quarter.

In violation of the above, it was observed from the Cash Book of Special Remittances Account and subsequent vouchers related to three schemes of HEC, two of the schemes/projects of HEC were dormant and no money was being received or expended out of these funds which clearly indicates that these funds were no longer required. However, an amount of USD 345,921 was lying idle and not remitted back in violation of the rules stated above as detailed below:

Sl #	Scheme	Amount US\$
1	HEC Annual Expenditure in USA	1,654.40
2	Post Doc. Scheme/Split Level	344,266.47
Total		345,921

It was further requested that the detail of opening of these projects and period since these funds are lying idle may be communicated with supporting documents but no compliance was intimated till finalization of the report.

Audit is of the view that keeping funds beyond the completion of projects is unauthorized.

The management replied that it has already taken up the matter with the HEC regarding unspent balances and necessary steps will be taken as per direction of the HEC. The outcome would be communicated to the audit as well.

The reply was not tenable as the unspent balances needs to be remitted back to Pakistan for further utilization in the best public interest.

The matter was reported to the Ministry of Foreign Affairs for holding of DAC meeting on 29.11.2019, 10.12.2019, 16.12.2019, 27.12.2019 & 09.01.2020 but no response received till the finalization of the report.

Audit recommends that unspent balance to the tune of US\$ 345,921 may be remitted back to Pakistan immediately.

(Para-12, Washington DC 2018-19)

1.1.31 Unjustified payment to law firm - Rs. 1,068.629 million

As per MOFA letter No. Ind (I)-8/2/2016 dated 28.10.2016, it was advised by the Advisor on Foreign Affairs to the Prime Minister of Pakistan that Parep London should not accept the lawyer's bills, without carefully examining them. Further as Para-8.12.2 of FMMA Vol-II, Missions in Pakistan are exempted from all taxes other than service tax viz. Conservancy and Water Taxes on reciprocal basis. Our Mission should also be exempted from such taxes.

The management of Pakistan High Commission, London has been making payment to the law firms since 2015 in connection with Hyderabad Fund Case. An amount of £ 5.140 million has so far been disbursed to the law firms.

Audit observed that the management of mission made payment of £ 123,259.20 of Value Added Tax (VAT) to the law firm “Stephenson Harwood LLP”. The payment of VAT was made to the law firm only during the period July 2015 to October 2016 which was refundable. Despite lapse of 3 years, the management has not lodged a claim for its refund from the UK Government.

The matter was reported to the Ministry of Foreign Affairs for holding of DAC meeting on 29.11.2019, 10.12.2019, 16.12.2019, 27.12.2019 & 09.01.2020 but no response received till the finalization of the report.

Audit recommends;

- i. Payment made to the law firm without compliance of directive of Advisor to PM may be justified.
- ii. VAT paid amounting to £ 123,259.20 may be immediately got refunded from the Government under intimation to audit.

(Para 12 & 13, London 2018-19)

1.1.32 Unspent special remittances not surrendered to the government – Rs. 319.940 million

As per para 5.19.1 of FMMA Vol-I, the unspent balance out of the special remittance after closing of financial year will not be available for utilization in the next financial year and would lapse to Government.

In violation of the above, amounts lying in special remittances in the following missions were irregularly carried to the next financial year as tabulated below:

Sl. No.	Name of Mission	Period of Audit	Para No of AIR	Amount
1	London	2018-19	14	US\$ 105,321 & £ 41,588
2	Washington DC	2018-19	11	US\$ 1,904,338

Audit is of the view that the action of the management of not returning the unspent amounts to the Government is unjustified and against the sound principles of public budget management. The management could have retained these remittances only by transferring these to the imprest accounts, and through adjustment with CAO, could have reduced the remittance of foreign exchange from Pakistan. However, these amounts were unauthorizedly retained in the special remittance accounts.

The matter was reported to the Ministry of Foreign Affairs for holding of DAC meeting on 29.11.2019, 10.12.2019, 16.12.2019, 27.12.2019 & 09.01.2020 but no response received till the finalization of the report.

Audit recommends that:

- i. Reasons for non-remittance of unspent amounts on 30.06.2019 may be justified and responsibility fixed for defective financial management.
- ii. Unspent balances be remitted to the respective Ministries/ Departments immediately.
- iii. CAO office should strengthen its controls over the monitoring of special remittances and be vigilant in ensuring the amounts surrendered and lapsed to the government.

1.1.33 Loss due to retention of accommodation of ex-Ambassadors and forfeiture of security deposit - Rs. 59.895 million

Para 8.8.2.B of FMMA Vol-II provides that security deposit for a rented building should be deposited in joint account of the Mission and the Owner of property. Further, as per 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.

Various Missions of Pakistan unauthorizedly retained the rented residences of Ambassadors despite the fact the Ambassadors were not appointed ranging from 06-12 months and government of Pakistan sustained huge loss for not vacating as required under the rules. In the case of Singapore, the security deposit got forfeited to the owner on account of misc. rectification charges.

Name of Mission	Para No of AIR	Vacant Period	Loss
Singapore 2016-19	1 & 7	09-months	S\$ 247,000 (including S\$ 46,000 security deposit)
Sarajevo, 2013-19	1	19-months	KM 188,955
Algiers, 2015-19	7	09-months	US\$ 97,000

The matter was reported to the Ministry of Foreign Affairs for holding of DAC meeting on 29.11.2019, 10.12.2019, 16.12.2019, 27.12.2019 & 09.01.2020 but no response received till the finalization of the report.

Audit recommends that the matter may be probed into and responsibility be fixed on the person(s) at fault.

(Para-01 & 7, Singapore 2016-19)

(Para-1, Sarajevo, 2013-19)

(Para-7, Algiers 2015-19)

1.1.34 Loss due to non-recovery of cost of damages to official vehicle – Rs. 2.999 million

Rule 23 of GFR Vol-I stipulates that every Government officer should realize fully and clearly that he would be held personally responsible for any loss sustained by Government.

In violation of the above, Pakistan Mission at Berlin paid an amount of € 15,978.73 to M/s BMW on account of damages caused to the HOM car (BMW 740 Li) due to an accident. The Mission stated that a police report has been filed but the process has been inconsequential till the completion of this report.

Audit held that considerable time had elapsed but Mission neither claimed the damages from the opponent's insurance company nor did it lodge any claim with its own insurance company. Neither the Mission showed any document of police complaint lodged by the Mission against the driver nor any other related documents to ascertain the facts of the case. In fact, the public exchequer had to sustain a loss of at least € 17,337.12 due to negligence of the Mission.

The matter was reported to the Ministry of Foreign Affairs for holding of DAC meeting on 29.11.2019, 10.12.2019, 16.12.2019, 27.12.2019 & 09.01.2020 but no response received till the finalization of the report.

Audit recommends that the matter may be inquired for fixing responsibility on the person at fault and the cost of damage may be recovered at the earliest.

(Para-18, Berlin 2017-19)

1.1.35 Non-compliance of Prime Minister's directives and wastage of public funds on abandoned government owned buildings- Rs. 2.382 million

Rule-23 of GFR Vol-I states that every government officer should realize fully and clearly that he would be held personally responsible for any loss sustained by Government.

The Prime Minister of Pakistan directed in 2010 that Old Chancery buildings should be renovated and rented out and cost of repair and maintenance to be repaid from the rent.

In violation of the above, Embassy of Pakistan Washington D.C incurred expenditure amounting to US\$ 15,370 on repair work of the old chancery building out of FIGOB. Despite this expenditure, no rental income has been received by the mission management.

Audit is of the view that not renting out the government's expensive properties despite the lapse of 6 years is a serious violation of PM's directives; resulting into loss of annual revenue in foreign currency. Moreover, repeated repair works that too without any estimates and measurements raise question mark on effective utilization of FIGOB. Further, indent was split to avoid more competitive bidding process i.e. tender resulting in excessive payments due to less competitive rates.

The Management replied that concrete steps are being taken to finalize the issue. The matter is about to settle as per directions and approval received from the Ministry of Foreign Affairs. The outcome would be communicated to the Audit in due course.

The reply was not tenable because too much time and money had already been spent without any result and Prime Minister's directives are not yet complied with.

The matter was reported to the Ministry of Foreign Affairs for holding of DAC meeting on 29.11.2019, 10.12.2019, 16.12.2019, 27.12.2019 & 09.01.2020 but no response received till the finalization of the report.

Audit recommends that the matter may be inquired and result shared with Audit.

(Para-6, Washington DC 2018-19)

1.1.36 Unjustified monthly payment of professional fee for professional services of local staff - Rs.1.214 million

According to Para-88 of GFR Vol-I, the authority administering a grant is ultimately responsible for watching the progress of expenditure on public service under its control and for keeping the expenditure within the grant.

In violation of the above, an amount of € 7,020.48 was paid to the HLB Bove Monetero Associa Dos regarding professional fee for payroll services of local staff. It was the duty of the Accountant posted in the mission to maintain the accounts of the Embassy/Consulate. However, payment was made to a private firm without any prior approval of competent authority. It was also noted that monthly payment was being made from the head pay of other staff and without entering into any formal

agreement with the firm. Due to these aforementioned reasons, the payment was considered unauthorized.

Audit was of the view that payment of € 7,020.48 to a private firm for payroll/Social Security services of local staff in the presence of government Accountant and in violation of rules was due to weak internal control.

The matter was reported to the Ministry of Foreign Affairs for holding of DAC meeting on 29.11.2019, 10.12.2019, 16.12.2019, 27.12.2019 & 09.01.2020 but no response received till the finalization of the report.

Audit recommends that the matter be investigated and responsibility fixed.

(Para – 4, Barcelona 2017-19)

1.1.37 Non refund of VAT-Rs. 18.802 million

According to Para 8.12.2 of FMMA Vol-II, Missions in Pakistan are exempted from all taxes other than service tax viz. Conservancy and Water Taxes on reciprocal basis. Our Mission should also be exempted from such taxes.

In violation of the above, in the following missions abroad, VAT on various purchases was not got refunded from the host governments:

Name of Mission	Para No of AIR	Period of AIR	Amount
Frankfurt	3	2017-19	€ 35,248
Sarajevo	9	2013-19	KM 9,414
CG Toronto	4	2013-18	C\$ 6,752
Vienna	1	2017-19	€ 39,183
Bradford	3	2018-19	£ 8,914
Manchester	11	2018-19	£ 12,280

Neither any efforts were made for refund of VAT from the tax authorities of the host governments nor any receipt of VAT was being reflected in the cash accounts.

The management replied that further clarification / documentary evidence will be furnished in due course.

The matter was reported to the Ministry for holding of DAC meeting on 15.11.2019, 21.11.2019, 10.12.2019, 30.12.2019 & 08.01.2020 but no response received till the finalization of the report.

Audit recommends that VAT may be got refunded from the host governments under intimation to Audit.

CHAPTER 2 AVIATION DIVISION

2.1 *Introduction*

The Aviation Division works in coordination with different aviation related organizations under its umbrella to promote aviation services in Pakistan.

- Aircraft and air navigation, administration of the Civil Aviation Ordinance, 1960 (XXXII 1960).
- Development of civil aviation in Pakistan.
- Provision of aerodromes.
- Airports Development Agency.
- Regulation, organization and safety of air traffic and of aerodromes and administration of Airports Security Force.
- Pakistan International Airlines Corporation.
- Air Service agreements with other countries, liaison with International Civil Aviation Organization and other international agencies concerned with aviation.
- Federal Meteorological Organizations and Meteorological observations; World Meteorological Organizations.

2.2 Brief comments on the status of compliance with PAC directives

Aviation Division	Year of Audit Report	Total Paras	Compliance received	Compliance not received	Percentage of compliance
	2001-02	50	34	16	68
	2004-05	5	2	3	40
	2006-07	2	-	2	0
	2009-10	16	1	15	6
	2015-16	2	1	1	50
	TOTAL	75	38	37	50.67

The overall compliance in respect of Aviation Division is comparatively good.

2.3 AUDIT PARAS

Irregularities

A- HR / Employees related irregularities

2.1.1 Non-recovery of outstanding government dues –Rs. 167.748 million

In terms of Rule-28 of GFR Vol-I, no amount due to government should be left outstanding without sufficient reason and where any dues appear to be irrecoverable; the orders of competent authority for their adjustment must be sought.

In violation of the above, in the following PIA stations abroad, government dues on account of VIP flights of various delegations from Pakistan were not recovered:

Name of Station	Period of Audit	Para No of AIR	Amount
Toronto	2016-18	8	C\$ 826,591
Beijing	2015-17	1	Yuan 2,905,839
New Delhi	2016-17	1	IND Rs. 2.200 million

Audit is of the view that due to weak managerial controls the above recovery could not be effected.

The matter was reported to the Aviation Division for holding of DAC meeting on 15.11.2019, 21.11.2019, 10.12.2019 & 08.01.2020 but no response received till the finalization of the report.

Audit recommends that immediate and effective steps may be taken to recover the outstanding dues under intimation to Audit.

B- Procurement related irregularities

2.1.2 Irregular expenditure- Rs. 71.256 million

As per Rule-12 and 9 of PPRA rules, all procurement opportunities should be advertised and carried out without any splitting or regrouping of procurements.

Furthermore, as per Cabinet Division's O.M. No. 4/1/2008 dated 09-04-2008 financial limits for open tender(s) for Pakistan's Mission abroad have been fixed as under:

Sl. No.	Kind of Tender	Monetary Limits.
1.	Open tender	US\$ 4,000 or € 3,000 & above
2.	Limited tender	Less than US\$ 4,000 or € 3,000 & above US\$ 2,000 & € 1,500
3.	Single tender	Up to US\$ 2,000 or € 1,500

Contrary to above rules, in the following cases, PIA Stations did not call tenders:

Sl. No.	Name of Station	Period of Audit	Para No of AIR	Amount	Description
1	Toronto	2016-18	7	C\$ 79,433	Travelling agency audit system (TAAS)
2	Toronto	2016-18	21	C\$ 485,490	Purchase of misc. store items
3	New Delhi	2016-17	12	IND Rs 574,860	Janitorial contract.
4	New Delhi	2016-17	13	IND Rs. 1,402,080	Annual office maintenance contract

Audit is of the view that due to weak managerial controls; irregular expenditure was incurred.

The matter was reported to the Aviation Division for holding of DAC meeting on 15.11.2019, 21.11.2019, 10.12.2019 & 08.01.2020 but no response received till the finalization of the report.

Audit recommends that violation of PPRA rules be justified and responsibility be fixed.

2.1.3 Irregular engagement in contract agreements – Rs. 1,206.983 million

Rule 2(a)(1)(d) of the Corporate Governance Rules 2013 states that the public sector company shall not be regarded as conducting its business in a sound and prudent manner if it fails to conduct its business with due regard to the legitimate policy objectives and development targets of the Government.

In violation of the above, PIA Toronto paid an amount of C\$ 10,188,094 to various service providers, suppliers & vendors without formal agreement. Further, most of the contract agreements were either un-signed or expired contract agreements were being executed without renewal.

The matter was reported to the Aviation Division for holding of DAC meeting on 15.11.2019, 21.11.2019, 10.12.2019 & 08.01.2020 but no response received till the finalization of the report.

Audit recommends that details of all these contract agreements may be provided and continuation of expired agreements be justified.

(Para-16 PIA Station Toronto 2016-18)

Value for money and service delivery issues

2.1.4 Loss due to Immigration Fine – Rs. 1.090 million

Rule 2(a)(1)(d) of the Corporate Governance Rules 2013 states that the public sector company shall not be regarded as conducting its business in a sound and prudent manner if it fails to conduct its business with due regard to the legitimate policy objectives and development targets of the Government.

In violation of above, C\$ 9,201 was incurred on account of Immigration fines in 2016. Such fines have to be recovered from the illegal emigrants or responsible persons of PIA.

The matter was reported to the Aviation Division for holding of DAC meeting on 15.11.2019, 21.11.2019, 10.12.2019 & 08.01.2020 but no response received till the finalization of the report.

Audit recommends that detail of fines imposed alongwith reasons and corrective measures taken in this regard be provided to audit.

(Para-4 PIA Station Toronto 2016-18)

2.1.5 Loss due to non provision of air craft for passengers on the occasion of Bohra Movement- Rs. 78.840 million

Rule 2(a)(1)(d) of the Corporate governance rules 2013 states that the Public Sector Company shall not be regarded as conducting its business in a sound and prudent manner if it fails to conduct its business with due regard to the legitimate policy objectives and development targets of the Government.

In violation of the above, during the month of September 2017, Bohra Community spiritual leaders visited Pakistan and 900 visas were issued by Pakistan

High Commission to Bohra Community personnel. Bohra Community leader offered fares IND Rs 40,000 for round trip per passenger New Delhi-Karachi and back.

The PIA management and Pakistan High Commission at New Delhi approached PIA authorities to grab the opportunity but due to inefficiency and unknown reasons, the demand was rejected by the PIA authorities. Audit is of the opinion that had the air craft's been provided, PIA could have earned an amount of Indian Rupees 36,000,000 just in one-week time.

The matter was reported to the Aviation Division for holding of DAC meeting on 15.11.2019, 21.11.2019, 10.12.2019 & 08.01.2020 but no response received till the finalization of the report.

Audit recommends to probe into the matter and result may be shared with the Audit.

(Para-11 PIA Station New Delhi 2016-17)

CHAPTER 3 MINISTRY OF COMMERCE

3.1 Introduction

Under the Rules of Business of the Federal Government, Ministry of Commerce has been assigned the functions of trade and commerce between provinces and with other countries including trade agreements with other countries and promotion of International Trade. Commercial wings functioning in Pakistan Missions abroad play an important role in promoting international / bilateral trade and thus earning substantial foreign exchange. These trade wings fall under the audit jurisdiction of DG Audit (F&I). The major functions of the Ministry are as under;

- i. Commercial intelligence and statistics.
- ii. Trade marks.
- iii. Organization and control of Chambers and Associations of Commerce and Industry.
- iv. Tariff (protection) policy and its implementation.
- v. Law of insurance, regulation and control of Insurance Companies, actuarial work, insurance of war, riot and civil commotion risks and life insurance but excluding health and unemployment insurance for industrial labour and post office insurance.
- vi. Export promotion.
- vii. Anti-dumping duties, countervailing and safeguard laws.
- viii. Management of EDF / EMDF with representation of Textile Industry Division on their Boards.
- ix. Management of Trade Development Authority of Pakistan (TDAP).

3.2 *Brief comments on the status of compliance with PAC directives*

Name of Ministry	Year of Audit Report	Total Paras	Compliance received	Compliance not received	Percentage of compliance
Ministry of Commerce	1990-91	2	0	2	0
	1992-93	1	1	0	100
	1994-95	1	0	1	0
	1995-96	3	0	3	0
	1996-97	6	2	4	33
	1998-99	6	4	2	67
	1999-00	3	3	0	100
	2000-01	3	1	2	33
	2001-02	10	5	5	50
	2002-03	1	1	0	100
	2004-05	1	0	1	0
	2005-06	9	3	6	33
	2006-07	6	4	2	67
	2009-10	21	2	19	10
	2010-11	4	2	2	50
	2013-14	1	1	0	100
	TOTAL		78	29	49

The overall compliance in respect of Ministry of Commerce is comparatively average.

3.3 AUDIT PARAS

Irregularities

A- HR / Employees related irregularities

3.1.1 Non-recovery of security deposits –Rs. 1.378 million

As per para-8.6.1(a) of FMMA Vol-II, Pakistan Missions abroad are required to ensure recovery of the security deposits from the landlord at the time of vacation of accommodations occupied by the officers/officials. Needless to say, the cost of the cleaning or breakage must be borne by the occupants and not by the State.

Contrary to above, in following missions abroad, security deposits amounting to Rs. 1.378 million were not recovered from the landlords / occupants at the time of vacation of residences:

Sl. No.	Name of Mission	Para No of AIR	Period of Audit	Amount
1	Istanbul	3	2018-19	US\$ 4,000
2	Rome	7	2016-19	€ 1,600
3	Beijing	30	2018-19	RMB 21,500

Audit is of the view that due to weak managerial control security deposits could not be refunded. The Management replied that relevant record will be provided to Audit for verification.

The matter was reported to the Ministry of Commerce for holding of DAC meeting on 15.11.2019, 21.11.2019, 10.12.2019, 30.12.2019 & 08.01.2020 but no response received till the finalization of the report.

Audit recommends that recovery may be effected either from the landlord(s) or from the officers / officials concerned under intimation to Audit. Further, internal controls in this respect need to be strengthened to avoid any loss in future.

3.1.2 Non recovery of government dues – Rs. 8.958 million

In terms of Rule-28 of GFR Vol-I, no amount due to government should be left outstanding without sufficient reason and where any dues appear to be irrecoverable, the orders of competent authority for their adjustment must be sought.

In violation of the above, the following Pakistan Missions abroad did not recover the government dues from various officers / officials on different accounts:

Name of Mission	Para No of AIR	Period of Audit	Amount	Remarks
Montreal	1	2015-18	C\$ 58,677	Misc. dues.
Buenos Aires	6	2013-18	US\$ 4,661	Doubtful payment of salary
Montreal	11	2015-18	C\$ 8,000	Excess payment of rent over and above the ceiling
London	1-A	2018-19	US\$ 2,168	Excess payment of 6 days joining time.

Audit is of the view that due to weak managerial control recoveries could not be effected.

The Management replied that relevant record will be provided to Audit for verification.

The matter was reported to the Ministry of Commerce for holding of DAC meeting on 15.11.2019, 21.11.2019, 10.12.2019, 30.12.2019 & 08.01.2020 but no response received till the finalization of the report.

Audit recommends that the government dues may be recovered from the person(s) concerned.

3.1.3 Overpayment of education subsidy- Rs. 15.820 million

According to para-5.33(i) and Para 5.6.1 (v) of FMMA Vol-II, education subsidy will be admissible @ 90% of actual cost of education.

In violation of the above, in following Pakistan Missions abroad, it was noticed that education subsidy was paid for the children of officers / officials over and above the entitlement:

Name of Mission(s)	Para No. of AIR	Period of AIR	Amount
Stockholm	3	2016-19	SEK 670,283
Istanbul	2	2018-19	US\$ 23,441
Frankfurt	2	2017-19	€ 7,209

Audit is of the view that excess payment of education subsidy was irregular and unauthorized.

The matter was reported to the Ministry of Commerce for holding of DAC meeting on 15.11.2019, 21.11.2019, 10.12.2019, 30.12.2019 & 08.01.2020 but no response received till the finalization of the report.

Audit recommends that recovery of inadmissible payment of education subsidy may be made good from the concerned officers / officials at earliest. Further,

at least 10 years payment of education subsidy in all missions may be probed under intimation to audit.

3.1.4 Irregular payment of social security- Rs. 2.460 million

According to Para 9.6.1 (ii) of FMMA Vol. II, in countries where our Missions contribute towards Social Security Scheme in respect of locally recruited Government servants in accordance with the local rules/regulations, they should stipulate in the service contract letter or terms of appointment that the end-of- service gratuity or pensionary benefits would be admissible only under that scheme.

In violation of the above, the Consulate General of Pakistan, Frankfurt was paying an amount of € 592.52 per month on account of social security of a local based driver directly to the employee instead of relevant institution of the host country.

The matter was reported to the Ministry of Commerce for holding of DAC meeting on 15.11.2019, 21.11.2019, 10.12.2019, 30.12.2019 & 08.01.2020 but no response received till the finalization of the report.

Audit recommends that the social security subscription should be paid directly to the relevant institution of the host country in future. Further, evidence of previous payments to the host government may also be produced for verification.

(Para-3 Frankfurt 2017-19)

Others

3.1.5 Imprudent expenditure on restoration of rented building- Rs. 3.773 million

Rule-10 of GFR Vol-I states that 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 and the expenditure should not be prima facie more than the occasion demands.

In violation of the above, Embassy of Pakistan, Tokyo paid an amount of Yen 2,656,920 to M/s MIYAKE Corporation on account of restoration of office premises in original condition on the eve of closure of Commercial Section at Osaka (Japan).

Incurrence of expenditure on alteration at the acquisition stage and then restoration cost on closure / vacation was imprudent expenditure, causing a loss to the public exchequer.

The matter was reported to the Ministry of Commerce for holding of DAC meeting on 15.11.2019, 21.11.2019, 10.12.2019, 30.12.2019 & 08.01.2020 but no response received till the finalization of the report.

Audit recommends that:

1. Reasons for making changes in the rented building may be intimated to Audit
2. Responsibility may be fixed on persons at fault.

(Para-14 Tokyo -Commercial Wing, 2017-19)

CHAPTER 4 TRADE DEVELOPMENT AUTHORITY OF PAKISTAN

4.1 *Introduction*

The Trade Development Authority of Pakistan (TDAP) will develop and promote export holistically, through focus, synergy, with collective wisdom and counsel of its stakeholders. In addition to aggressive , innovative, and proactive marketing and promotional efforts, it will achieve the objective of rapid export growth through interaction and coordination with respective public and private–sector stakeholders, and enhancing value of products and services by broadening the export base of our products; enhancing capability and capacity of the supply base of goods and services; by fostering supportive export culture and facilitation; and by encouraging export oriented foreign investment and joint ventures.

TDAP will also help improve market access through advising the Government on matters of trade diplomacy and promoting the “business” image of Pakistan in the key export markets for Pakistan products and services, the world over.

TDAP’s mission is to achieve a quantum-leap in Pak export. To fulfill such a mission, TDAP shall employ the right skills and competencies, professional management techniques, advanced international marketing strategy backed by competent market research and trade analysis, supported by use of latest technology.

TDAP will engender a high level of motivation amongst its staff as they see themselves embark on upwardly mobile career paths within a TPO environment. It will persuade them to significantly enhance their capabilities and skills, and thus assure their personal growth along well- defined career paths. TDAP would thus strive to achieve a role model status for a TPO in the Developing Countries.

4.2 *Brief comments on the status of compliance with PAC directives*

Name of Ministry	Year of Audit Report	Total Paras	Compliance received	Compliance not received	Percentage of compliance
Trade Development Authority of Pakistan	1999-00	1	0	1	0
	2004-05	2	0	2	0
	2005-06	3	0	3	0
	2006-07	3	0	3	0
	2015-16	1	1	0	100
	TOTAL	9	01	9	11

The overall compliance in respect of Trade Development Authority of Pakistan is comparatively low.

4.3 AUDIT PARAS

Others

4.1.1 *Non-refund of VAT- Rs. 30.730 million*

According to Para 8.12.2 of FMMA Vol-II, Foreign Missions in Pakistan are exempted from all taxes other than service taxes viz conservancy and water taxes on reciprocal basis. Our Missions should also be exempted from such taxes.

In violation of the above, Trade Wing at Embassy of Pakistan, Paris paid VAT but no proof for the refund of VAT was available in the record. Detail of refundable VAT as under:

Amount in €

Year	VAT paid	Refunded	Balance
25.11.2013 to 04.11.2014	62,360.49	16,854.44	45,506.05
26.11.2014 to 05.06.2015	10,967.56	10,415.88	551.68
13.08.2015 to 25.02.2016	80,990.89	298.69	80,692.20
05.01.2017 to 05.02.2018	50,881.82	-	50,881.82
		Total	177,632

Audit was of the view that weak financial control resulted in non-refund of VAT amounting to €177,631.75.

The matter was reported to the Trade Development Authority Pakistan for holding of DAC meeting on 30.12.2019 & 09.01.2020 but no response received till the finalization of the report.

Audit recommends to expedite the refund of VAT.

(Para-1, Paris-TDAP 2018-19)

CHAPTER 5 MINISTRY OF DEFENCE

5.1 *Introduction*

The Defence Division is responsible for policy and administrative matters pertaining to the Defence of the Federation and three Armed Forces. It also deals with administrative & financial matters pertaining to Survey of Pakistan. The responsibility in respect of international negotiations, agreements and purchases of defence equipment along with allied accessories are also being handled by this Division.

Functions of Defence Division as per Rules of Business, 1973 are:

1. Defence of the Federation or any part thereof in peace or war including:
 - a. Army, naval and air forces of the Federation and any other armed forces raised or maintained by the Federation; and armed forces which are not the forces of the Federation but are attached to or operating with any of the armed forces of the Federation;
 - b. Army, naval and air force works;
2. Civilian employees paid from the Defence estimates.
3. (i) Defence matters pertaining to treaties and agreements with other Governments except those relating to purchase of stores; and
(ii) Matters regarding military assistance to foreign countries.
4. Stores and stationery for the Defence Services, other than those dealt with by the Defence Production Division.
5. Administration of National Guards Act, 1973.
6. International Red Cross and Geneva Conventions in so far as they effect belligerents.
7. Military awards and decorations.
8. Welfare of ex-servicemen.
9. Cantonment areas including:
 - a. The delimitation of such areas;

- b. Local Self-Government in such areas, the constitution of local authorities for such areas and the functions and powers of such authorities; and
 - c. The regulation of housing accommodation (including control of rent) in such areas.
- 10. Acquisition or requisitioning of property for Defence Services; imposition of restrictions upon the use of lands in the vicinity of such property and of works of Defence.
- 11. Pardons, reprieves and respites, etc. of all personnel belonging to the Armed Forces.
- 12. Survey of Pakistan.
- 13. Administrative and budgetary control of Federal Government Educational Institutions (Cantonments/Garrisons) Directorate and its Institutions.
- 14. Administration of Military Lands and Cantonments Group.
- 15. National Maritime policy.
- 16. (i) Matters relating to security of resources of the Maritime Zones of Pakistan including protection of human life and property.
 - (ii) Pakistan Maritime Security Agency.
- 17. (i) National coordination of maritime activities.
 - (ii) National Maritime Affairs Coordination Committee.
- 18. Marine surveys and elimination of dangers to navigation.
- 19. Promotion of maritime disciplines.
- 20. International aspects:
- 21. Matters arising out of the implementation of law of the Sea pertaining to Maritime Affairs.
- 22. International negotiations, agreements and treaties (excluding those handled by other Divisions).
- 23. Liaison with International Sea Bed Authorities and other International Agencies in the Maritime field.
- 24. Pakistan Space and Upper Atmosphere Research Commission.**

5.2 Brief comments on the status of compliance with PAC directives

Name of Ministry	Year of Audit Report	Total Paras	Compliance received	Compliance not received	Percentage of compliance
Ministry of Defence	1985-86	1	0	1	0
	1986-87	3	0	3	0
	1989-90	2	2	0	100
	1990-91	2	1	1	50
	1994-95	1	0	1	0
	1998-99	2	0	2	0
	2000-01	1	0	1	0
	2001-02	6	4	2	67
	2004-05	2	0	2	0
	2005-06	5	4	1	80
	2006-07	6	5	1	83
	2009-10	7	6	1	86
	2017-18	2	1	1	50
	TOTAL	40	23	17	57.5

The overall compliance in respect of Ministry of Defence is comparatively good.

5.3 AUDIT PARAS

Reported cases of fraud, embezzlement and misappropriations

5.1.1 Misappropriation of fund on account of fuel charges of C-130 Aircraft- Rs. 28.823 million

According to FTR 136, no claims against the Government not preferred within six months of their becoming due can be presented without an authority from the Accountant General.

In violation of above, Embassy of Pakistan Washington D.C, paid an amount of US\$ 185,956 on account of fuel charges of C-130 Aircraft of Defence Wing as detailed below:

Sr. No.	Month	Invoices Date	Amount US\$
1	07/2017	02.09.14,	4,223.00
		21.10.14,	52,800.70
		20.10.14,	37,905.02
		31.12.14	15,159.02
		03.10.15	17,969.44
2	01/2018	24.05.14	57,899.00
Total US\$			185,956

Audit observed that invoices pertained to 2014 and payment was made in July, 2017 & January, 2018 on photo copies of invoices.

Audit is of the view that the payment was required to be made on company's printed letter-head along with concrete justification of late submission of invoices by the company. The manner in which the payments were made creates doubt regarding genuineness of the claims.

The matter was reported to the Ministry of Defence for holding of DAC meeting on 21.11.2019, 10.12.2019, 30.12.2019 & 08.01.2020 but no response received till the finalization of the report.

Audit recommends that the matter be investigated at the appropriate level and report shared with audit besides regularization of time barred payment from the Finance Division.

(Para-1 Washington DC 2017-18)

Irregularities

A- HR / Employees related irregularities

5.1.2 Excess payment of education subsidy - Rs. 3.257 million

As per Para 5.6.1(ii) of FMMA Vol-II, Mission will make payment of 90% admissible charges for upto two children between the ages of 5 to 18 years of Pak-based officials directly to schools on the approved list against original bills/invoices subject to the provisions of these rules.

According to Ministry of Foreign Affairs letters No.Rules.9/1/2015(Edu-Age) dated 11th April, 2016 regarding Revised Rules Governing Education Subsidy effective from 18.02.2016, the guidelines issued for compliance, inter alia, included that the Education Subsidy at Missions abroad will be admissible at 90% of actual cost of education (School Fee, Tuition Fee, Non-Refundable Registration Fee, Education Fee, Application Fee, Capital Assessment Fee, Development Fee, Non-Refundable Capital Development Fund, Capital levy Charges, Re-Enrollment Charges, Development Charges, etc.).

In violation of above, excess payments on account of education subsidy for children of various officers/officials of Defence Wing were made as detailed below:

Name of Mission	Para No. of AIR	Period of Audit	Amount (€)
Rome	6	2016-19	500
Rome	7	2016-19	8,419
Rome	8	2016-19	9,909

Audit is of the view that non-observance of the financial due diligence resulted in excess payment of € 18,828 which caused loss to the public exchequer.

The matter was taken up with the management. The management replied that further clarification/documentary evidence will be furnished in due course.

The matter was reported to the Ministry of Defence for holding of DAC meeting on 21.11.2019, 10.12.2019, 30.12.2019 & 08.01.2020 but no response received till the finalization of the report.

Audit recommends that recovery of excess payment of education subsidy may be made good from the concerned officers / officials at the earliest. Further, at least 10 years payment of education subsidy in all missions may be probed under intimation to Audit.

5.1.3 *Non-recovery of outstanding government dues – Rs. 1.001 million*

According to Para 28 of GFR Volume-I, no amount due to Government should be left outstanding without sufficient reason, and where any dues appear to be irrecoverable, the orders of competent authority for their adjustment must be sought.

In violation of above, in the following cases, government dues on account of parking charges of private vehicles and rent of residence were not recovered from the concerned:

Name of Mission	Period of Audit	Para No of AIR	Amount (US\$)
UN New York	2017-18	1	4,259
Cairo	2015-18	1	2,200
Total			6,459

The matter was reported to the Ministry of Defence for holding of DAC meeting on 21.11.2019, 10.12.2019, 30.12.2019 & 08.01.2020 but no response received till the finalization of the report.

Audit recommends that outstanding government dues may be recovered from the concerned under intimation to Audit.

5.1.4 *Doubtful claims of reimbursement from entertainment allowance - Rs. 1.206 million*

According to Clause 4.16.1 of FMMA Vol-II, 85% of the Entertainment Allowance payable to Head of Mission and officers will be credited each month to a separate account to be named “Entertainment Fund” of the Mission.

Further, in terms of Rule-11 of GFR Vol-I, each Head of 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 sub-ordinate disbursing officers.

In violation of above, Technical Attaché (Air) at Embassy of Pakistan, Berlin claimed reimbursement of an amount of € 516 per month @ of € 43 per guest on account of Entertainment Bills for holding dinners for four (04) guests on different dates.

It was interesting to note that except for the signatures of the HOM and addition of one guest in June 2019 nothing changed during these thirteen (13) months; neither the guests, nor their numbers or the sequence of vendors and their dinner timings. Audit held that this phenomenon could be linked with the transfer-out of Assistant to Technical Attaché on June 28, 2018. Because, prior to this date, the

guests used to be more or less the same but no definite pattern could be observed. However, upon arrival of new Assistant, the last pattern of June 19, 2018 prepared by the previous Assistant was followed without change. Audit held that such a pattern for continuous thirteen (13) months was beyond comprehension and created doubts on the sanctity of reimbursement claims.

The matter was taken up with the management. The management replied that further clarification/documentary evidence will be furnished in due course.

The matter was reported to the Ministry of Defence for holding of DAC meeting on 21.11.2019, 10.12.2019, 30.12.2019 & 08.01.2020 but no response received till the finalization of the report.

Audit recommends that the matter may be probed and result may be shared with the Audit.

(Para-2 Berlin-Technical Wing 2017-19)

5.1.5 *Inadmissible payment on medical charges - Rs. 2.181 million*

As per clause 6.16.1(vii) of FMMA Vol-II, medical treatment abroad shall be made available only for such cases where such treatment is not available within the country and where there are reasonable chances of saving life.

In violation of above, Defence Wing at Embassy of Pakistan, Washington, paid an amount of US\$ 14,073 for the caesarean delivery case of the spouse of an officer. Due to negligence on the part of officer / Mission, medical insurance was not obtained despite the long stay of office in United States. For comparison purposes, in a similar case of caesarean delivery of spouse of another officer, the Mission incurred a meager expense of US\$ 179.33 in the same month because in this case the officer and his wife were insured.

In response to the audit observation, it was stated by the management of the Embassy that response will be provided to Audit after consultation with concerned wing and the relevant record.

Audit is of the view that the officer is personally responsible for such negligence and resulted in loss to the exchequer despite availability of insurance cover by the government.

The matter was reported to the Ministry of Defence for holding of DAC meeting on 21.11.2019, 10.12.2019, 30.12.2019 & 08.01.2020 but no response received till the finalization of the report.

Audit recommends that expenditure of US\$ 15,687 may be recovered from the persons concerned.

(Para-42, Defence Wing-Washington DC 2018-19)

B- Procurement related irregularities

5.1.6 Irregular procurement – Rs. 13.560 million

As per Rule-12 and 9 of PPRA rules, all procurement opportunities should be advertised and carried out without any splitting or regrouping of procurements.

Furthermore, as per Cabinet Division's O.M. No. 4/1/2008 dated 09-04-2008 financial limits for open tender(s) for Pakistan's Missions abroad have been fixed as under:

Sl. No.	Kind of Tender	Monetary Limits.
1.	Open tender	US\$ 4,000 or € 3,000 & above
2.	Limited tender	Less than US\$ 4,000 or € 3,000 & above US\$ 2,000 & € 1,500
3.	Single tender	Up to US\$ 2,000 or € 1,500

Contrary to above, following Pakistan Missions abroad incurred expenditure on procurements without observing codal formalities.

Name of Mission	Para of AIR	Period of Audit	Amount (Rs.)	Description
Washington DC	6	2017-18	US\$ 5,723	Defence Day celebrations
Tehran	18	2017-18	Rs 4.187 million	Equipment/furniture items
Moscow	4	2017-19	US\$ 8,045	Defence Day celebrations
Moscow	14	2017-19	US\$ 27,650	Purchase of furniture for Pak Army Technical Liaison office
Moscow	21	2017-19	US\$ 19,053	Purchase misc. Items for Attache Defence Procurement

Audit is of the view that due to weak managerial controls; irregular expenditure was incurred.

The matter was reported to the Ministry of Defence for holding of DAC meeting on 21.11.2019, 10.12.2019, 30.12.2019 & 08.01.2020 but no response received till the finalization of the report.

Audit recommends that violation of PPRA rules may be justified and responsibility may be fixed.

CHAPTER 6 MINISTRY OF DEFENCE PRODUCTION DIVISION

6.1 *Introduction*

Following functions were assigned to Defence Production Division vide SRO No. 433(I)/2003, (F.No.4-10/2002-Min) dated 20.05.2003.

- i. Laying down policies or guidelines on all matters relating to Defence Production.
- ii. Procurement of arms, firearms, weapons, ammunition, equipment, stores and explosives for the Defence forces.
- iii. Declaration of industries necessary for the purpose of defence or for the prosecution of war.
- iv. Research and development of defence equipment and stores.
- v. Co-ordination of defence science research with civil scientific research organizations.
- vi. Indigenous production and manufacture of defence equipment and stores.
- vii. Negotiations of agreements or MOUs for foreign assistance or collaboration and loans for purchase of military stores and technical know-how or transfer of technology.
- viii. Export of defence products.
- ix. Marketing and promotion of activities relating to export of defence products.
- x. Co-ordinate production activities of all defence production organizations or establishments.

6.2 Brief comments on the status of compliance with PAC directives

Name of Ministry	Year of Audit Report	Total Paras	Compliance received	Compliance not received	Percentage of compliance
Ministry of Defence (Defence Production)	1992-93	8	0	4	0
	1996-97	8	3	5	38
	2005-06	3	0	3	0
	2015-16	2	1	1	50
	TOTAL	21	04	13	19

The overall compliance in respect of Ministry of Defence Production is comparatively low.

6.3 AUDIT PARAS

B- Procurement related irregularities

6.1.1 Irregular procurements without obtaining bank guarantee - Rs. 303.869 million

As per para 31(b) (1) chapter-II of General Conditions Governing Contracts of Defence Equipment /Stores, Bank Guarantee will be between 5 to 10% of contract value excluding taxes/duties and freight/handling charges, etc.

In violation of above, bank guarantees in the following cases were not obtained.

Mission	Period of AIR	Para No of AIR	Amount of contract	Remarks
Paris	2018-19	2	€ 105,630	Non-obtaining of mandatory bank guarantee against Contract no. DPNA/1643 dated 17/12/2018.
Washington	2018-19	55	US\$ 420,632	Bank Guarantee of the firm was waived off in violation of rules against Contract no. DPD(A)-5708/HTI/17-18/15128
London	2018-19	12	£ 1,085,725	Non-obtaining of mandatory bank guarantee against 9 contracts

Audit was of the view that negligence of the concerned and weak internal controls resulted in final payment to the contractors without obtaining the bank guarantees.

The matter was reported to the Ministry of Defence Production for holding of DAC meeting on 10.12.2019, 30.12.2018 & 08.01.2020 but no response received till the finalization of the report.

Audit recommends that the reasons for not-obtaining bank guarantees be given and responsibility be fixed.

6.1.2 Irregular procurement causing loss of foreign exchange- Rs. 16.263 million

As per para 16 (b) chapter-II of Defense Purchase Procedure and Instructions, in case of stores where the manufacturer has been indicated in the indent, the name of its agents in Pakistan must be ascertained; if necessary, from the ADP concerned. ITs must be issued including the agents of the manufacturers of the equipment.

As per Chapter-IV of Defense Purchase Procedure and Instructions – 35, in order to economize in the expenditure of foreign exchange, the indigenous offers may be considered for acceptance, if placing of an order on a local manufacturing firm is likely to result in saving of substantial foreign exchange, even if the overall price may be a little more than what would have been the cost were the stores to be procured direct from abroad.

In violation of above, ADP at PAHIC, London, concluded Contract No. DSN/10431 amounting to £ 80,111 with M/s Simplex Turbulo dated 27.03.2019 on the basis of indent received from Pakistan on 19.01.2019. Invitation to tender was opened on 18.02.2019 wherein M/s Parker Kittiwake, the OEM, informed that their authorized dealers were available in Pakistan. However, this fact was ignored.

It is pertinent to mention here that the last purchase of similar products as shown on the indent was done from Pakistan. Bank Guarantee was also not obtained from the firm, M/s Simplex Turbulo. Moreover, Parker's certificate of conformity of products is just a photocopy and is not original.

Audit is of the view that the indenting authorities while taking decision on cross mandation should have weighed and surveyed the market and acted as per chapter X to save the precious foreign exchange.

The matter was reported to the Ministry of Defence Production Division for holding of DAC meeting on 10.12.2019, 30.12.2018 & 08.01.2020 but no response received till the finalization of the report.

Audit recommends that the matter be probed and results shared with Audit.

(Para 3, London, 2018-19-Defence)

6.1.3 Irregular procurement– Rs. 107.279 million

As per para 1 of Chapter-XIV of Defense Purchase Procedure and Instructions, Bank Guarantee is an essential tool in the hand of procurement agencies to ensure timely and correct supply of stores by the contractors. It is obtained to safeguard the interest of state and to bind the suppliers to fulfill contractual obligations. In case contractors fail to abide by the contractual obligation, the Bank Guarantee is liable to be forfeited.

As per para 7 of Chapter-XIII of Defense Purchase Procedure and Instructions – 35, Competent Purchase Officer may waive off Bank Guarantee if the contract is being concluded with government owned organizations / production units without any reference to Military Finance.

As per Para 6 (f) of Chapter XI of Defense Purchase Procedure and Instructions – 35, contracts can be cancelled at Risk and Expense of the firm(s) if the Suppliers fail to provide the security / Bank Guarantee within the period specified in the contract.

As per Sr. 6 of Chapter V of the Defense Purchase Procedure and Instructions – 35, price negotiations are allowed with certain conditions.

In violation of above, ADP London concluded Contract No. DSN/10432 dated 03.05.2019 amounting to £ 528,468 with M/S Fuchus Lubricants. The following irregularities were observed:

- i. Quotations were called instead of approaching the OEM i.e. M/s Castrol Marine for purchasing the items directly.
- ii. Negotiations with the supplier was not done although the indent was of considerable large quantity and in a similar contract No. DSN /10451/dated 24.04.2019, negotiations on rates were done.

The matter was reported to the Ministry of Defence Production Division for holding of DAC meeting on 10.12.2019, 30.12.2018 & 08.01.2020 but no response received till the finalization of the report.

Audit recommends that matter may be probed at appropriate level and a proper justification be offered for above irregularity and internal controls be strengthened.

(Para-4, London, 2018-19-Defence)

6.1.4 Non-surrendering of funds – Rs. 1,338.794 million.

As per 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 accounts 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 are not available for utilization in the following year.

In violation of the above, huge funds pertaining to Defence Wing at London have been retained idle as detailed below:

Mission	Period of AIR	Para No of AIR	Amount	Description
London	2018-19	8	£ 238,730	Unexplained balances in Army Store accounts
London	2018-19	6	£ 5,032,119	Blockage of foreign exchange pertaining to Air Force accounts

London	2018-19	10	£ 37,412	Non-surrendering of balance pertaining to PAF Store lying in current account since last many years
London	2018-19	1,2,7 & 9	€ 902,995, £ 464,017 & US\$ 69,699	Non surrendering of un-utilized funds pertaining to Navy Store accounts

The matter was reported to the Ministry of Defence Production Division for holding of DAC meeting on 10.12.2019, 30.12.2018 & 08.01.2020 but no response received till the finalization of the report.

Audit recommends that funds lying idle may be remitted back to Pakistan.

6.1.5 Irregular expenditure on purchase of staff cars – Rs. 8.403 million.

Finance Division (Expenditure Wing) vide its O.M No. 7(1) Exp.IV/2-16-540 dated July 26, 2017 titled “Austerity Measures for Financial Year 2017-18” enforced various austerity measures *inter alia*: complete ban on purchase of all types of. Moreover, a Vehicle Purchase Committee was constituted in the Finance Division to review the proposals seeking relaxation of ban for purchase of vehicles.

In violation of above, Defence Wing at Embassy of Pakistan, Moscow, an amount of US\$ 54,212 has been incurred on the purchase of two vehicles as detailed below:

Name of Mission	Period of Audit	Para No of AIR	Amount (US\$)	Description
Moscow	2017-19	16	26,387	Purchase of staff car for ADP
Moscow	2017-19	10	27,825	Purchase of staff car for Pak Army Technical Liaison Officer

The matter was reported to the Ministry of Defence for holding of DAC meeting on 21.11.2019, 10.12.2019, 30.12.2019 & 08.01.20 but no response received till the finalization of the report.

Audit recommends that expenditure be got regularized from Finance Division under intimation to Audit.

CHAPTER 7 MINISTRY OF INFORMATION, BROADCASTING AND NATIONAL HERITAGE

7.1 Introduction

Ministry of Information, Broadcasting and National Heritage comprises of the following divisions:

Information and Broadcasting Division

National Heritage Division

According to Rules of Business 1973 (Schedule – II) Section 16 & Section 25 the mandate of Ministry is as follows:

Information and Broadcasting Division

- i. Policy relating to internal publicity on national matters including the administration of the provisions of the Post Office, Act, 1898, and section 5 (1) (b) of the Telegraph Act, 1885, in so far as they relate to the Press.
- ii. Broadcasting including television.
- iii. Production of films on behalf of Government, its agencies, Government controlled Corporations, etc.
- iv. Press relations, including delegations of journalists and other information media.
- v. Provision of facilities for the development of newspapers industry.
- vi. (i) Policy regarding government advertisement; control of advertisement and placement; (ii) Audit of circulation of newspapers.
- vii. Administration of the Newsprint Control Ordinance, 1971.
- viii. National Anthem
- ix. Liaison and coordination with agencies and media on matters concerning Government policies and activities.
- x. Administration of the Information Group.
- xi. External Publicity.
- xii. Pakistan National Centres.
- xiii. (i) Administration of- (a) Pakistan Broadcasting Corporation Act, 1973; (b) Associated Press of Pakistan (Taking Over) Ordinance, 1961; and (c) Pakistan Electronic Media Regulatory Authority. (ii) Matters relating to- (a) The Pakistan Television Corporation; and (b) Omitted vide SRO No.48 (1)/2016 dated 26.1.2016. 2 (c) Shalimar Recording and Broadcasting Company.
- xiv. Training facilities for Radio and Television personnel.
- xv. Special Selection Board for selection of Press Officers for posting in Pakistan Missions abroad.

- xvi. Omitted vide SRO1088(I)/2011, (4-14/2011-Min-I) dated 09.12.2011.
- xvii. Establishment of tourists centers abroad.
- xviii. Administration of the Newspapers Employees (Conditions of Service) Act, 1973(LVIII of 1973).
- xix. (i) National Institute of Folk and Traditional Heritage of Pakistan (Lok Virsa).
(ii) Pakistan National Council of Arts.
- xx. Cultural pacts and protocols with other countries.
- xxi. Omitted by SRO No.48(1)/2016 dated 26.1.2016
- xxii. Federal Land Commission.

National Heritage Division

- i. International agreements and assistance in the field of archaeology, national museums and historical monuments declared to be of national importance.
- ii. Quaid-e-Azam Papers Wing.
- iii. Pakistan Academy of Letters.
- iv. National Language Authority, Urdu Dictionary Board and Urdu Science Board.
- v. National and other languages used for official purposes.
- vi. Quaid-e-Azam Academy.
- vii. Aiwan-i-Iqbal and Iqbal Academy Pakistan.
- viii. Quaid-e-Azam Mazar Management Board (QMMB).
- ix. Quaid-e-Azam Memorial Fund.
- x. Omitted vide SRO 634(1)/2016 (F.No.4-2/2016-Min-I) dated 22.7.2016
- xi. Naming of institutions in the name of Quaid-e-Azam and other high and distinguished personages.
- xii. National Book Foundation.
- xiii. National Library of Pakistan.

7.2 Brief comments on the status of compliance with PAC directives

Name of Ministry	Year of Audit Report	Total Paras	Compliance received	Compliance not received	Percentage of compliance
Ministry of Information and Broadcasting	1986-87	2	0	2	0
	1989-90	3	2	1	67
	1996-97	2	0	2	0
	1998-99	3	0	3	0
	1999-00	2	2	0	100
	2001-02	7	3	4	43
	2003-04	4	2	2	50
	2004-05	4	2	2	50
	2005-06	3	0	3	0
	2006-07	3	0	3	0
	2009-10	6	2	4	33
	TOTAL		39	13	26

The overall compliance in respect of Ministry of Information and Broadcasting is comparatively average.

7.3 AUDIT PARAS

Irregularities

B- Procurement related irregularities

7.1.1 Irregular procurement – Rs. 4.573 million

As per Rule-12 and 9 of PPRA rules, all procurement opportunities should be advertised and carried out without any splitting or regrouping of procurements.

Furthermore, as per Cabinet Division's O.M. No. 4/1/2008 dated 09-04-2008 financial limits for open tender(s) for Pakistan's Missions abroad have been fixed as under:

Sl. No.	Kind of Tender	Monetary Limits.
1.	Open tender	US\$ 4,000 or € 3,000 & above
2.	Limited tender	Less than US\$ 4,000 or € 3,000 & above US\$ 2,000 & € 1,500
3.	Single tender	Up to US\$ 2,000 or € 1,500

In violation of above, Information Wing at Embassy of Pakistan, Cairo incurred expenditure on purchase of vehicle amounting to US\$ 29,500 without observing codal formalities.

Audit is of the view that due to weak managerial controls; irregular expenditure was incurred.

During the DAC meeting held on 22.1.2020, the management failed to provide any document in contention of audit observation. DAC directed to provide documentary evidence about the procurement from authorized dealer.

Audit recommends that violation of PPRA rules may be justified and responsibility may be fixed.

(Para-1 Cairo 2015-18)

Others

7.1.2 Unauthorized cash payments instead of crossed cheques – Rs. 9.771 million

As per para-13.12.1 of FMMA (Vol-II), the limit of cash payment in respect of Pakistan's Missions abroad has been fixed. Further, payment more than the prescribed limit has to be made through crossed cheque in compliance of Rule-157 of FTR Vol-I.

In violation of above, Information Wing at Embassy of Pakistan, Tokyo made cash payments amounting to Yen 6,880,800 during the financial year 2018-19 on account of salary to local staff, instead of through crossed cheques.

DAC in its meeting held on 22.01.2020, directed the management to stop the practice of cash payments immediately and provide evidence that previous payments were actually made to concerned staff.

Audit recommended that the reasons for making payment regularly through cash may be intimated to Audit.

(Para-16, Tokyo 2017-19)

CHAPTER 8 MINISTRY OF INTERIOR

8.1 *Introduction*

The Ministry of Interior has been assigned the responsibly of maintaining law and order in the country. It also regulates the working of various security identity cards and passports. The Ministry of Interior consists of the one Division, i.e. Interior Division.

The departments attached with Ministry are;

- i. Central Jail Staff Training Institute
- ii. Civil Armed Forces
- iii. Directorate General Civil Defence
- iv. Federal Investigation Agency
- v. Immigration & Passports
- vi. Islamabad Capital Territory
- vii. National Police Foundation
- viii. National Response Centre for Cyber Crimes

The autonomous bodies of the Ministry of Interior are;

- i. National Alien Registration Authority
- ii. National Database and Registration Authority
- iii. National Police Academy

8.2 Brief comments on the status of compliance with PAC directives

Name of Ministry	Year of Audit Report	Total Paras	Compliance received	Compliance not received	Percentage of compliance
Ministry of Interior	2006-07	1	0	1	0
	2015-16	1	0	1	0
	2017-18	1		1	0
	TOTAL	2	0	2	0

The overall compliance in respect of Ministry of Interior is comparatively low.

8.3 AUDIT PARAS

B- Procurement related irregularities

8.1.1 Irregular procurement of machine-readable passport system- Rs. 2.948 million

As per Rule-12 and 9 of PPRA rules, all procurement opportunities should be advertised and carried out without any splitting or regrouping of procurements.

Furthermore, as per Cabinet Division's O.M. No. 4/1/2008 dated 09-04-2008 financial limits for open tender(s) for Pakistan's Missions abroad have been fixed as under:

Sl. No.	Kind of Tender	Monetary Limits.
1.	Open tender	US\$ 4,000 or € 3,000 & above
2.	Limited tender	Less than US\$ 4,000 or € 3,000 & above US\$ 2,000 & € 1,500
3.	Single tender	Up to US\$ 2,000 or € 1,500

In violation of above, following Pakistan Missions abroad procured different items without fulfilling codal formalities. Hence, the expenditure was held irregular:

Name of Mission	Period of Audit	Para No of AIR	Amount	Description
Sarajevo	2013-19	1	KM 12,085	Machinery & equipment/ furniture for MRP.
Rabat	2012-19	16	DH 116,988	Machinery & equipment/ furniture for MRP.

Audit is of the view that purchases without open tender were irregular and unauthorized.

The matter was reported to the Ministry of Interior for holding of DAC meeting on 15.11.2019, 29.11.2019, 10.12.2019, 30.12.2018 & 08.01.20 but no response received till the finalization of the report.

Audit recommends that violation of PPRA rules may be justified and responsibility may be fixed.

Others

8.1.2 *Irregular payment of stipend by NADRA—Rs. 4.628 million*

As per 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. Further, according to Para-11 GFR Vol-I, each Head of 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.

In violation of above, the management of NADRA paid a sum of £ 22,800 as stipend to officials of the High Commission, London.

Audit is of the view that there is no provision of rule to pay any remuneration to the government employees on behalf of other departments. Audit holds the expenditure irregular as no authority for this payment was produced.

The matter was reported to the Ministry of Interior for holding of DAC meeting on 15.11.2019, 29.11.2019, 10.12.2019, 30.12.2018 & 08.01.20 but no response received till the finalization of the report.

Audit recommends that the payments of stipend without any authorization may be justified and amount may be recovered.

(Para-3, London 2018-19-NADRA)

CHAPTER 9 MINISTRY OF OVERSEAS PAKISTANS AND HUMAN RESOURCE DEVELOPMENT

9.1 *Introduction*

Ministry of Overseas Pakistans and Human Resource Development was established on 7th June, 2013 through merger of erstwhile Ministry of Human Resource Development and Ministry of Overseas Pakistans. Under the Rules of Business 1973, the Ministry makes policies for employment promotion abroad; takes measures for the welfare of Pakistan Emigrants and their dependents in Pakistan; and coordinates with provincial governments to align national labour laws with Pakistan's international obligations on labour standards.

ATTACHED DEPARTMENTS

- i. Bureau of Emigration & Overseas Employment (BE&OE)
- ii. Employees Old-Age Benefits Institution (EOBI)
- iii. National Industrial Relations Commissions Islamabad (NIRC)
- iv. Overseas Employment Corporation (OEC)
- v. Overseas Pakistans Foundation (OPF)
- vi. Workers Welfare Fund (WWF)

9.2 *Brief comments on the status of compliance with PAC directives*

Name of Ministry	Year of Audit Report	Total Paras	Compliance received	Compliance not received	Percentage of compliance
Ministry of Overseas Pakistans and Human Resource Development	1990-91	1	-	1	0
	1995-96	1	1	-	100
	1999-00	4	-	4	0
	2001-02	1	-	1	0
	2006-07	2	1	1	50
	2009-10	2	-	2	0
	TOTAL	11	2	9	18.18

The overall compliance in respect of Ministry of Overseas Pakistans and Human Resource Development is comparatively low.

9.3 AUDIT PARAS

Irregularities

A- HR / Employees related irregularities

9.1.1 Overpayment of education subsidy- Rs. 3.147 million

As per Para 5.6.1(ii) of FMMA Vol-II, Mission will make payment of 90% admissible charges for upto two children between the ages of 5 to 18 years of Pak-based officials directly to schools on the Approved list against original bills/invoices subject to the provisions of these rules. According to Ministry of Foreign Affairs letters No.Rules.9/1/2015(Edu-Age) dated 11th April, 2016 regarding Revised Rules Governing Education Subsidy effective from 18.02.2016, the guidelines issued for compliance, inter alia, included that the Education Subsidy at Missions abroad will be admissible at 90% of actual cost of education (School Fee, Tuition Fee, Non-Refundable Registration Fee, Education Fee, Application Fee, Capital Assessment Fee, Development Fee, Non-Refundable Capital Development Fund, Capital levy Charges, Re-Enrollment Charges, Development Charges, etc.).

As per Byron College, Athens' fee schedule for the year 2017-18, Registration fee € 1,000 is a one-off, non-refundable payment which guarantees the pupil's place in school. A family discounts are available when a family registers more than one child. The discount, on tuition fees only, is 10% for all additional children.

During scrutiny of record of Parep Athens it was observed that the Mission made excess payment amounting to € 18,192 to Byron College, Athens on account of education charges of two children of the Community Welfare Attaché (CWA) during the period 2016-19 with various discrepancies as given below:

1. As per fee schedule, registration fee (€ 1,000) was to be paid in the year of registration only but it was paid in each year with higher rates
2. 10% Family discounts was not obtained
3. Annual fee which was not provided in the fee schedule was paid.
4. Annual fee and registration fee were not claimed in the college invoice for the year 2018-19

Audit is of the view that non-availing of family discount and registration fee for each year with higher rates was loss to the public exchequer.

The matter was reported to the Ministry of Overseas Pakistans for holding of DAC meeting on 29.11.2019, 10.12.2019 & 08.01.2020 but no response received till the finalization of the report.

Audit recommends that the amount may be recovered from concerned and deposited into government account besides fixing responsibility against the concerned for non-observance of the rules.

(Para-01, CWA Athens 2016-19)

9.1.2 Irregular payment of social security - Rs. 2.493 million

IKA is a Social Security Organization at Athens. It receives contributions from both employers and employees, so that it can pay out benefits. The amount of contribution is a percentage of the gross income of the employee. The employer deducts the employee's contribution when the salary is paid to the employee or worker and the deducted sum is paid to IKA along with the employer's contribution within the deadline set by law.

In violation of above, Parep Athens paid an amount of € 14,409 on account of social security of a driver during 2016-19. The amount was transferred to the driver's bank account instead of deducting from the employee account and depositing the employee and employer share to IKA

Audit is of the view that payment of social security contribution to the employee was irregular.

The matter was reported to the Ministry of Overseas Pakistanis for holding of DAC meeting on 29.11.2019, 10.12.2019 & 08.01.2020 but no response received till the finalization of the report.

Audit recommends that the irregular practice should be discontinued forthwith and the amount already paid should be recovered and deposited into respective social security account.

(Para-04, CWA Athens 2016-19)

Annexures

Annex-I MFDAC PARAS

Sl. No.	Formation	Period	Title of Para	AIR Para No.	Amount
1	UN New York	2017-18	Non-adjustment of TA/DA advances	12	US\$ 52,396
2	Houston	2016-18	Non-adjustment of TA/DA advances	12	US\$ 68,137
3	CG Chicago	2016-18	Non-adjustment of TA/DA advances	1	US\$ 51,105
4	CG New York	2017-18	Non-adjustment of TA/DA advances	3	US\$ 19,083
5	Tunis	2016-18	Non-adjustment of TA/DA advances	2	US\$ 34,860 & TD 5,660
6	Abuja	2015-18	Non-adjustment of TA/DA advances	2	US\$ 21,467
7	Beirut	2015-18	Non-adjustment of TA/DA advances	1	US\$ 8,088
8	Cairo	2015-18	Non-adjustment of TA/DA advances	2	US\$ 94,920.16 LC 231,200
9	Washington	2017-18	Non-adjustment of TA/DA advances	18	US\$ 49,773
10	Brasilia	2013-18	Non-adjustment of TA/DA advances	2	Rs. 8,419,580
11	Buenos Aires	2013-18	Non-adjustment of TA/DA advances	6	L.C 99,232
12	Buenos Aires	2013-18	Non-adjustment of TA/DA advances	9	US\$ 600
13	Zahidan	2016-18	Non-adjustment of TA/DA advances	6	Rs. 136,307
14	Kabul	2015-18	Non-adjustment of TA/DA advances	12	Rs. 2.300 million
15	CG Mashad	2016-18	Non-adjustment of TA/DA advances	18	Rs. 4.479 million
16	Tehran	2017-18	Non-adjustment of TA/DA advances	3	Rs. 5.646 million
17	Frankfurt	2017-19	Non-adjustment of TA/DA	2 (PDP-89)	Rs. 3,482,473

Sl. No.	Formation	Period	Title of Para	AIR Para No.	Amount
			advances		
18	Frankfurt	2017-19	Non-adjustment of TA/DA advances	13 (PDP-95)	€ 2,130
19	Rome	2016-19	Non-adjustment of TA/DA advances	9	€ 1,200
20	Vienna	2017-19	Non-adjustment of TA/DA advances	6)	Rs. 4.392 million
21	Rome	2016-19	Unauthorized Purchase of Lawn Mower	2	€ 725
22	Kuala Lumpur	2016-18	Irregular expenditure on Food & Entertainment out of PCW&EF	7	RM 53,782
23	Frankfurt	2017-19	Irregular Expenditure on Pakistan Day Celebration etc in Excess of Sanctioned Limit	15	€ 825
24	MOFA (HQ)	2018-19	Un-authorized purchase of gifts	35	Rs 9.148 million
25	MOFA (HQ)	2018-19	Unauthorized payment on account of Entertainment & Gifts	43	Rs 1.937 million
26	MOFA (HQ)	2018-19	Excess payment on account of DA and incidental charges	9	US\$ 8,539
27	Athens	2016-19	Irregular and unauthorized retention of residential building by the Ambassador	18	€ 15,600
28	Zahidan	2016-18	Un-justified retention of amount of Special Remittance	18	Rs. 494,425,422 and US\$34,351
29	Mashed	2016-18	Non-reconciliation of Speical Remittance	32	Rs. 5.800 million
30	ISSI	2017-18	Appointment of inexperienced staff to be checked	4	-
31	CG Mashhad	2016-18	Mis-appropriation of Issued Cheques	21	US\$ 20,383
32	Vienna	2017-19	Excess payment on account	2	€ 10,160

Sl. No.	Formation	Period	Title of Para	AIR Para No.	Amount
			of TA/DA		
33	Birmingham	2018-19	Excess payment on account of TA/DA	2	£ 13,765
34	Berlin	2017-19	Excess payment on account of TA/DA	16	€ 2,400
35	London	2018-19	Excess payment on account of TA/DA	40	US\$ 648
36	Moscow	2017-19	Unauthorized payments without sanction of the competent authority	7	Rs. 7,385,010
37	London	2018-19	Systemic, recurring and persistent performance issues of Pakistan High Commission, London resulting in defective financial management	1	-
38	Hong Kong	2016-19	Irregular transfer of funds from FIGOB account to imprest account	3	HK\$ 1,000,000
39	London	2018-19	Forced spending of entertainment fund balance in the months of June to avoid lapse of funds	29	£ 48,269.07
40	Bradford	2018-19	Unnecessary keeping of all balances in one private bank	5	£2,005,043.03& USD 80,257.21
41	Manchester	2018-19	Wasteful expenditure on rent of marquee - (Para 24 of AIR, Consulate General	24	£ 10,425
42	Washington DC	2018-19	Irregular wasteful expenditure of accounting for 91 percent as salaries from PCW&EF	18	USD 108,550
43	Frankfort	2017-19	Medical charges paid	1	€ 360
44	Frankfurt	2017-19	Pak day ceremony	15	€ 824.57

Sl. No.	Formation	Period	Title of Para	AIR Para No.	Amount
)	
45	Frankfurt	2017-19	Medical charges	19	Rs. 6.861 million &Rs. 5.05 million
46	Vienna	2017-19	Conveyance allowance paid to the staff	18	€ 1,105
47	Sarajevo	2013-19	Unauthorized medical reimbursement	8	Rs. 1.229 million
48	Frankfurt	2017-19	Inadmissible item of medicine (circumsicion)	1	€ 360
49	Frankfurt	2017-19	Inadmissible skin dental and other treatment	19	Rs. 6.81 million
50	Vienna	2017-19	Procedural formalities were not fulfilled	9	37,449
51	Vienna	2017-19	Re-imbusement of Medical Charges for Treatment from Private Clinics / Specialists Despite Medical Insurance	1	€ 9,959
52	Beijing	2018-19	Procedural formalities were not fulfilled	2	RMB 60,120
53	UN New York	2018-19	Inadmissible treatment of family member of mrtipusman for physic therapy and attention deficit family member	2	US\$ 29,590
54	Berlin	2018-19	Unauthorized Reimbursement Claims Despite Medical Insurance	15	€ 2,418
55	Beijing	2018-19	Conveyance allowance to the employees	18	Rs. 535,500
56	London	2018-19	Overtime allowance to drivers without documentation	2	Rs. 13,551,046
57	Istanbul	2018-19	Procedural formalities were not fulfilled	1	Rs. 2.420 million
58	Washington	2017-18	Conveyance charges	6	US\$ 4,757
59	Kuala Lumpur	2016-18	Visa fee	11	RM 1,840
60	Kabul	2015-18	Non-recovery of withheld amount of FIGOB and	16	Rs. 6.952 million

Sl. No.	Formation	Period	Title of Para	AIR Para No.	Amount
			PCW&EF		
61	CG Houston	2016-18	Medical charges and medical insurance coverage	11	US\$ 206,598
62	C.G Mashad	2016-18	Purchase of plant and machinery	3	US\$ 5,883
63	C.G Mashad	2016-18	Repair of buildings	4	US\$ 5,170
64	Moscow	2017-19	Misc. purchases	8	US\$ 4989.53
65	Frankfurt	2017-19	Irregularities due to Violation of PPRA Rules in the Fund for Improvement of Government Owned Buildings	28	€ 7616
66	Birmingham,	2018-19	Unexplained delay in transfer of money from current account to interest bearing accounts causing loss of interest to the GOP	7	-
67	Bradford	2018-19	Fictitious transfer entries showing credits in PCW&EF and FIGOB cash books, not deposited in bank accounts credited and loss of interest due to delay in transfer of funds to PCW&EF and FIGOB accounts	4	-
68	Manchester	2018-19	Defective financial management due to investment of FIGOB & PCW&EF funds at low rate of interest- loss to government of and non investment of surplus funds amounting to and causing loss of interest to the government	16 & 17	£ 877,022.15, £13510.923, £ 369,962.76, £ 7399.2552

Sl. No.	Formation	Period	Title of Para	AIR Para No.	Amount
69	Birmingham	2018-19	Interest loss caused to the government by non remission of unspent balances & extending undue favor to the private bank	5	£- 38,451.96
70	Beijing (Education Wing)	2018-19	Expected loss to non refund of advance rent and security deposit by the land lords	34	RMB 6,510
71	Moscow (Defence Wing)	2017-19	Irregular payment of brokerage charges	2	US\$ 2,100
72	Rome (Defence Wing)	2016-19	Irregular Payment of Hotel Accommodation Due to Forced Halt	3	€ 225
73	Rome (Defence Wing)	2016-19	Unauthorized Excess Payment of Rent of Hired Accommodation	5	€ 350
74	UN New York (Defence Wing)	2017-18	Parking charges.	1	4,259
75	Cairo (Defence Wing)	2015-18	Non recovery of outstanding government dues.	1	2,200
76	Moscow (Defence Wing)	2017-19	Unjustified Reimbursement of TA/DA	1	Rs.241,035
77	Rome (Defence Wing)	2016-19	Doubtful Claim of Entertainment Allowance by Mr. Wasim Qureshi, Ex-DefenceAttache	9	€ 387
78	Moscow (Defence Wing)	2017-19	Irregular Purchase of Rugs	5	Rs. 150,538.85
79	Rome (Defence Wing)	2016-19	Unauthorized Payment of Telephone Charges to Ex-DefenceAttache	1 & 2	€ 3,991.98
80	Birmingham (Interior Wing)	2018-19	Unnecessary retention of government money in current account	2	-

Sl. No.	Formation	Period	Title of Para	AIR Para No.	Amount
81	Bradford (Interior wing)	2018-19	Less charging of share of utilities and building from NADRA	4	£ 35,656
82	London (Interior wing)	2018-19	Non-charging of office rent for providing office premises to nadra for the last several years –loss of millions of rupees to the GOP viz. NADRA	2	-
83	Ottawa (Interior Wing)	2016-18	Irregular/ excess drawal of amounts indicating minus balance in the monthly cash statements	1	-
84	Beijing (Education Wing)	2018-19	Non-refund of security deposit	34	RMB 6,510
85	London (DPD Wing)	2018-19	Lengthy process of contracting resulted unrealistic margin to the contractors	5	-
86	Moscow (DPD Wing)	2017-19	Non recovery of outstanding government dues	20	US\$ 324
87	London (DPD Wing)	2018-19	Non imposition of late delivery charges	13	-
88	Athens (OP&HRD)	2016-19	Overpayment of overtime allowance-	3	Rs 1.772 million
89	Athens (OP&HRD)	2016-19	Irregular payment of Bonuses	5	€ 4,115
90	Beijing (Aviation Division)	2015-17	Irregular payment of pay and allowances to local staff.	10	¥. 9,700
91	Toronto (Aviation Division)	2013-18	Verifiable heavy expenditure on hotel accommodation for	3	CD 484,968
92	Beijing (Aviation	2015-17	Irregular payment of pay and allowances to local staff	10	¥. 9,700

Sl. No.	Formation	Period	Title of Para	AIR Para No.	Amount
	Division)				
93	Rome (Commercial wing)	2016-19	Approval of the competent authority is required	1	€ 384.55 US\$ 463.74
94	Manchester (Commercial wing)	2018-19	Suboptimal utilization of commercial wing at Manchester station	2	-
95	Manchester (Commercial wing)	2018-19	Unauthorized and unauthentic reimbursement to Trade Development Officer instead of paying directly to the suppliers	4	£ 1,888.93
96	Stockholm (Commercial wing)	2016-19	Irregular and unauthorized expenditure on retention of local based staff and misuse of official vehicle-	1	Rs 6.306 million
97	Istanbul (Commercial wing)	2018-19	Un-authorized expenditure on account of medical charges	1	Rs. 1.126 million
98	Buenos Aires (Commercial wing)	2013-18	Non adjustment of TA /DA	4	Rs. 5,097,457.51
99	Cairo (Education Wing)	2015-18	Non-submission of adjustment of advances	1	US\$ 24,355
100	Moscow	2017-19	Excess payment of rent of hired house due to addition of VAT with rent	1	US\$ 2,497
101	Paris	2018-19	Inadmissible payment of DA for 5 days overlapping period	1	US\$ 3,039
102	Tehran	2017-18	2	US\$ 28,550	Purchase of vehicle

Annex-II *Currency Table*

Name of Ministry / Wings	Amount (Rs. in Million)
Foreign Affairs	5,833.435
Defence	50.028
Pakistan International Airlines Corporation	1,525.917
Allied Wings	1,865.286
Grand Total amount under observations	9,274.666

Annex-III (Para-1.1.2) Mis-appropriation

Sl. No.	Name of Mission	Period of Audit	Para No of AIR	Amount	Description
1	Zahidan	2016-18	12	Rs. 215,046	Missing / shortfall of material during handing / taking over
2	Mazar-e-Sharif	2016-18	11	Nil	Missing of six cheques
3	Vienna	2017-19	3,4,5	€ 30,550	Embezzlement of public money on the basis of fake invoices
4	Vienna	2017-19	13	€ 2,559	Misc repair and purchas on the basis of Fake invoices
5	Vienna	2017-19	17	€ 1,060	Doubtful reimbursement of entertainment allowance to Accountatnt
6	Vienna	2017-19	21 & 22	€ 7,024	Embezzlement from PCW&EF by the Accountant, HOC and the HOM
7	Vienna	2017-19	19	€ 1,804	Unauthentic expenditure on Kashmir solidatiry day as M/s Creative Catering did not have any IBAN number of the vendor nor did these bears any invoice number.
8	UN New York	2018-19	7	US\$ 4,900	Fraudulent drawal of money on bogus invoices.
9	London	2018-19	3,4,6,11, 36,41	£ 53,068	Procurement from firms which have no existance
10	Birmingham	2018-19	3	£ 4,000	Misc. procurement on bogous invoices
11	Birmingham	2018-19	11	£ 10,910	Fraudulent payment on account of hired accommodation
12	Manchester	2018-19	5,9,28	£ 10,125	Irregular Procurements made from firms having dubious existence and payments made to individuals rather than businesses/firms

Annex-IV (Para-1.1.3) Excess payment on account of TA/DA

Sl. No.	Name of Mission	Para No of AIR	Period of Audit	Amount (US\$)	Person involved
1	Niamey	2015-18	2	US\$ 691	01
2	UN New York	2017-18	5	US\$ 16,673	03
3	Niamey	2015-18	3	US\$ 1,303	02
4	Abuja	2015-18	3	US\$ 1,220	01
5	Zahidan	2016-18	1	Rs. 214,630	01
6	Zahidan	2016-18	2	Rs. 145,968	01
6	Zahidan	2016-18	3	Rs 141,408	01
7	MOFA (HQ)	2018-19	6	US\$ 3,082.50	02
8	MOFA (HQ)	2018-19	16	US\$ 5,280 & SR 14,287.50	02
9	Rome	2016-19	4	€ 155.50 and US\$ 526.25	04
10	Sarajevo	2013-19	07	KM 95,440	01
11	Athens	2016-19	15	US\$ 10,476	01
12	Rome	2016-19	2)	€ 485.82 & US\$ 346	05
13	Frankfurt	2017-19	13	€ 2,130	01
14	Frankfurt	2017-19	14	€ 655.29	01
15	Rabat	2012-19	5	US\$ 1,125	01
16	Vienna	2017-19	11	US\$ 2,790	01
17	London	2018-19	21,22,32,33,37, 46	US\$ 10,065	06

Annex-V (Para-1.1.4) Non-recovery of inadmissible education subsidy

Sl. No.	Name of Mission	Year of Audit	Para of AIR	Amount	No of Persons Involved
1	Abuja	2015-18	7	Naira 75,150	03
2	Manila	2016-18	11	Pesos 4,500	01
3	Brunei	2016-18	11	B\$ 14,242	01
4	Frankfurt	2017-19	25	€ 7,214	02
5	Frankfurt	2017-19	26	€ 15,552 &€ 153	01
6	Rome	2016-19	3	€ 986.00	01
7	Sarajevo	2013-19	03	US\$ 2,000	02
8	Athens	2016-19	02	€ 25,995	02
9	Frankfurt	2017-19	25	€ 7,214	02
10	Frankfurt	2017-19	26	€ 15,705	02
11	Madrid	2017-19	1	€ 6,460	02
12	Berlin	2017-19	1,2,3	€ 23,982	03

Annex-VI (Para-1.1.7) Non-recovery of excess Pay and Allowances and other dues

Sl. No.	Name of Mission	Period of AIR	Para No. of AIR	Amount	No of Persons Involved	Remarks
1	Washington D.C	2017-18	20	US\$ 41,568	02	Paid foreign allowance in excess of entitlement to Security Guard.
2	MOFA (HQ)	2018-19	13	Rs. 70,565	01	Drawal of M.Phil allowance on the basis of MBA degree.
3	MOFA (HQ)	2018-19	19	Rs 171,115	05	Non recovery of HRA and 5% HRC.
4	SGH Lahore	2017-18	2	Rs. 33,240	02	Non-recovery of outstanding government dues on account of HRA
5	ISSI	2017-18	1	Rs. 5,153,263	01	Paid additional charge allowance to Chairman ISSI to lower grade as DG.
6	Frankfurt	2017-19	16	€ 1,155	01	Unauthorized cleaning charges of the residence of Ambassador
7	Frankfurt	2017-19	20	€ 709	01	Un-authorize purchase of gaming PC for CG.
8	CG Chicago	2016-18	11	US\$ 3,310	01	Parking charges of private car
9	Athens	2016-19	13	€ 11,433	02	Non recovery of outstanding dues from accountants
10	Vienna	2017-19	27	US\$ 5,100	01	Unauthorized payment of accreditation allowance
11	Vienna	2017-19	28	€ 3,995	01	Non deduction of salary for excess leave than the permissible limit i.e. 20 days of the

Sl. No.	Name of Mission	Period of AIR	Para No. of AIR	Amount	No of Persons Involved	Remarks
						local staff.
12	Vienna	2017-19	7	€ 3,557	01	Transfer to the account of Mr Suleman Qureshi Accountant without having any basis and supported documents.
13	Vienna	2017-19	15	€ 1,257		Unauthorized expneditue on account of garbage removal from the Embassy residence.
14	Berlin	2017-19	4	€ 2,675		Unauthorized expneditue on account of garbage removal from the Embassy residence.
15	Berlin	2017-19	14	€ 1,860	01	Inadmissible expneidture on monthly subscription of NET FLIX and sky entertainment at the resident of Ambbasador.
17	UN New York	2017-18	4	Rs. 30,000	01	Ph.D allowance
18	Tunis	2016-18	3	US\$ 274 & PKR 4.671 million	02	Non recovery of government dues on the basis of LPC and mission fax message.
19	Cairo	2015-18	3	US\$ 3,388	01	Unauthorized reimbursement of storage / demurrage charges.
20	Buenos Aires	2013-18	8	Rs. 535,237	01	
21	Zahidan	2016-18	4	Rs 167,250	01	Utility charges in respect of private person who use consulate premises for visa

Sl. No.	Name of Mission	Period of AIR	Para No. of AIR	Amount	No of Persons Involved	Remarks
						forms filling
22	Herat	2015-18	2	US\$ 4,000	01	Non recovery of outstanding dues for making advance payment to the owner of the CG residence.
23	MOFA (HQ)	2018-19	3 (1,2,3,4, 5,7 to 35)	Rs. 1.624 million	36	Non recovery of HRA
24	MOFA (HQ)	2018-19	4(1,2,3,4, 6,7,9,10,12 to 21)	Rs. 28.507 million	18	Non recovery of misc. outstanding government dues
25	MOFA (HQ)	2018-19	7(4,6,8 &9)	Rs. 500,453	04	Outstanding balance of HBA
26	MOFA (HQ)	2018-19	14	Rs. 632,669	04	Non recovery on account of unauthorized government accommodation.
27	MOFA (HQ)	2018-19	20	Rs 14.720 million	10	Non recovery of HBA and MC
28	FOH	2017-18	3	Rs. 334,340	10	Non recovery of room rent and AC charges
29	GIDSH	2017-18	3	Rs. 102,809	07	Non recovery of room rent and AC charges.

Annex-VII (Para-1.1.13) Irregular expenditure

Sl. No.	Name of Mission	Period of Audit	Para No of AIR	Amount (Rs.)	Remakrs
1	UN New York	2017-18	1	US\$ 47,353	Repair & maintenance of government owned apartments
2	CG Chicago	2016-18	3	US\$ 78,557	Hiring of legal servies
3	CG Chicago	2016-18	4	US\$ 213,899	Medical insurance
4	UN New York	2017-18	13	US\$ 45,240	Purchase of air tickets.
5	UN New York	2017-18	16	US\$ 69,048	Hiring of transport & supply of food
6	UN New York	2017-18	18	US\$ 26,642	Entertainment charges
7	UN New York	2017-18	7	US\$ 43,806	Repair of buildings
8	CG New York	2017-18	6	US\$ 572,844	Medical insurance
9	CG New York	2017-18	9	US\$ 6,000	Entertainment charges
10	Cairo	2015-18	7	Egyptian Pond 147,200	Hiring of legal services.
11	Cairo	2015-18	8	Egyptian Pond 106,750	Purchase of air tickets
12	CG Houston	2016-18	8	US\$ 20,941	Leasing of car & its repair.
13	Jakarta	2016-18	6	US\$ 8,185	Purchase of books
14	Washington DC	2017-18	13	US\$ 60,133	Purchase of misc. items
15	Kuala Lumpur	2016-18	3	R.M. 121,324	Repair of boundry wall and road
16	Ottawa	2016-18	1 (Sl. No. 2,3 & 4)	Cand. \$ 13,049	Celebration of national day.
17	Ottawa	2016-18	3	Cand. \$154,824	Insurance charges
18	Ottawa	2016-18	9	Cand. \$ 17,298	Insurance of building and furniture
19	CG Toronto	2013-18	1	Cand \$ 52,800	Leasing of car
20	CG Toronto	2013-18	6	Cand \$ 105,600	Cleaning charges
21	Kandhar	2015-18	1	Rs. 6.341 million	Purchase of security equipment
22	C.G Mashad	2016-18	1	US\$ 18,466	Construction of visa hall and washroom
23	C.G Mashad	2016-18	5	US\$ 13,573	Repair of office building
24	C.G Mashad	2016-18	6	US\$ 8,797	Purchase of furniture
25	C.G Mashad	2016-18	8	US\$ 13,000	Purchase and installation of security equipment
26	Rome	2016-19	7 & 8	€ 9,762.39	National Day reception
27	Athens	2016-19	4	€ 40,800	Cleaning charges
28	Athens	2016-19	5	€ 61,008	Appointment of security compnay
29	Frankfurt	2017-19	10	€ 4,072	Purchase of furniture
30	Frankfurt	2017-19	11	€ 60,482	Awarind of cleaning contract
31	Frankfurt	2017-19	12	€ 4,200	Purchase of carpets
34	Frnakfurt	2017-19	17	€ 5,655.93	Purchase of computer hardware
35	Frankfurt	2017-19	18 & 22	€ 4,926.72	Purchase of furntirue for CG
36	Athens	2016-19	1	€ 3.5 million	Purchase of Embassy residence
37	Mazar-e-sharif	2015-18	3	US\$ 138,000	Irregular Purchase of Vehicle

					Toyota Land Cruiser V8
38	Istanbul	2018-19	3	US\$ 30,000	Irregular purchase of vehicle Ban period
39	Frankfurt	2017-19	10	€ 4,072	Purchase of furniture
40	Frankfurt	2017-19	11	€ 60,482	Cleaning contract
41	Frankfurt	2017-19	12	€ 4,200	Purchase of carpet
42	Frankfurt	2017-19	17	€ 5,656	Purchase of computer hardware
43	Frankfurt	2017-19	18 & 22	€ 4,927	Purchase of furniture
44	Frankfurt	2017-19	28	€ 7,616	Repair and renovation
45	Algier	2015-19	9)	Algier dinar 2.133 million	Pakistan day celebration
46	Barcelona	2017-19	20	€ 46,609	Cleaning service
47	Madrid	2017-19	16)	€ 14,025	Pak day celebration
48	Rabat	2012-19	15	MAD 32,823	Repair of embassy residence
49	Rabat	2012-19	18 & 19	MAD 151,590	Purchase of air ticket
50	Paris	2018-19	8	€ 5,354	Purchase of furniture
51	Vienna	2017-19	2	€ 24,194	Purchase of stationery items
52	Vienna	2017-19	8	€ 17,500	Pak day celebration
53	Vienna	2017-19	23	€ 14,451	Repair and maintenance of HOM residence
54	Beijing	2018-19	1	RMB 90,000	Gardening services
55	CG New York	2018-19	1	US\$ 612,039	Procurement of medical insurance
56	CG New York	2018-19	6	US\$ 26,490	Purchase if air ticket
57	UN New York	2018-19	3	US\$ 4,183	Upgradation of IT equipment
58	UN New York	2018-19	6	US\$ 7,417	Purchase of furniture items
59	UN New York	2018-19	8 & 9	US\$ 1,476,777	Unauthorized award of medical insurance plan
60	UN New York	2018-19	10 & 11	US\$ 35,500	Two difference set of work
61	UN Ne York	2018-19	12	US\$ 13,550	Purchase of Air conditioner
62	UN New York	2018-19	13	US\$ 34,270	Arrangement of film festivals plus payment made in cash
63	UN New York	2018-19	16	US\$ 3,900	Repair of building
64	UN New York	2018-19	17	US\$ 10,800	Exterminatin and cleaning service
65	Washington	2018-19	8	US\$ 1,900,558	Irregular procurent of medical insurance services plus different irregularity
66	Washington	2018-19	7	US\$ 6,300	Unauthorized hiring of services of FA techonologies in Pakistan despite presence of network administrator in the mission
67	Washington	2018-19	2	US\$ 115,773	Maintenance and repair of ventilation system
68	Washington	2018-19	3	US\$ 36070	Splitting of expenditure on account of repair work
69	Tokyo	2018-19	5	Yen 2,160,000	Hiring of cleaning services
70	Berlin	2017-18	24	€ 80,941	Expenditure of security of chancery and embassy residence

71	London	2018-19	7 & 15	£ 71,767	Insurance of vehicle and building
72	London	2018-19	30	£ 141,750	Hiring of cleaning services
73	Bradford	2018-19	11	£ 4,080	Loss due to entering parking contract
74	Bradford	2018-19	18	£ 15,884	Hiring of cleaning services
75	Manchester	2018-19	2	£ 34,020	Hiring of cleaning services
76	Manchester	2018-19	18	£ 4,788	Splitting of purchases
77	Berlin	2017-19	17	€ 43,228	Expenditure on National Day
78	CG New York	2018-19	3	47,625	Uneconomical procurement of medical insurance by rejecting the lowest bidder