



AUDIT REPORT
ON
THE ACCOUNTS OF
FEDERAL GOVERNMENT - (CIVIL)
AUDIT YEAR 2022-23

AUDITOR GENERAL OF PAKISTAN

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ABBREVIATIONS AND ACRONYMS

A/C	Account
ADB	Asian Development Bank
AFS	Additional Finance Secretary
AG	Accountant General
AGFP	Attorney General for Pakistan
AGP	Auditor General of Pakistan
AGPR	Accountant General of Pakistan Revenue
AIOU	Allama Iqbal Open University
AJK	Azad Jammu and Kashmir
APPM	Accounting Policies and Procedures Manual
ASF	Airport Security Force
ASFF	Airport Security Force Foundation
BECS	Basic Education Community Schools
BoG	Board of Governors
BoQ	Bills of Quantity
BPS	Basic Pay Scale
CBA	Collective Bargaining Agreement (Employees Union)
CDWP	Central Development Working Party
CEO	Chief Executive Officer
CGA	Controller General of Accounts
CHE	Central Health Establishment
CPEC	China Pakistan Economic Corridor
CPWA	Central Public Works Accounts
CPWD	Central Public Works Department
DAC	Departmental Accounts Committee
DDO	Drawing and Disbursing Officer
DDWP	Departmental Development Working Party
DG	Director General
DGA	Director General Audit
DRAP	Drug Regularity Authority of Pakistan
DTH	Direct to Home
EAD	Economic Affairs Division
ECC	Economic Coordination Committee
ECNEC	Executive Committee on National Economic Coordination
EDF	Export Development Fund
EMDF	Export Market Development Fund
EPI	Expanded Programme on Immunization
ETPB	Evacuee Trust Property Board
FAP	Foreign Aided Project
FBISE	Federal Board of Intermediate and Secondary Education
FBR	Federal Board of Revenue

FCF	Federal Consolidated Fund
FEB&GIF	Federal Employees Benevolent and Group Insurance Fund
FG	Federal Government
FGCC	Faisalabad Garment City Company
FIA	Federal Investigation Authority
FPSC	Federal Public Service Commission
FTO	Federal Treasury Office
FTR	Federal Treasury Rules
FY	Financial Year
GDP	Gross Domestic Produce
GFR	General Financial Rules
GST	General Sales Tax
HLB	Habib Bank Limited
HEC	Higher Education Commission
HR	Human Resource
HRD	Human Resource Development
HVAC	Heating, Ventilation, and Air Conditioning
IAP	Iqbal Academy Pakistan
IBCC	Inter Board Chairmen Committee
IC	Investment Committee
ICT	Islamabad Capital Territory
IDA	International Development Association
IFAD	International Fund for Agricultural Development
IHC	Islamabad High Court
INL	International Narcotics Law Affairs Section
JIT	Joint Investigation Team
KDLB	Karachi Dock Labour Board
KPT	Karachi Port Trust
LC	Letter of Credit
LGCC	Lahore Garment City Company
MB	Measurement Book
MFDAC	Memorandum for Departmental Accounts Committee
MOU	Memorandum of Understanding
MSA	Marine Security Agency
NAB	National Accountability Bureau
NADRA	National Database and Registration Authority
NARC	National Agriculture Research Council
NAVTTTC	National Vocational and Technical Training Commission
NBP	National Bank of Pakistan
NIDA	National Income Daily Account
NIH	National Institute of Health
NOC	No Objection Certificate
NPA	National Police Academy

NPF	National Police Foundation
NSPP	National School of Public Policy
NTC	National Tariff Commission
NUML	National University of Modern Languages
OECD	Organisation for Economic Co-operation and Development
OEM	Original Equipment Manufacturer
OM	Office Memorandum
PA	per annum
PAC	Public Accounts Committee
PAO	Principal Accounting Officer
PARC	Pakistan Agriculture Research Council
PATCO	PARC Agrotech Company (Pvt.) Limited
PC	Privatization Commission
PCB	Pakistan Cricket Board
PCSIR	Pakistan Council of Scientific and Industrial Research
PEC	Pakistan Engineering Council
PEIRA	Private Educational Institutions Regulatory Authority
PEMRA	Pakistan Electronic Media Regulatory Authority
PHF	Pakistan Hockey Federation
PID	Press Information Department
PLA	Personal Ledger Account
PLS	Profit and Loss Sharing
PM	Prime Minister
PMA	Pakistan Marine Academy
PMI	Pakistan Management Institute
PMSA	Pakistan Maritime Security Agency
PMU	Project Management Unit
POL	Petroleum, Oil and Lubricant
PPRA	Public Procurement Regulatory Authority
PRO	Public Relations Officer
PSDP	Public Sector Development Programme
PSL	Pakistan Super League
PSQCA	Pakistan Standards and Quality Control Authority
PTV	Pakistan Television
PWD	Pakistan Public Works Department
R&D	Research and Development
SBP	State Bank of Pakistan
SECP	Securities Exchange Commission of Pakistan
SRO	Statutory Regulatory Order
TAM	Television Audience Measurement
TDAP	Trade Development Authority of Pakistan
TDR	Terms Deposit Receipt
TOR	Terms of Reference

TRP	Television Rating Points
UAE	United Arab Emirates
UBL	United Bank Limited
UESTP	Universities of Engineering, Science and Technology of Pakistan
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNICEF	United Nations Children Education Fund
UOBS	University of Baltistan, Skardu
US	United States
USD	US Dollars
w.e.f.	with effect from
WAPDA	Water and Power Development Authority

PREFACE

Articles 169 and 170(2) of the Constitution of Islamic Republic of Pakistan 1973, read with Sections 8 and 12 of the Auditor General's (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 report is based on audit of receipts and expenditure of the Federal Government for the financial year 2021-22. Directorate General Audit (Federal Government), Islamabad conducted audit on test check basis with a view to report significant findings to the stakeholders. The main body of the Audit Report includes audit findings of serious nature and systemic issues valuing more than Rs. 1 million. The sectoral analysis of Federal Government is included to review financial management and fiscal discipline. Less significant issues are listed in Annexure-I of the Report as MFDAC, which shall be pursued with the Principal Accounting Officers at the Departmental Accounts Committee. In cases where the PAO does not initiate appropriate action, the audit observation will be brought to the notice of the Public Accounts Committee through the next year's Audit Report.

Most of the observations included in this report have been finalized after incorporating the management replies or in the light of discussions in the DAC meetings.

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

(Muhammad Ajmal Gondal)
Auditor General of Pakistan

Islamabad:

Dated:

EXECUTIVE SUMMARY

Directorate General Audit, Federal Government (DGA-FG) is a field audit office of the Auditor General of Pakistan. It facilitates the Auditor General of Pakistan to fulfill his constitutional responsibility of conducting the audit of the Federal Government. The main products of this office are Certification Audit Reports of the Federal Government, Foreign Aided Project Audit Reports, Performance Audit Reports, Special Audit Reports and Compliance with Authority Audit Report. This Directorate General is located in Islamabad headed by a Director General with four sub-offices, one each at Lahore, Karachi, Peshawar and Quetta.

The Federal Government operates under the Rules of Business, 1973 and comprises of 61 Principal Accounting Officers (PAOs) for different Ministries, Divisions and entities. The DGA (FG) conducts audit of the Federal Consolidated Fund and Public Account of the Federal Government. The sectoral analysis of financial issues and fiscal discipline is also carried out to analyze the financial management of the Federal Government by reviewing budget estimates, Appropriation Accounts and Financial Statements for the financial year 2021-22. The DGA (FG) has human resource of 125 officers and staff with 30,750 person days. The annual budget allocated to the Directorate General for the Audit Year 2022-23 is Rs. 232.436 million.

The report is finalized after reviews of Internal and External Quality Control Committee meetings.

Audit Objectives

The audit was conducted with the objective of ensuring Parliamentary oversight over the expenditure and receipts of Federal Ministries and Divisions including review of:

- i. The financial systems, transactions and evaluation of compliance with applicable statutes and regulations.
- ii. The probity and propriety of administrative decisions taken and to highlight cases of irregular expenditure or waste of public money.

- iii. The assessment, collection and allocation of revenues in accordance with the law.

Scope of Audit

DG Audit (FG) conducts compliance with authority audit of 2,110 formations of 61 different PAOs of the Federal Government. In Audit Year 2022-23 an expenditure of Rs. 2,289.651 billion was in the audit scope of DG Audit (FG).

Audit coverage relating to expenditure for the current Audit Year comprises 246 formations of 50 PAOs/Ministries having a total expenditure and receipts of Rs. 457.207 billion for the financial year 2021-22. In terms of percentage, the audit coverage (Compliance Audit) was 19.97% of the auditable expenditure and receipts.

In addition to this compliance audit report, DGA-FG conducted 03 Certification Audits and 18 Foreign Aided Project (FAP) Audits.

Recoveries at the instance of Audit

During January, 2022 to December, 2022, an amount of Rs. 6.894 billion was recovered on the pointation of Audit and verified.

Audit Methodology

Audit was conducted in accordance Financial Audit Manual (FAM), Guidelines for the Audit of Federal Government Operations and the International Standards of Supreme Audit Institutions (ISSAIs).

The evidence was primarily gathered by applying procedures like inquiries from the management, review of monitoring and progress reports and examination of payment vouchers. Audit evidence was also collected through SAP/R3 data of the Accountant General Pakistan Revenues (AGPR).

An effective desk audit was carried out before initiating field activities which included performing of audit tests and analytical procedures to evaluate internal controls and to assure that payments were validated by proper supporting

documents, approval of competent authority and expenditure was incurred in accordance with the approved budget.

Comments on Internal Controls and Internal Audit Department

For most of the entities audited during 2022-23 it was noticed that the internal audit units were not established in light of section 29 Public Finance Management Act, 2019 & para 33 of PAOs Regulations 2021. Instances of internal control failures were also noted which resulted in irregularities and loss of Government money. Similarly, the permanent feature of internal audit reports was found missing in majority of the auditee organizations. The same were pointed out to the management for consideration.

Impact of Audit:

On pointation of Audit:

- i. Supreme Court of Pakistan has written a letter to Controller General of Accounts for opening of a head of account regarding payment to retired judges.
- ii. Islamabad High Court has agreed to deposit its receipts into the proper head of account in treasury instead of a commercial bank account.
- iii. Wafaqai Mohtasib and IPC Division have agreed to e-tag their assets for annual stock verification.
- iv. Payments of pay and allowances in cash through DDO has been discontinued in Civil Armed Forces.
- v. Civil Armed Forces have submitted rules for welfare funds to the Finance Division.

Key audit findings

- i. There were six cases of Non-Production of Record¹.
- ii. There were 32 cases of Accounts with Commercial Banks amounting to Rs. 40,560.148 million².
- iii. There were 26 instances of violation of rules in Civil Works amounting to Rs.2,209.488 million³.
- iv. There were 33 cases of HR/Employees Related Issues amounting to Rs. 985.296 million⁴.
- v. There were 66 cases pertaining to Procurement Related Irregularities amounting to Rs. 6,457.834 million⁵.
- vi. There were 89 cases of Recovery amounting to Rs. 943,102.582 million⁶.

Audit paras for the Audit Year 2022-23 involving procedural violations, internal control weaknesses and irregularities which are not considered significant for reporting to PAC have included in Memorandum for Departmental Accounts Committee (MFDAC) at **Annexure-I**.

¹Para No. 3.5.1, 10.5.30, 11.5.12, 14.5.28, 14.5.56, 16.5.18

²Para No. 3.5.18, 4.5.4, 5.5.3, 8.5.4, 8.5.5, 8.5.7, 10.5.1, 10.5.14, 10.5.16, 10.5.23, 10.5.35, 10.5.36, 10.5.42, 10.5.44, 10.5.47, 10.5.48, 10.5.49, 12.5.1, 13.5.6, 13.5.15, 14.5.41, 14.5.42, 14.5.51, 14.5.63, 14.5.64, 14.5.65, 16.5.2, 17.5.10, 19.5.1, 19.5.2, 21.5.2, 22.5.5

³Para No. 3.5.7, 3.5.13, 3.5.15, 3.5.16, 3.5.17, 7.5.2, 7.5.4, 7.5.5, 10.5.5, 10.5.7, 10.5.10, 10.5.13, 13.5.5, 14.5.4, 14.5.22, 14.5.26, 14.5.55, 16.5.16, 20.5.2, 20.5.3, 20.5.4, 20.5.5, 20.5.6, 20.5.7, 20.5.10, 20.5.13

⁴Para No. 8.5.1, 8.5.7, 8.5.9, 8.5.21, 8.5.22, 9.5.1, 10.5.3, 10.5.11, 10.5.12, 10.5.19, 10.5.21, 10.5.22, 10.5.25, 10.5.26, 10.5.27, 10.5.29, 10.5.31, 10.5.37, 11.5.10, 12.5.4, 13.5.27, 13.5.28, 16.5.4, 16.5.12, 16.5.13, 17.5.14, 17.5.16, 18.5.1, 18.5.3, 19.5.8, 22.5.3, 22.5.4, 23.5.1

⁵Para No. 2.5.1, 2.5.4, 2.5.10, 3.5.14, 3.5.20, 5.5.6, 10.5.6, 10.5.8, 10.5.17, 10.5.18, 10.5.20, 10.5.28, 10.5.40, 12.5.2, 12.5.3, 12.5.5, 13.5.13, 13.5.17, 13.5.18, 13.5.19, 13.5.20, 13.5.21, 13.5.23, 13.5.26, 14.5.5, 14.5.7, 14.5.12, 14.5.13, 14.5.14, 14.5.16, 14.5.17, 14.5.18, 14.5.20, 14.5.21, 14.5.23, 14.5.24, 14.5.30, 14.5.31, 14.5.32, 14.5.33, 14.5.39, 14.5.50, 14.5.52, 14.5.57, 14.5.61, 14.5.62, 16.5.1, 16.5.6, 16.5.7, 16.5.18, 17.5.2, 17.5.3, 17.5.4, 17.5.7, 17.5.12, 17.5.13, 19.5.7, 20.5.1, 20.5.8, 20.5.9, 20.5.11, 20.5.14, 21.5.3, 22.5.2, 22.5.10, 23.5.2

⁶Para No. 2.5.3, 2.5.7, 2.5.9, 2.5.12, 3.5.3, 3.5.5, 3.5.10, 3.5.19, 3.5.22, 5.5.4, 5.5.5, 6.5.1, 7.5.3, 7.5.6, 8.5.6, 8.5.11, 8.5.13, 8.5.15, 8.5.19, 8.5.21, 9.5.5, 9.5.6, 9.5.7, 10.5.4, 10.5.9, 10.5.32, 10.5.33, 10.5.34, 10.5.38, 10.5.39, 10.5.43, 11.5.3, 11.5.4, 11.5.5, 11.5.7, 11.5.11, 12.5.6, 12.5.7, 13.5.1, 13.5.7, 13.5.8, 13.5.9, 13.5.10, 13.5.12, 13.5.14, 13.5.16, 13.5.24, 14.5.2, 14.5.3, 14.5.9, 14.5.11, 14.5.27, 14.5.29, 14.5.35, 14.5.36, 14.5.37, 14.5.40, 14.5.43, 14.5.45, 14.5.48, 14.5.49, 14.5.54, 14.5.60, 14.5.69, 16.5.3, 16.5.8, 16.5.9, 16.5.10, 16.5.11, 16.5.14, 16.5.17, 17.5.5, 17.5.6, 17.5.9, 17.5.11, 18.5.2, 19.5.3, 19.5.5, 19.5.6, 20.5.13, 21.5.1, 21.5.11, 2.5.1, 22.5.6, 22.5.8, 22.5.11, 22.5.12, 22.5.14, 22.5.15

Recommendations

- i. No expenditure should be incurred without budgetary cover and authorization by the Parliament.
- ii. Supplementary Grants should not be issued without appropriate need assessment.
- iii. Prior approval should be obtained from Parliament before issuance of Supplementary Grants.
- iv. Cases of serious embezzlement of public money be sent to the investigation agencies.
- v. Retained Government receipts and unspent balances need to be deposited into the Government Treasury wherever applicable.
- vi. Internal control system be strengthened to mitigate risk.
- vii. Chief Internal Auditor should be appointed for strengthening the internal control system in Ministries/Divisions.
- viii. All assets should be recorded in the stock register and physical verification be carried out annually as required under PFM Act, 2019.
- ix. All auditable record be produced to Audit when requisitioned. PAOs need to take seriously the issues of non-production of record as it hinders auditorial functions of the Auditor General of Pakistan and the resultant Parliamentary oversight.

CHAPTER 1

PUBLIC FINANCIAL MANAGEMENT ISSUES

1.1 Sectoral Analysis

The Directorate General Audit (Federal Government) analyzed the financial management of the Federal Government by reviewing budget estimates, Appropriation Accounts and Financial Statements for the financial year 2021-22. Grants of all Ministries/Division included in Audit Plan, overall financial health and fiscal discipline were reviewed in the light of Accounting Policy and Procedure Manual, Financial Audit Manual, Public Finance Management Act, General Financial Rules, Public Procurement Rules and relevant legislations like Fiscal Responsibility and Debt Limitation Act 2005.

The analysis revealed deficiencies and shortcomings which were shared with the management and all the stakeholders which include CGA, Ministry of Finance, all the PAOs of the relevant Ministries/Divisions and other entities for corrective measures. During the financial year 2021-22, Audit observed, inter alia, the following financial management issues:

- i. Unnecessary allocation of supplementary grants leading to blocking of public funds
- ii. Demand of budget without need assessment leading to lapse of funds
- iii. Expenditure without allocation of budget

As per Appropriation Accounts for the financial year 2021-22 original allocation was Rs. 30,445.76 billion (*excluding grants of Pakistan Post office, Defence Services, Geological Survey of Pakistan, Foreign Affairs, Foreign Missions and Capital Outlay on Civil Works*). after obtaining Supplementary Grants of Rs 2,013.36 billion and surrender of Rs. 2,833.59 billion, the final allocation comes to Rs. 29,625.31 billion against which actual expenditure was Rs. 29,663.17 billion which was Rs. 37.86 billion (0.13%

excess) over and above the final allocation.⁷ Detail of charged and voted expenditure is as under:

(Rupees in billion)

Expenditure Type	No. of Grants	Original Grant	Supplementary Grant		Surrender (-)	Final Grant	Actual Expenditure	Excess / (Savings)	Excess / (Savings) %
			Printed	Non Printed					
Current	82	3,138.15	767.46	872.21	-716.36	4,061.46	3,997.47	-63.99	-1.58%
Development	41	1,112.69	29.93	6.73	-330.98	818.15	746.98	-71.17	-8.70%
Total Voted	123	4,250.85	797.38	878.94	-1,047.34	4,879.61	4,744.45	-135.16	-2.77%
Charged	14	26,194.91	5.36	331.68	-1,786.26	24,745.69	24,918.72	173.02	0.70%
Total	137*	30,445.76	802.74	1,210.62	-2,833.59	29,625.31	29,663.17	37.86	0.13%

*excluding grants of Pakistan Post office, Defence Services, Geological Survey of Pakistan, Foreign Affairs, Foreign Missions and Capital Outlay on Civil Works.

Para-71 of General Financial Rules (Volume I), calls for preparation of Budget Estimates with utmost foresight to ensure good governance through clearly defined expectations and assumptions for the given calendar of activity. Trend of expenditure in comparison to the final budget is tabulated as under:

(Rupees in billion)

Year	Final Grant	Actual Expenditure	Excess / (Savings)	% (saving) / Excess
2016-17	16,367.03	17,844.05	1,477.02	9.02%
2017-18	27,480.98	30,714.14	3,233.16	11.77%
2018-19	26,150.15	48,038.00	21,887.85	83.70%
2019-20	22,375.35	22,523.86	148.51	0.66%
2020-21	21,727.53	25,966.21	4,238.68	19.40%
2021-22	29,625.31	29,663.17	37.86	0.13%

Overall appropriation figures show that Federal Government granted supplementary grants of Rs. 2,013.36 billion out of which Rs. 1,210.62 billion was not approved by the Parliament.

In five (5) Grants, there was zero expenditure against supplementary grants of Rs. 5.43 billion and in forty nine (49) Grants, against the supplementary grant of Rs. 1,581.12 billion, the amount of Rs. 200.14 billion was not utilized. Similarly, in fourteen (14) grants, amounting to Rs. 424.33 billion an amount of Rs.92.1

⁷ Appropriation Accounts 2021-22

billion was spent in excess⁸. The detail is summed up in the **Figure-I**.

Un-necessary Supplementary Grants (5 Grants)	• Original Budget Rs. 1,268.58 Billion, SG Rs. 5.43 Billion • Actual Expenditure Rs. 753.5 Billion • Savings w.r.t. Original Grant Rs. 515.08 Billion resulting in Un-necessary SG
Excessive Supplementary Grants (49 Grants)	• Original Budget Rs. 1,961.57 Billion, SG Rs. 1,581.12 Billion • Actual Expenditure Rs. 3,342.55 Billion • Against the final budget an amount of Rs.200.14 billion could not be utilized
Insufficient Supplementary Grants (14 Grants)	• Original Budget Rs. 1,788.61 Billion, SG Rs. 424.33 Billion • Actual Expenditure Rs. 2,281.46 Billion • Excess w.r.t Final Grant Rs. 92.1 billion resulting in insufficient SG

Figure-I Analysis of Supplementary Grants

Last year there was a slight increase in share of total expenditure on current and development grants after a continuous decline showing reduced resource allocation on development and current expenditure negatively affecting the growth of the economy. During financial year 2021-22, government's spending on current and development sides show a slight decrease as composition of expenditure as shown in **Figure-II**⁹:

⁸ Appropriation Account of the Federal Government 2021-22

⁹ Appropriation Accounts of the Federal Government 2021-22 (Page 19-20)

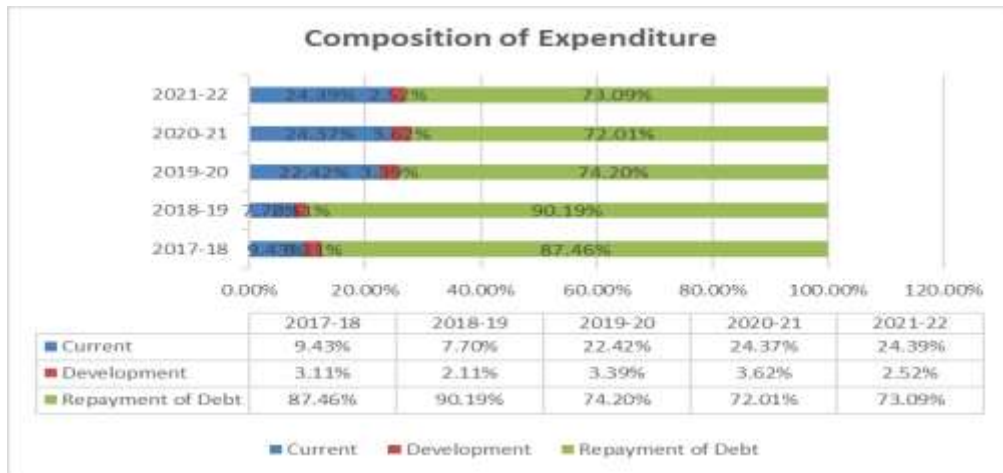


Figure-II – Current, Development and Repayment of debt expenditure as % of Total Expenditure

Flow of expenditure: As per Appropriation Accounts of the Federal Government for the financial year 2021-22, the total expenditure is Rs. 29,663.17 billion¹⁰.

(Rs. in billion)

Economic Function	Expenditure 2021-22	% of Total Expenditure
General Public Service		
a. Payment of Debt	21,681.63	73.09%
b. Interest Payment	3,213.74	10.83%
Total Debt Servicing (a+b)	24,895.37	83.93%
c. Other than Debt	3,357.96	11.32%
01 - General Public Service (a+b+c)	28,253.33	95.25%
02 - Defence Affairs & Services	6.64	0.02%
03 - Public Order and Safety Affairs	208.32	0.70%
04 - Economic Affairs	589.92	1.99%
05 - Environment Protection	10.09	0.03%
06 - Housing and Community Amenities	10.49	0.04%
07 - Health	162.56	0.55%
08 - Recreation, Culture and Religion	15.74	0.05%
09 - Education Affairs and Services	54.96	0.19%
10 - Social Protection	351.13	1.18%
Total	29,663.17	100%

As evident from the table above, a high percentage of this expenditure i.e. 95.25% is expended on General Public Service which includes 83.93% (Rs. 24,895.37 billion) on repayment of principal debt and interest payments, which was

¹⁰ Appropriation Accounts 2021-22 page 19-20, 21

84.65% (Rs. 18,486.19 billion) during last year. As per above table, Federal Government spent 16.07% (Rs. 4,767.79 billion) of total expenditure for socio economic functions though it is comparatively higher than last year's 13.99% (Rs.3,150.65 billion).

Analysis of Financial Statement of Federal Government: As per Financial Statement of the Federal Government for the year 2021-22, the government expended Rs. 31,599.37 billion against total receipts of Rs. 31,208.85 billion out of Federal Consolidated Fund and expended Rs. 32,158.13 billion against total receipts of Rs 31,812.09 billion out of Public Account as detailed below:

(Rs. in billion)	
Particulars	Total
Receipts	
○ Taxation	2,671.65
○ Non-Tax Revenue and Other Receipts	1,061.94
○ Grants and Aid	9.94
○ Borrowings	27,543.98
○ Capital Receipts	295.81
○ Trading Activities	16.06
Total Receipts in Federal Consolidated Fund	31,599.37
Total Receipt in Public Account	31,812.09
Grand Total of Receipts	63,411.46
Payments	
○ Operations	(2,366.53)
○ Transfers	(2,341.01)
○ Expenditures on	(658.07)
○ Debt and Interest Payments	(24,895.37)
○ Other Payments	(947.88)
Total Payments from Consolidated Fund	(31,208.85)
Payment from Public Account	(32,158.13)
Grand Total of Receipts	(63,366.99)
Cash Balance	
Increase / (Decrease) in Cash	44.48
Cash at the beginning of the year	886.01
Cash at the end of the year	930.49

Five Year trend in Public debt¹¹: Over the past four years there had been a gradual decrease in receipt of domestic floating debt from Rs.37.68 trillion to Rs.14.55 trillion. However, during 2021-22, there was an increase in receipt of

¹¹ Financial Statement 2021-22 Page# 34-35

domestic-floating debt to Rs.17.94 trillion. Similarly, domestic permanent and foreign debts increased to Rs. 6.53 trillion and Rs. 3.08 trillion as compared to previous year's amounts of Rs.3.18 trillion and Rs. 2.24 trillion, respectively as reflected in **Figure-III**. Resultantly, there was an increase of Rs 7.58 trillion in overall barrowing of Federal Government as compared to previous year.

(Rs. in trillion)

Year	Receipts				Payments				Net Increase / (decrease)	%
	Domestic Debt		Foreign Debt	Total Receipts	Domestic Debt		Foreign Debt	Total		
	Floating	Permanent			Floating	Permanent				
2018	27.62	0.26	1.26	29.14	25.25	1.16	0.45	26.86	2.28	
2019	37.68	8.58	1.48	47.74	41.07	1.28	0.97	43.32	4.42	194%
2020	14.30	3.05	2.08	19.43	14.13	1.23	1.36	16.72	2.71	(61)%
2021	14.55	3.18	2.24	19.96	13.807	0.96	0.96	15.72	4.24	156%
2022	17.94	6.53	3.08	27.54	17.96	1.88	1.84	21.68	5.86	138%

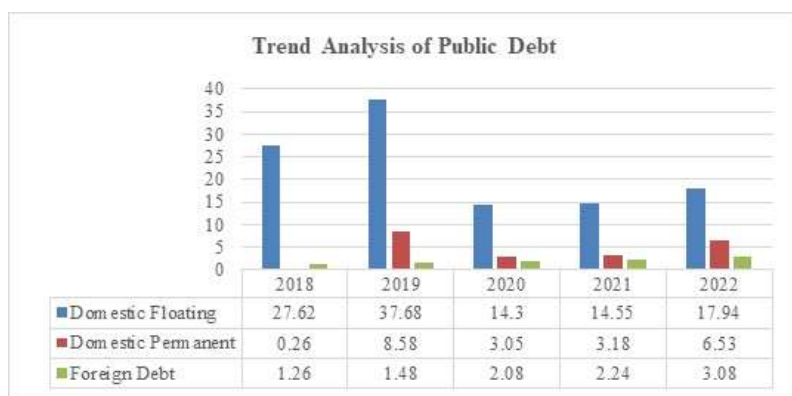


Figure-III- Trend Analysis of Public Debt (2018-22)

The retiring of debt shows that during 2021-22, Federal Government paid off Rs.17.96 trillion of floating debts, Rs.1.88 trillion of domestic permanent debt as well as Rs.1.84 trillion of foreign debt. Trend of retiring of debt for the last 5 years is shown in the figure-IV below.

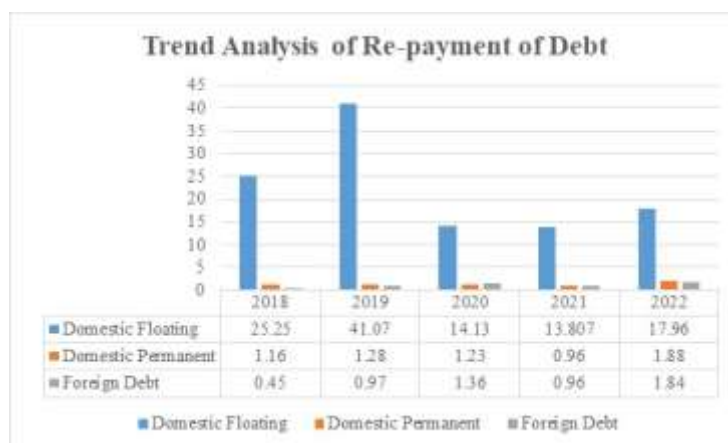


Figure-IV- Trend Analysis of Re-payment of Debt (2018-22)

The federal government increased its debts by Rs 5.86 trillion during 2021-22 (Receipt Rs.27.54 trillion & total payments Rs 21.68 trillion)

Composition of total Receipts¹²: To meet its expenditures, Federal Government mainly relied on borrowings in the shape of public debt (*domestic and foreign debt*) which contributed Rs. 27,547.99 billion (87.18%) of total receipt. There is more reliance on borrowings as compared to last year when public debt to the tune of Rs. 19,965.38 billion (84.60%) was part of the total receipts. Receipts of the public debt are further divided into Domestic-floating debt, Domestic-permanent debt and Foreign debt. Audit also observed that non-tax receipts for 2021-22 decreased by Rs. 326.58 billion as compared to the financial year 2020-21.

(Rs. in billion)

Particulars	2021-22	%age 2021-22	2020-21	%age 2020-21
Revenue-Receipts	3,759.58	12%	3,472.10	15%
Taxation	2,671.65	8%	2,057.58	9%
Non-taxation	1,087.94	3%	1,414.52	6%
Capital-Receipts	27,839.79	88%	20,128.03	85%
Domestic debt	24,460.58	77%	17,725.67	75%
Foreign debt	3,083.40	10%	2,239.71	9%
Recoveries of loans and advances	295.81	1%	162.65	1%
Total Receipts	31,599.37	100%	23,600.13	100%

¹² Financial Statements 2021-22 Page # 15

The total revenue receipts for the financial year 2021-22 was Rs. 3,759.58 billion as compared to last year's Rs. 3,472.10 billion, which represents an increase of 8.28%. Provincial share under NFC Award amounting to Rs. 3,483.519 billion was transferred to provinces leaving behind Rs. 2,671.647 billion for the Federal Government.

Composition of tax receipts: There was a growth in tax revenue from Rs. 2,057.582 billion in 2020-21 to Rs. 2,671.65 billion in 2021-22¹³.

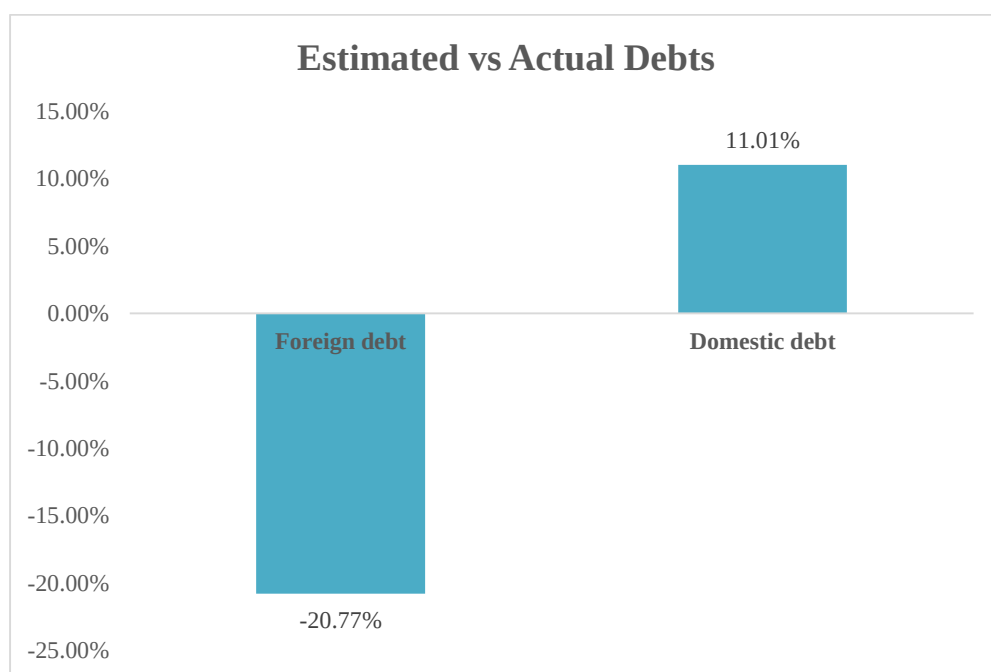
Financing the Budget Deficit (Settlement of the Budget Deficit)

The total actual borrowings by the Government in the year 2021-22 as compared with the revised budget estimate are as below:

				2021-22 (Rs. in million)	
				Inc/ Dec in actual debt from revised budget estimates	
	Original Budget	Revised Budget	Actual Amounts	Difference	%age
Foreign debt	2,714,977	3,891,667	3,083,403	(808,264)	20.77%
Domestic debt	22,783,874	22,034,168	24,460,579	2,426,411	11.01%
Total	25,498,851	25,925,835	27,543,982	1,618,147	6.24%

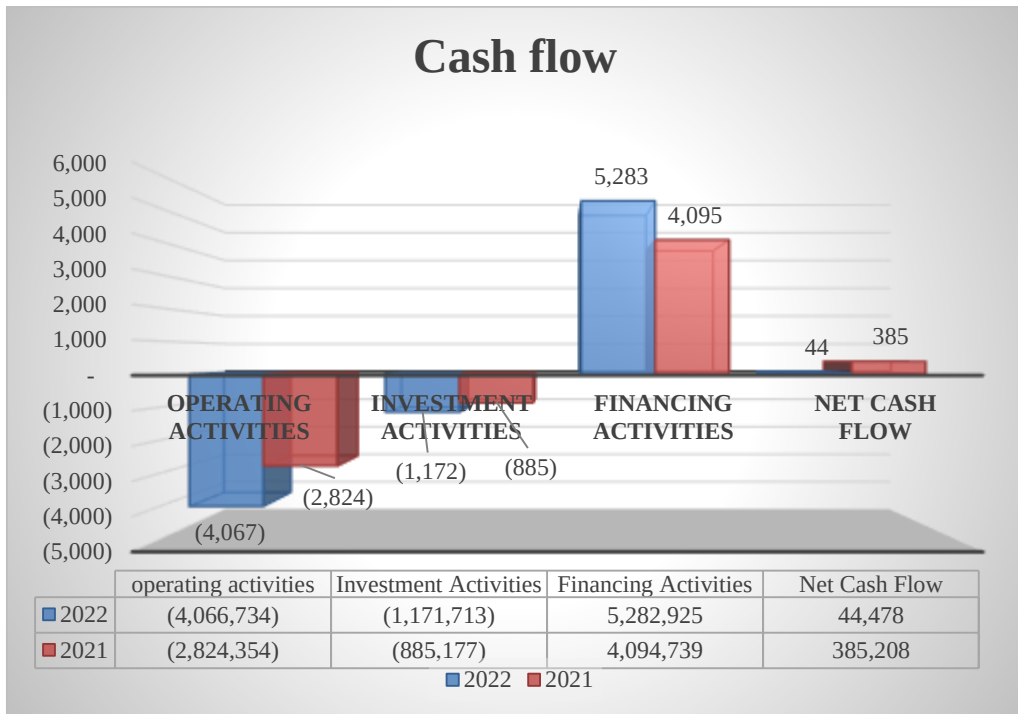
According to the corresponding revised budget estimates of Rs. 25,925.835 billion, actual value of local and foreign borrowings amounted to Rs. 27,543.982 billion showing an increase of 6.24%.

¹³ Financial Statements 2021-22 Page # 8



Financial Performance

The net cash flows for the year has increased by Rs. 44,478 million increasing the balance of cash and cash equivalents at end of the year from Rs. 886,013 million last year to a balance of Rs.930,491 million. Cash used in operating activities increased by 43.99%. The outflows from investing activities have also increased by 32.37%, and the cash flows from financing activities raised by 29.02% as compared to previous year's activities.



Analytical Financial Review

According to data of financial performance of the Government in terms of domestic and foreign debt for the fiscal years 2018-2022, the domestic debt has been increasing over the years, with the highest recorded in 2018-19 at Rs. 46,262.769 billion. However, there is a significant decrease of Rs.17,353.559 billion during 2019-20, which is 62% of the previous year's figure.

(Rs. in million)

FY	2017-18	2018-19	2019-20	2020-21	2021-22
Capital					
Domestic debt	27,875,090	46,262,769	17,353,559	17,725,668	24,460,579
Foreign debt	1,263,189	1,475,466	2,078,826	2,239,714	3,083,403
Recoveries of loans and advances	71,685	94,818	101,745	162,652	295,809
Privatization Proceeds	2,000	-	-	-	-
Total capital receipts	29,211,964	47,833,053	19,534,130	20,128,034	27,839,791

Capital Payments

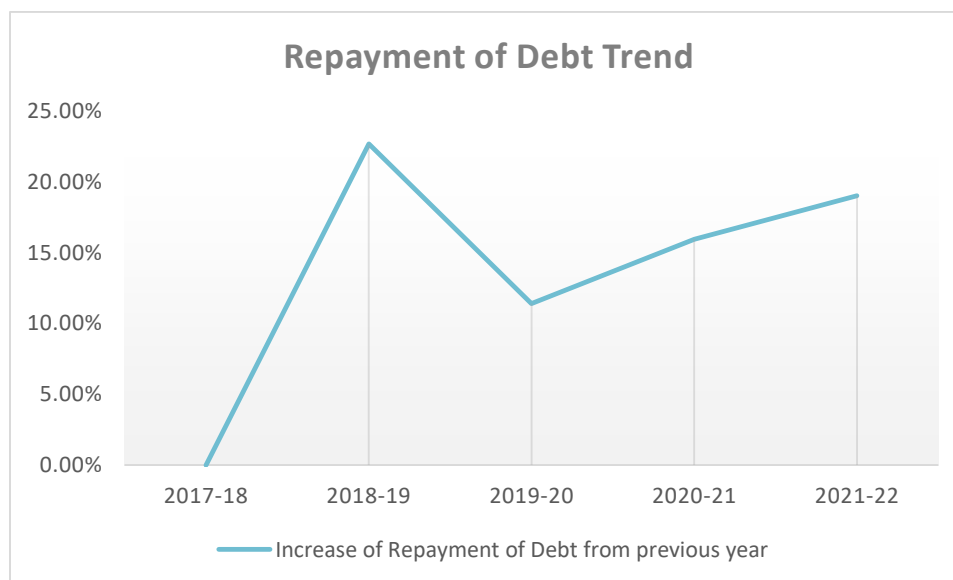
General public services	27,519,339	43,971,603	17,168,603	16,356,728	22,298,305
Economic affairs	17,617	4,383	9,858	27,996	27,443
Recreation, culture and religion	-	-	-	-	51
Total capital payments	27,536,956	43,975,986	17,178,461	16,384,725	22,325,799

Total Assets	6,919,207	8,586,821	8,994,026	10,320,963	11,715,348
Public Debt	19,458,239	23,869,800	26,590,040	30,830,258	36,692,613

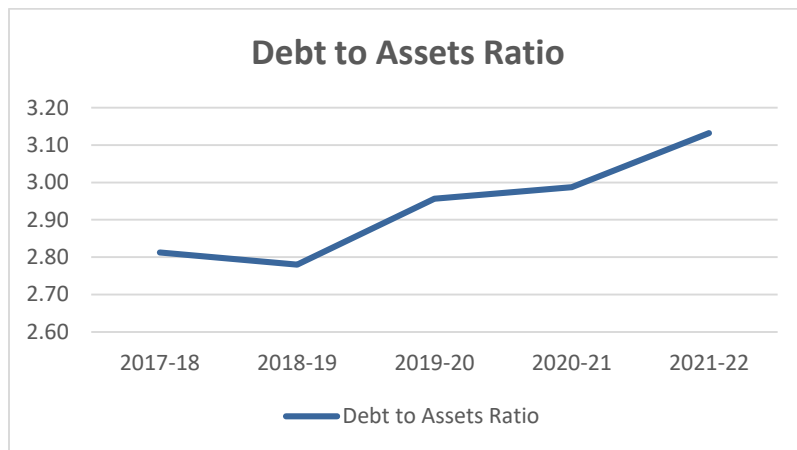
Increase of Repayment of Debt from previous year	0.00%	22.67%	11.40%	15.95%	19.01%

Debt to Assets Ratio	2.81	2.78	2.96	2.99	3.13

On the other hand, the foreign debt has also been increasing over the years, with the highest recorded in 2021-2022 at Rs. 3,083.403 billion. The foreign debt has been increasing at a faster rate compared to domestic debt, which could indicate that the Government is relying more on foreign sources for funding. In terms of the ratio of domestic to foreign debt, it can be seen that the Government's domestic debt has been consistently higher than foreign debt.



Overall, the Government's financial performance in terms of repayment of debt seems to be fluctuating, with a significant decrease in repayment of domestic debt in 2019-2020 but an overall increase in both domestic and foreign debt over the years.

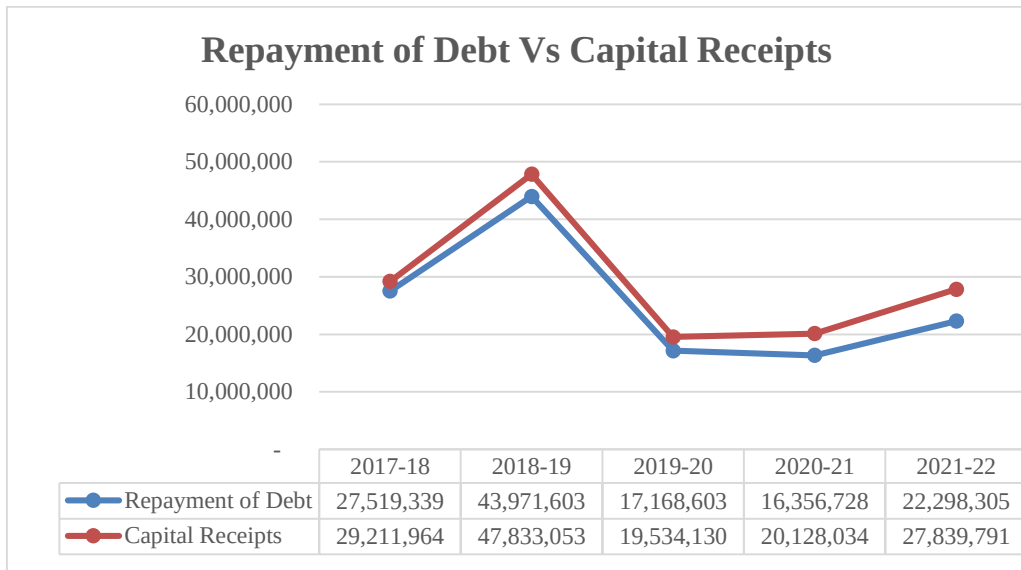


The debt to assets ratio is a measure of the government's financial health, as it compares the amount of debt the government holds to the amount of assets it owns. A higher ratio indicates a higher level of debt and a lower level of assets, while a lower ratio indicates a lower level of debt and a higher level of assets.

From the data, it can be observed that the government's debt to assets ratio has been increasing over the years. The highest ratio was recorded in 2021-2022 at 3.13, indicating that the government has a higher level of debt compared to assets. This means that the government has a higher debt burden and less assets to use as collateral to secure loans or to use as income-generating assets.

In 2017-2018, the government had a debt to assets ratio of 2.81 which slightly decreased in 2018-19 to 2.78. However, in 2019-2020, the ratio rose to 2.96, indicating that the government's debt burden increased significantly. The ratio then increased again in 2020-2021 to 2.99 and in 2021-2022 to 3.13.

Overall, the government's financial performance in terms of debt to assets ratio seems to be trending upwards, which could indicate that the government is becoming more reliant on debt. This is a cause for concern, as a high debt to assets ratio can have a negative impact on the government's credit rating and make it more difficult for the government to secure loans in the future. The government must aim to reduce its debt burden and increase its assets to improve its overall financial health.

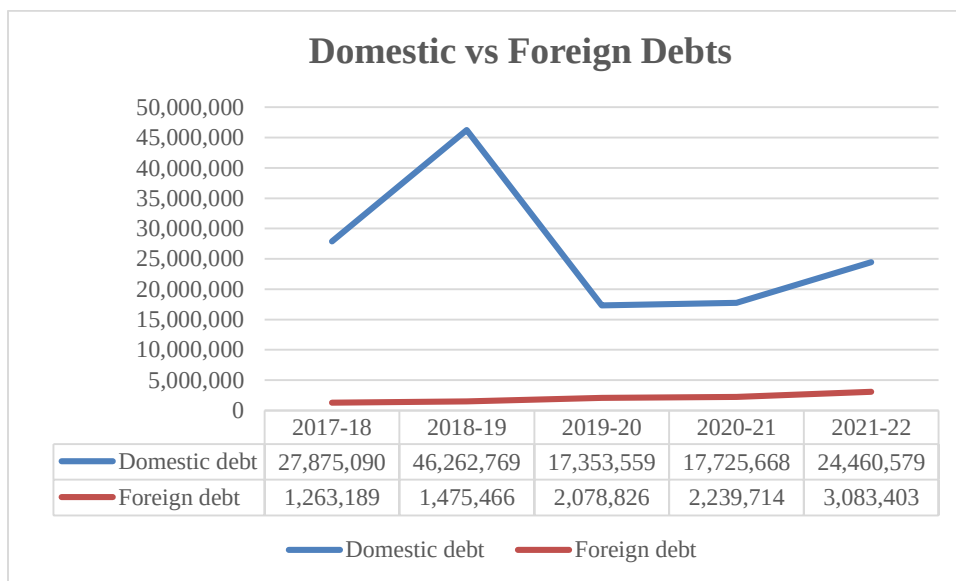


An analysis of the government borrowings and repayments of debts data for the fiscal years 2017-18 to 2021-22 shows an overall increase in borrowings, with a peak in 2018-19 at 47,833.053, and a decrease in repayments of debts, with a low in 2020-21 at 16,356.728.

In 2017-18, borrowings were 29,211.964 and repayments of debts were 27,519.339, indicating a net increase in government debt. However, in the following year 2018-19, there was a significant increase in borrowings to 47,833.053, while repayments of debts also increased but not as much, to 43,971.603, resulting in a larger net increase in government debt. In 2019-20 and 2020-21, there was a decrease in borrowings, to 19,534.130 and 20,128.034 respectively, while repayments of debts also decreased, to 17,168.603 and 16,356.728 respectively, indicating a smaller net increase in government debt during these years.

However, In 2021-22, there was an increase in borrowings to 27,839.791, while repayments of debts decreased to 22,298.304, resulting in a larger net increase in government debt.

Overall, it appears that the government has been increasing its debt over the five-year period, despite fluctuations in both borrowings and repayments of debts.



Debt to GDP Ratio¹⁴:

The Debt to GDP ratio will increase and record at around 72.4 percent at the end of ongoing fiscal year (FY22) primarily due to higher federal fiscal deficit and depreciation of Pak Rupee against US Dollar. However, Debt-to-GDP ratio is expected to reduce to 69.1 percent at the end of the next fiscal year (FY23) on the back of fiscal consolidation efforts of the government.

¹⁴ (Medium Term Budget Strategy Paper 2022-23 – 2024-25 -Finance Division 2021-22 Page No. 24, 25)

1.2 Key issues highlighted in Financial Attest Audit

Federal Government (AGPR)

1.2.1 60% of the total Supplementary Grants remained unapproved by Parliament –Rs.1,210.62 billion

Risk Categorization: High

Article 84 of Constitution of Islamic Republic of Pakistan,1973 states that if in respect of any financial year it is found, (a) that the amount authorized to be expended for a particular service for the current financial year is insufficient, or that a need has arisen for expenditure upon some new service not included in the Annual Budget Statement for that year; or (b) that any money has been spent on any service during a financial year in excess of the amount granted for that service for that year; the Federal Government shall have power to authorize expenditure from the Federal Consolidated Fund, whether the expenditure is charged by the Constitution upon that Fund or not, and shall cause to be laid before the National Assembly a Supplementary Budget Statement or, as the case may be, an Excess Budget Statement, setting out the amount of that expenditure, and the provisions of Articles 80 to 83 shall apply to those statements as they apply to the Annual Budget Statement.

Para 31 of Supreme Court of Pakistan's Judgment dated 5.12.2013 states that the Phrase, "Supplementary Budget Statement, makes it abundantly clear that the Supplementary Budget Statement, in the normal course, is to be placed before the National Assembly during the same Financial Year.

During Certification Audit of Appropriation Accounts and Financial Statements of Federal Government for the year 2021-2022, audit observed that the Supplementary Grants of Rs.1,210.62 billion were unauthorized as the same were not placed before the Parliament for approval during financial year i.e. 2021-2022 as per details below:

(Rs. in billion)		
Particulars	Amount	Percent
Total Supplementary Grants as per Manuscript of Appropriation Accounts for 2021-2022	2,013.36	
Supplementary Grants printed in Supplementary Schedule of Authorized Expenditure	802.74	40%
Supplementary Grants not printed in Supplementary Schedule of Authorized Expenditure	1,210.62	60%

Implication:

Audit is of the view that Supplementary Grants of Rs.1,210.62 billion were unauthorized as these supplementary grants were not tabled before the National Assembly.

Management Response:

Management replied that Finance Division allows supplementary grants to the departments as per their requirement normally in the month of June and Finance Division submits these grants in Parliament in the upcoming budget session for approval.

Audit Comments:

Audit recommends streamlining the issue by improving the system of financial management. Moreover, unauthorized Supplementary Grants be got approved from the National Assembly as required under the rules.

1.2.2 Expenditure in excess of Final Grants without Supplementary Grant – Rs. 83.507 billion

Risk Categorization: High

Article 84 of Constitution of Islamic Republic of Pakistan, 1973 states that if in respect of any financial year it is found, (a) that the amount authorized to be expended for a particular service for the current financial year is insufficient, or that a need has arisen for expenditure upon some new service not included in the Annual Budget Statement for that year; or (b) that any money has been spent on any service during a financial year in excess of the amount granted for that service for that year; the Federal Government shall have power to authorize expenditure from the Federal

Consolidated Fund, whether the expenditure is charged by the Constitution upon that Fund or not, and shall cause to be laid before the National Assembly a Supplementary Budget Statement or, as the case may be, an Excess Budget Statement, setting out the amount of that expenditure, and the provisions of Articles 80 to 83 shall apply to those statements as they apply to the Annual Budget Statement.

Section 25(1) of Public Finance Act, 2019 provides that the expenditure in excess of the amount of budget grant as well as the expenditure not falling within the scope or intention of any budget grant, unless regularized by a supplementary grant, shall be treated as excess expenditure.

During Certification Audit of Appropriation Accounts and Financial Statements of Federal Government for the year 2021-2022, it was noticed that the Ministries/Divisions incurred excess expenditure under various head of accounts. Summary is as under:

(Amount in Rs.)					
Heads	No. of Grants	Charged (Rs.)	No. of Grants	Voted (Rs.)	Total (Rs.)
A01-Employees Related Expenses	1	8,146,231	7	331,221,304	339,367,535
A04-Employees Retirement Benefits	2	327,103,300	1	18,956	327,122,256
A06-Transfers			6	32,970,377	32,970,377
A07-Interest Payment	1	68,235,105,172			68,235,105,172
A08-Loans and Advances			1	7,459,105,573	7,459,105,573
A09-Physical Assets			1	1,398,776	1,398,776
A10-Principal Repayments of Loans	1	7,112,075,910			7,112,075,910
Grand Total	5	75,682,430,613	16	7,824,714,986	83,507,145,599

Audit observed that;

- i. The expenditure of Rs.83.507 billion was incurred in excess of Final Grants without any Supplementary Grant.
- ii. An amount of Rs.1,785.193 billion was surrendered in Head A-010-Principal Repayments of Loans for the grant Repayment of Domestic Debt after which an excess expenditure of Rs.7.112 billion was incurred.

Audit is of the view that incurring expenditure in excess of Final Grants was irregular and against Provision of the Constitution of Pakistan.

Implication:

Excess expenditure was serious lapse on the part of management due to which public exchequer was overburdened.

Management Response:

It is submitted that the Finance Division submits such expenditures under audit observation in the Parliament in the upcoming budget session for regularization.

Audit Comments:

Audit recommends to streamline the issue by improving the system of financial management and excess expenditure be got approved from the National Assembly.

1.2.3 Lapse of funds - Rs.174.446 billion**Risk Categorization: High**

Para 95 of GFR Vol-I states that all anticipated savings should be surrendered to Government immediately they are foreseen but not later than 31st May of each year in any case, unless they are required to meet excesses under some other unit or units which are definitely foreseen at the time. However, savings accruing from funds provided after 31st May shall be surrendered to Government immediately they are foreseen but not later than 30th June of each year.

During Certification Audit of Appropriation Accounts and Financial Statements of Federal Government for the year 2021-2022, it was noticed that the Parliament approved/allocated budget for Ministries/Division/Departments under Development Grants.

Audit observed that there were savings of Rs.174.446 billion under 186 cost centers different grants. The PAOs were required to surrender these savings in time to avoid lapse of funds but it was not done. Detail is as under:

(Amount in Rs.)				
Grants	Nos.	Final Grant	Actual Expenditure	Lapsed- Amount*
Charged	6	189,754,903,947	125,764,010,962	63,990,892,985

Voted	180	882,507,896,881	772,052,368,376	110,455,528,505
Grand Total	186	1,072,262,800,828	897,816,379,338	174,446,421,490

Implication:

Audit is of the view that non-surrendering of savings resulted in lapse of funds which were neither utilized by the Ministries/Divisions themselves nor by other Ministries/Division if surrendered timely.

Management Response:

PAO is responsible for spending of budget during a financial year, excess and savings of Ministries/ Divisions/ Departments are submitted to the Parliament for settlements in the upcoming budget sessions.

Audit Comments:

Audit recommends to address the issue by improving the system of financial management.

1.2.4 Expenditure charged to Revenue Account instead of Capital Account – Rs. 36.405 billion

Risk Categorization: High

Para 184 of GFR Vol-I states that provision for expenditure on all buildings, communications and other works required by civil departments, which Government has not specifically allotted to such departments, should be included in the Grant for "Civil Works", to be administered and accounted for by the Public Works Department. No such work may be financed partly from funds provided in a departmental budget and partly from the budget for civil works.

During Certification Audit of Appropriation Accounts and Financial Statements of Federal Government for the year 2021-2022, it was noticed that the following expenditure was charged to object-head A-12-Civil Works under Current Grants and Development Grants:

(Amount in Rs.)				
Type	Nature	No. of Grants	No. of IDs	Expenditure (Rs.)
Charged	Current	1	1	108,311,003
Voted	Current	5	6	532,671,900
	Development	20	191	35,764,133,135
Grand Total		26	198	36,405,116,038

Audit observed that the Ministry of Finance got approved funds from the Parliament under object-head A-12-Civil Works in different Current and Development Grants but the expenditure was charged to Revenue Account instead of Capital Account.

Implication:

Due to non-booking of civil work expenditure as capital expenditure, books of accounts did not present true and fair expenditure.

Management Response:

The subject Para directly relates to Finance Division. While preparing the annual budget, Finance Division should provide the budget of Civil Works under the proper grant of M/o Housing and Works instead under different grants of Ministries / Divisions so that the expenditure against the said budget could be charged to Capital Account.

Audit Comments:

Reply is not relevant as the observation is regarding booking of expenditure on civil works to be booked as revenue expenditure. AGPR being the book keeper of accounts needs to develop a mechanism so that the expenditure on civil works be booked as Capital Expenditure and not as Revenue Expenditure.

Audit recommends that expenditure on Civil Works be charged to Capital Expenditure as required under the rules.

1.2.5 Expenditure without allocation of budget – Rs. 5.155 billion

Risk Categorization: High

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

Para 3.3.12.7 of Accounting Policy and Procedures Manual (APPM) states that excesses (i.e. expenditure for which no provision has been made in the current year's original budget) should not normally be incurred.

During Certification Audit of Appropriation Accounts and Financial Statements of Federal Government for the year 2021-2022, it was noticed that an expenditure of Rs. 5.155 billion was incurred under 14 different Grants.

Audit observed that the expenditure of Rs.5.155 billion was incurred without any grant approved by the Parliament.

Implication:

The public exchequer sustained extra burden of Rs.5.155 billion.

Management Response:

With reference to Audit observation, it is submitted that the breakup of Rs. 5,155,321,110 shows that:

i.	Rs. 5,142,402,110	(A07-Interest Payment)
ii.	Rs. 33,800	(A06-Transfers)
iii.	Rs. 12,348,042	(A01-Employees Related Exp).
iv.	Rs. 5,37,158	(A04-Employees Retirement Benefits)
- a) Office of AGPR is making payments through SAP system. No payment can be made against zero budget because checks are applied in the system except ERE and employees retirement benefits.

- b) The departmentalized Accounts Entities make such payment and report the same to AGPR through exchange accounts on which AGPR does not have any control under the rules.
- c) SBP and Donors are making payments regardless of budget in excess like foreign aid to provinces and payment of domestic/foreign debt, subsidies and interest payments.

Audit Comments:

Audit recommends prudence in budgeting to avoid such irregularities. Moreover, internal controls be exercised to avoid expenditure without allocation.

1.2.6 Irregular drawl in cash through DDOs - Rs. 2,369.020 million

Risk Categorization: High

Rule 157 of FTR states that cheques drawn in favour of Government Officers and departments in settlement of government dues shall always be crossed "A/c payee only not negotiable".

During Certification Audit of Appropriation Accounts and Financial Statements of Federal Government for the year 2021-2022, it was noticed that management of different Ministries/Divisions and Departments drew Rs.2,369.020 million in the name of DDO for payment of cash. Subject data was only extracted from the provided FI data amounting to Rs.310,164.267 million. i.e. only 1.05% of total reported expenditure of Rs. 29.597 trillion as per Appropriation Accounts statement provided. AGPR wise detail is as under:

S. No.	Office	Amount in Rs.*
1.	AGPR Islamabad	2,142,609,796
2.	AGPR Karachi	57,291,324
3.	AGPR Lahore	119,514,636
4.	AGPR Peshawar	N/A
5.	AGPR Gilgit	1,126,500
6.	AGPR, Quetta	48,477,908
	Grant total	2,369,020,164

* DDO payment above Rs.50,000

Audit observed that amounts were drawn through DDO by the Ministries/ Division/ Department for making payments to officers, officials and suppliers in cash. Furthermore, this amount could be multiple times more than the observed amount in the entire population.

Audit is of the view that withdrawal of Rs. 2,369.020 million through DDO is violation of financial propriety.

Implication:

Cash payment through DDOs may results in misappropriation, tax evasion as well as less payment to the beneficiaries.

Management Response:

The DDO payments are made due to following reason.

AGPR Islamabad

Against an amount of Rs.2,142,609,796/-, Rs.1,047,666,561/- was drawn during the last week of June as follows:

- An amount of Rs- 7,730,679,328/- was drawn on account of Honorarium during the last week of June 2022.
- An amount of Rs-304,238,557/- was drawn on account of stipend, incentive, awards and allied expenditure during last week of June 2022.
- An amount of Rs-9,756,808/- was drawn on account of Delegation Abroad.
- An amount of Rs-2,991,868/- was drawn on account of Conference/ Seminars/ Workshop.

AGPR sub office KARACHI, LAHORE, PESHAWAR & GILGIT:

- The major portion of DDO payments was drawn on account of Honorarium during the last week of June 2022.
- In case of Customs, ANF, Civil Armed Forces the payment is made due to non-disclosure of informer's identity.

AGPR sub office QUETTA:

- Majority of the payment has been made to HQ (FC) Baluchistan, under financial assistance package and utilities. This office has time and again requested the department to avoid this practice.
- The payment through DDO is being made on the plea that the FC (Baluchistan) troops belong to remote areas where banking facility is not available. The department also plead that families of troops are less educated/ illiterate, therefore the payment of compensation to injured persons and shuhada may be made through DDO.

Audit Comments:

On the contrary majority, i.e. 76% of the payments objected comprised of the following expenditures:

(Amount in Rs.)		
Exp on Pakistani delegations to Foreign Countries	348,285,616	25.56%
Printing and Publication	219,740,953	16.12%
Stipend, Incentives, Awards and Allied Expenditure	188,583,518	13.84%
Honoraria	148,533,427	10.90%
Payments to Other for Services Rendered	129,486,979	9.50%

Audit recommends strict measures to avoid disbursement in cash through DDO.

1.2.7 Less-deduction of tax on Transport monetization – Rs. 1.490 million**Risk Categorization: Medium**

According to S.R.O No.569(I)/2012 dated 24 May, 2012 issued by Federal Board of Revenue, the tax on payment of compulsory monetization of transport facility to civil servants of BPS20 to BPS-22 (as reduced by deduction of driver's salary) shall be charged at the rate of 5% as a separate block of income.

During the scrutiny of HR data for the year 2021-22 provided by AGPR, Islamabad, it was observed that tax from some of the officers availing the transport monetization was not being deducted as per rules. Details are provided in Annexure. Summary is as under:

Grades	Recoverable Tax (Rs.)	No. of Employees
Grade 20	900,143	55
Grade 21	184,157	19
Grade 22	141,225	7
Judges*	264,360	10
Total	1,489,886	

* designation/Grade of Attorneys stated as Judges

Audit observed that either no tax was deducted or less tax was deducted contrary to the required rate of tax i.e 5% of the amount of transport monetization allowance.

Implication:

Audit is of the view that non deduction of tax as required under the rules was a lapse on the part of AGPR.

Management Response:

The audit observation well noted for regularization of income tax and subsequently its recovery where applicable after detailed scrutiny.

Audit Comments:

Audit recommends implementation of pre-audit function in letter and spirit across the board.

1.2.8 Unidentified difference of cash balance - Rs. 170 million

Risk Categorization: Medium

Para 4.5.1.3 of APPM provides that a regular bank reconciliation must be performed.

Para 6.1.1.6 of APPM states that the Accountant General shall prepare a consolidated monthly reconciliation statement for each government bank account.

During Certification Audit of Appropriation Accounts and Financial Statements of Federal Government for the year 2021-22, the management provided following reconciliation statement for the financial year 2021-22:

(Rupees in million)	
Description	Amount
Balance as per Book for the year end 2021-22	930,747.00
Balance as per Bank for the year end 2021-22	930,917.00
Difference for the year end 2021-22	170.00

Audit observed that there was a difference of cash amounting to Rs.170 million available with bank. Management did not provide the justification of difference in cash with bank and that as per the book of accounts.

Implication

Audit is of the view that the amount of Rs.170 million remains unauthentic being unidentified.

Management Response:

The reconciliation with the banks is responsibility of concerned DAOs/ TOs, and FTO's which is being done on monthly basis according to the provisions contained in the APPM. The branches of SBP and NBP submitted the manual accounts to the DAOs / TOs. The transaction wise-detail of receipts and payments are not reflected in the bank statements.

The cash balance difference is minor keeping in view the transactions volume which is in trillion receipts as well as payments.

The AGPR Islamabad and its sub offices regularly monitor the cash balance on monthly basis.

Audit Comments:

Audit recommends that cash balance be reconciled.

1.2.9 Incorrect classification of tax receipts – Rs.97.466 million

Risk Categorization: High

Para 5.2.2.3 of APPM provides that, “all receipts should be identified in accordance with the Chart of Accounts specification”.

Para 7.3.2.1 of APPM provides that errors or omissions found prior to the cut-off date for production of the Annual Accounts may be made by way of journal entry, submitted to the respective AG/AGPR offices for approval. Such errors or omissions typically include: mis-classification of accounts, usually requiring an adjustment between heads

During Certification Audit of Appropriation Accounts and Financial Statements of Federal Government for the year 2021-22, the management provided data of FI module of AGPR, Islamabad with a consolidated booked expenditure of Rs.80.752 billion.

Audit observed that a total of Rs.108.128 million was booked as Income from salaries of Federal Government Employees from 4,274 transactions processed as per the provided data of FI of AGPR, Islamabad. Out of the total deducted tax as Income Tax from Salaries of Federal Government Employees Rs.97.465 million was wrongly classified. Summary is as under. Detail attached as Annexure.

Particulars	No. of Cases	Amount (Rs.)
Correct	412	(10,663,095)
Incorrect	3862	(97,465,824)
Grand Total	4274	(108,128,919)

Implication

Audit is of the view that misclassification of almost 90% of the claims scrutinized is a lapse on the part of the pre-audit function of AGPR which results in incorrect booking of tax receipts.

Management Response:

It is submitted that Audit did not provide the complete detail of classification.

Audit is requested to provide correct HOA of Income Tax, vs. HOA charged, cost centers, IDs, token numbers so that necessary corrections could be made and instructions be issued to concerned staff to be more vigilant.

Audit Comments:

Complete detail was emailed as requested by the coordinator with the audit team from AGPR side. Soft copy included the Document No. of each transaction which is the basic ID for tracing the document.

Audit recommends proper supervision of the pre-audit function at AGPR level as well as capacity building of the front line staff and officers.

Central Directorate of National Savings (CDNS)**Central Directorate of National Savings (CDNS)****1.2.10 Unjustified supplementary grant without need assessment leading towards saving Rs-2.836 million****Risk Categorization: Low**

Para 71 of GFR states that in framing the budget estimates, the estimating authorities should exercise the utmost foresight. All items of receipt and expenditure that can be foreseen should be provided for and care should be taken in consultation with the Accountant-General, where necessary, to see that the provision is included under proper heads. Needless to say, although the estimating authorities are asked to provide for all foreseeable items, Finance Division will exercise its right to excise or reduce the provision for any item which it thinks unjustifiable. An exhortation to show foresight is not an invitation to provide for additional items of expenditure without adequate justification. While provision should be made for all items of expenditure that can be foreseen, it is essential that

the amount of the provision should be restricted to the absolute minimum requirement.

During Certification Audit of Appropriation Accounts of CDNS, Islamabad for the year 2021-22, the following position was noted regarding supplementary grant and saving:

(Amount in Million)

Particulars	Original Budget	Re-app(+)	Re-app(-)	Suppl grant	Final Budget	Expenditure	(Savings)/ Excess
ERE	2,152.345	139.147	(298.985)	149.245	2,141.752	2,138.916	(2.836)
Non-ERE	1,681.655	265.804	(105.966)	-	1,841.493	1,840.347	(1.146)
Total Rs.	3,834.000	404.951	(404.951)	149.245	3,983.245	3,979.263	(3.982)

Audit observed that management of CDNS failed to calculate their fund requirements under the head of Employee Related Expenditure (ERE) prior to the demand of supplementary grant of Rs. 149.245 million which lead to saving of Rs. 2.836 million under ERE.

Implication:

Audit is of the view that proper control / checks to assess expected expenditure under ERE were not in place before demanding supplementary grant.

Management Response:

Management replied that there are 424 offices of the Organization scattered all over the Pakistan having 50 budgetary units with sanction strength of 3,750 employees. Keeping in view the demands / requirements of 424 field offices, consolidated case of Technical Supplementary Grant was forwarded to Finance Division for provision of Funds amounting to Rs. 149.245 million. It is informed that the recruitment of 50 National Savings Officers were under process at Federal Public Service Commission. However, 41 NSOs joined in 2021-22 due to which the funds provided through TSG could not be utilized 100%.

DAC Recommendations:

The DAC in its meeting held 08.11.2022 settled the para subject to verification of record in support of their reply and directed the management of

CDNS to ensure proper budgeting and surrender of saving within specified time in future.

Audit Comments:

Audit recommends that DAC recommendations may be implemented.

Pakistan Mint

1.2.11 Lapse of funds – Rs. 4.506 million

Risk Categorization: High

Para 95 of GFR VOL-I states that all anticipated saving should be surrendered to Government immediately, when foreseen, but not later than 31st May of each year in any case, unless they are required meet excess under some other unit or units. However, saving occurring from funds provided after 31st May shall be surrendered to Government immediately but not later than 30th June each Year.

During Certification Audit of Appropriation Accounts of Pakistan Mint, Lahore for the Year 2021-22, savings have been noted in the following heads of account.

(Amount in Rs.)			
Detail Object Description	Final Budget	Expenditure	Lapsed
A01-ERE	328,107,000	327,789,215	317,785
A03-Operating Expenditure	220,763,000	218,395,007	2,367,993
A09-Physical Assets	10,090,000	9,323,833	760,167
A13-Repair & Maintenance	7,473,000	6,412,885	1,060,115
Total	566,433,000	561,920,940	4,506,060

Audit observed that Rs. 4,506,060 were not surrendered in time resulting in lapse of funds.

Implication:

Audit is of the view that proper controls were not in place to monitor the budget and its usage in the Pakistan Mint to avoid lapse of funds.

Management Response:

The CAO replied that matter has been noted for compliance in future. However, the management of Pak-Mint replied that saving under the head A03 occurred due to non-supply of items by the vendors in time. Under, A13, the infrastructure of the building is 80 years old and department has to kept the funds throughout the year.

DAC Recommendations

The Chairman DAC expressed grave concern over the lapses on part of Pak Mint being self-accounting entity and directed the management to implement the provisions contained in PFM Act, 2019, Financial Management and Powers of Principal Accounting Officers Regulations, 2021, GFR as well as instruction issued by the Finance Division (Budget Wing), in letter and spirit. Pak Mint should ensure zero saving / zero excess as per standing instructions of the Public Accounts Committee, in future.

The DAC directed the management of Pak Mint to ensure proper budgeting and surrender of saving within specified time in future.

Audit Comments:

Audit recommends that DAC recommendations may be implemented.

1.2.12 Rush of expenditure to avoid lapse of funds – Rs. 59.163 million**Risk Categorization: High**

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

In terms of Rule 145 of GFR Volume-1 purchases must be made in the most economical manner in accordance with the definite requirements of the public service. Stores should not be purchased in small quantities. Periodical indents should be prepared and as many articles as possible obtained by means of such indents. At the same time, care should be taken not to purchase stores much in advance of actual requirements, if such purchase is likely to prove unprofitable to Government.

During Certification Audit of Appropriation Accounts of Pakistan Mint Lahore for the Year 2021-22, it was observed that expenditure of Rs. 90.218 million was incurred by the management under following heads of account:-

(Amount in Rs.)			
Head of Accounts	Expenditure	Expenditure in June, 2022	% age of expenditure
A03927-Purchase of drug and medicines	4,313,419	4,313,419	100.00%
A13201-Furniture and Fixtures	114,960	114,960	100.00%
A03906-Uniforms and protective clothing	3,081,374	3,029,649	98.32%
A03201-Postage and telegraph	208,408	158,408	76.01%
A09601-Purchase of plant and machinery	8,010,643	5,268,118	65.76%
A03942-Cost of other stores	72,182,477	44,959,096	62.29%
A03907-Advertising & publicity	995,043	615,133	61.82%
A09201-Hardware	1,039,855	561,204	53.97%
A09701-Purchase of furniture and fixture	272,030	143,200	52.64%
Total	90,218,209	59,163,187	65.58%

Audit observed that the Rs. 59.163 million were expended during the month of June, 2022 which is 66% of the total expenditure.

Implication:

Audit is of the view that budget was utilized in one month just to avoid lapse of fund. It is also negligence on the part of the management and the accounts office in supervising the budget and its utilization.

Management Response:

The management of CAO replied that matter has been noted for compliance in future. However, management of Pak-Mint also replied that major payments were made during June including purchase of confiscated silver and crucibles from Pakistan Customs, purchase of furnace, purchase of medicine etc.

DAC Recommendations

The DAC directed the management of Pak Mint to verify their record to ascertain whether the process of procurement and billing was initiated well in time. Further, the DAC also directed to provide last three-year trend of expenditure during the June, to audit for verification.

Audit Comments:

Audit recommends that DAC recommendations may be implemented.

1.2.13 Misclassification of Expenditure – Rs. 5.683 million

Risk Categorization: Medium

Rule 12 of GFR Vol-I requires that, “A Controlling officer must see not only that the total expenditure is kept within the limits of the authorized appropriation but also that the funds allotted to spending units are expended in the public interest and upon objects for which the money was provided. In order to maintain a proper control, he should arrange to be kept informed, not only of what has actually been spent from an appropriation but also what commitments and liabilities have been and will be incurred against it. He must be in a position to assume before Government and the Public Accounts Committee, if necessary, complete responsibility for departmental expenditure and to explain or justify any instance of excess or financial irregularity That may be brought to notice as a result of audit scrutiny or otherwise.”

During Certification Audit of Appropriation Accounts of Pakistan Mint Lahore for the Year 2021-22 it was observed that the expenditure of Rs. 5,682,728 was incurred under various heads of account.

Audit observed that expenditure amounting to Rs. 5,682,728 under various heads of account were wrongly booked to other heads of account. Detail is as under.

(Amount in Rs.)		
Budget Head	Particulars / Item	Amount Rs.
A03901-Stationery	Books for school	121,330
A03919-Payment to others for Services	Purchase of electric poles	79,800
A03919-Payment to others for Services	Purchase of fixture	10,360
A03919-Payment to others for Services	Repair of transport	3,470

A03942-Cost Of Other Stores.	Lubricants	3,874,500
A03942-Cost Of Other Stores.	Paint for Building	1,077,870
A03942-Cost Of Other Stores.	Repair of building	202,820
A03970-Others	Bank Charges	47,427
A03970-Others	Stationary	3,850
A09201-Hardware	Purchase of toners	140,508
A09601-Machinery&Equipment.	Purchase of fixture	90,000
A09601-Machinery&Equipment.	Purchase of toners	24,800
A13701-Hardware	Purchase of toners	5,993
Grand Total		5,682,728

Implication:

Audit is of the view that this irregular practice resulted in overstatement of expenditure in various heads of accounts by Rs. 5,682,728.

Management Response:

The management of CAO replied that matter has been noted for compliance in future.

DAC Recommendations:

The DAC directed the management to ensure proper booking of expenditure in the relevant budget heads in future.

Audit Comments:

Audit recommends that DAC recommendations may be implemented.

CHAPTER 2

AVIATION DIVISION

2.1 Introduction

As per Schedule II [Rule 3 (3)] Distribution of Business among the Divisions read with Schedule III [rule-4(4)] of Rules of Business 1973 (As amended up to 23rd April, 2019) following main business have been assigned to the Division amongst the other functions.

- i. Aircraft and air navigation; administration of the Civil Aviation Ordinance, 1960
- ii. Regulation, organization and safety of air traffic and of aerodromes and administration of Airports Security Force
- iii. Pakistan International Airlines Corporation
- iv. Air Service agreements with different countries and other international agencies concerned with aviation
- v. Federal Meteorological Organizations and Meteorological observations and World Meteorological Organizations

ATTACHED DEPARTMENTS / AUTONOMOUS BODIES

- i. Pakistan Meteorological Department
- ii. Airports Security Force

Sr. No.	Description	Total No.	Audited	Expenditure Audited (FY 2021-22) Rs. in million	Revenue/Receipt Audited (FY 2021-22) Rs. in million
1	Formations	20		15,959.847	-
2	Assignment Accounts (Excluding FAP)	-	-	-	-
3	Authorities / Autonomous Bodies etc. under the PAO	-	-	-	-
4	Foreign Aided Project (FAP)	-	-	-	-

2.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Aviation Division for the financial year 2021-22 was Rs.13,100.74 million, out of which the Division expended an amount of Rs.13,295.49 million. Grant-wise detail of current expenditure and development expenditure is as under:

(Rs. In millions)

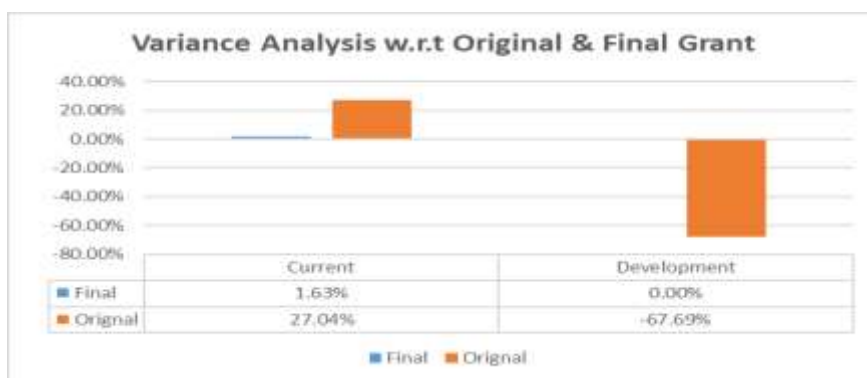
Grant No	Type of Grant	Original Grant	Supplementary Grant	Surrender (-)	Final Grant	Actual Expenditure	Excess/ (Saving)	% age Excess/ (Saving)
13	Current	1,483.00	550.56	0.00	2,033.56	2,022.95	-10.60	-0.52%
14	Current	8,078.00	2,000.00	-160.42	9,917.58	10,122.94	205.36	2.07%
	Total Current	9,561.00	2,550.56	-160.42	11,951.14	12,145.89	194.76	1.63%
87	Development	3,558.20	0.00	-2,408.59	1,149.61	1,149.60	-0.01	0.00%
	G Total	13,119.20	2,550.56	-2,569.01	13,100.74	13,295.49	194.75	1.49%

Audit noted that there was an overall excess of Rs.194.75 million, which was mainly due to excess in current expenditure.

Supplementary Grants obtained without careful cash forecasting

According to Para 71 of GFR (Volume I), while framing budget estimates, the authorities should exercise utmost foresight. Rules of good governance demand that budget processes are carried out in accordance with clearly defined expectations and assumptions and a coordinated calendar of activity.

As shown in the chart below, bifurcating total allocation into current and development expenditure it is observed that, in case of development expenditure, there was 67% saving w.r.t Original grant which finally became 0% excess/saving w.r.t Final Grant and in case of current expenditure 27.04% excess expenditure reduced to 1.63% excess in expenditure.



2.3 Classified Summary of Audit Observations

Audit observations, amounting to Rs. 3,324.355 million, were raised in this report during the current audit of Aviation Division. Summary of the audit observations classified by nature is as under:

(Rupees in million)

S. No	Classification	Amount
1	Non-production of record	-
2	Reported cases of fraud, embezzlement and Misappropriation	-
3	Irregularities	-
A	<i>HR/Employees related Irregularities</i>	-
B	<i>Procurement related irregularities</i>	568.883
C	<i>Management of account with commercial banks</i>	-
D	<i>Recovery</i>	2,334.002
E	<i>Internal Control</i>	100.546
4	Value for money and service delivery	-
5	Others	304.764

2.4 Status of compliance with PAC Directives

Audit Year	Total No. of Audit Paras	No. of Actionable Points Issued	Compliance	Non/Partial Compliance	% of Compliance
2011-12	1	0	0	1	-
2013-14	1	1	0	1	-
2015-16	1	1	1	0	100%
2017-18	1	1	0	1	-
2018-19	2	2	0	2	-

2019-20	9	0	0	9	-
2020-21	2	0	0	2	-
2021-22	4	0	0	4	-
Total	21	5	1	20	

2.5 AUDIT PARAS

Airport Security Force, Headquarters, Karachi

2.5.1 Irregular advance payment on account of purchase of arms - Rs. 461.641 million

Clause 12(a) of the Contract Agreement signed between M/s Crimson International and Airport Security Force, Headquarters, Karachi on 08.06.2022 states that part delivery and part payment will not be allowed. 100% advance payment will made to supplier by the purchaser against an unconditional bank guarantee of 100% contractual amount.

Clause 12(b) of the Contract Agreement signed between M/s Crimson Pvt Limited and Airport Security Force, Headquarters, Karachi on 08.06.2022 states that a confirmed and irrevocable letter of credit of 100% contract value shall be opened in favor of the foreign principal M/s SARSILMAZ, Organize Sarrayi Bolgesi A.S Duzce – Turkiye, by the supplier M/s Crimson International, A-1, New Spinzer IT Towers, Peshawar through State Bank of Pakistan or any scheduled bank of Pakistan.

Airport Security Force (ASF), HQ, Karachi purchased arms from M/s Crimson International during 2021-22 amounting to Rs. 461,640,585. Details are as under:

S. No.	bill No.	Item	Amount (Rs.)
1	2391	SMG 7.62 x 39MM (SAR 308 Turkey)	409,950,585
2	2393	Pistol 9mm (SAR 9 Turkey)	34,020,000
3	2392	Rifle 5.56 x 45mm (SAR 56 Turkey)	17,670,000
Total			461,640,585

Audit observed as under:

- i. 100% advance payment was made without obtaining an unconditional bank guarantee of the contractual amount.
- ii. Confirmed and irrevocable Letter of Credit (LC) of 100% contract value was not opened by the contractor up to November, 2022 despite the fact that 100% payment was made to the contractor in advance.

Audit is of the view that 100% advance payment was made in violation of the contract agreement and without protecting the interest of the government.

The management replied that advance payment was made in the light of approval of Finance Division and unconditional guarantees duly verified by the issuing authority were also obtained from the firm against these payments. Further, irrecoverable letter of credit would be opened by the firm after gaining the NOC from Ministry of Interior for acquisition of import.

The reply was not accepted because unconditional guarantee was obtained from insurance firm instead of a bank in violation of the contract agreement despite 100% advance payment. Further, the management accepted that irrevocable LC was not opened by the contractor.

The management was requested to hold DAC meeting vide letter dated 03.01.2023 but DAC was not convened till finalization of the report.

Audit recommends that inquiry may be held to fix responsibility.

2.5.2 Irregular obtaining of pay orders in the name of ASFF Surety Fund – Rs. 65.865 million

Clause 2(j) of Public Finance Management Act, 2019 states that "financial propriety" means the compliance of law, rules, regulations, maintaining high standard of prudence, vigilance, due diligence and ensuring value for money while incurring expenditure and collecting government receipts.

Clause 21(a) of the Contract Agreement signed between M/s Crimson International and Airport Security Force, Headquarters, Karachi on 08.06.2022 states that to ensure timely and correct supply of stores, the firm will furnish unconditional Guarantee in the form of Pay Order in favor of ASFF Surety Fund

within 10 days of signing of contract for a total amount of Rs. 20,497,529, i.e. 5% of the total value of the contract. The pay order will remain valid for 60 days after acceptance of the store(s), it will be returned to supplier after acceptance of store(s) by the consignee.

ASF HQ, Karachi purchased different items from different contractors and obtained pay order/demand draft amounting to Rs. 65.865 million as guarantee during 2021-22. Details are at Annexure-1.

Audit observed as under:

- i. Performance guarantees were not obtained in the name of Airport Security Force rather these were obtained in the name of Airport Security Force Foundation Surety Fund Account which was a separate entity for the welfare of the employees.
- ii. Utilization of government money for Foundation activities was not covered under any rule.
- iii. Record relating to the accounts maintained by the ASF HQ relating to surety funds were not provided for audit.

Audit is of the view that the Foundation was benefited from the government money which was irregular and unauthorized.

The management was requested to hold DAC meeting vide letter dated 03.01.2023 but DAC was not convened till finalization of the report.

Audit recommends that responsibility may be fixed for the irregularity.

2.5.3 Loss due to non-deduction of tax from M/s Paragon – Rs. 2.747 million

Section 153(1) of Income Tax Ordinance, 2001 states that every prescribed person making a payment in full or part including a payment by way of advance to a resident person or (a) for the sale of goods; (b) for rendering or providing of services; (c) on the execution of a contract, other than a contract for the sale of goods or the rendering of or providing services, shall at the time of making the

payment, deduct tax from the gross amount payable (including sales tax, if any) at the rate specified in Division III of Part III of the First Schedule.

Airport Security Force, HQ, Karachi purchased Sniper Rifle 7.62x51mm (08 Nos.) at a cost of Rs. 16,160,000 from M/s Paragon during 2021-22.

Audit observed that the whole amount of Rs. 16.160 million was paid as advance without deduction of tax.

Audit is of the view that non- deduction of sales tax amounting to Rs. 2,747,200 at the rate of 17% deprived the government from the benefit of its due revenue.

The management was requested to hold DAC meeting vide letter dated 03.01.2023 but DAC was not convened till finalization of the report.

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

2.5.4 Irregular procurement of Computers – Rs. 5.2 million

Clause 19 of the Bidding Documents states that the tenderers either be manufacturer of store(s) if not, then they should enclose a certificate from the manufacturer certifying the ‘Guaranteed Supply as per delivery period mentioned in the contract and quality of total quantity contracted as per specification specified in the contract documents.

Clause 1(f) of Technical Scrutiny Performa states that it must be filled in using a typewriter/computer. No hand written technical scrutiny Performa shall be accepted.

The management of Airport Security Force, Headquarters, Karachi purchased Computers Core i7 at a cost of Rs. 5.239 million from M/s Metro Maintenance and Housekeeping Services during 2021-22.

Audit observed as under:

- i. Two firms, i.e. M/s Metro Maintenance and Housekeeping Services and M/s Fatimid Impex participated in the bidding process.
- ii. M/s Fatimid produced Dell EMC authorized final tier reseller certificate whereas M/s Metro Maintenance and Housekeeping Services provide Certificate of Microtech Inc. which was neither a manufacturer of computers nor authorized dealer.
- iii. M/s Metro quoted HP Computer with HP LED but supplied Samsung LED as mentioned in the broacher attached with the technical bid.
- iv. Technical Scrutiny Performa was hand written in violation of the bidding documents.

Audit is of the view that procurement was made in violation of the bidding documents which is irregular.

The management replied that authorization certificate was required only for those items which were prohibited in nature such as weapons, etc. whereas computers were general items easily available in the local market and do not require authorization certificate. M/s Metro quoted computer and Samsung LED as per tender document submitted by the firm. Moreover, there was no instruction mentioned in the tender inquiry for not accepting hand written Performa.

The reply was not accepted because Original Equipment Manufacturer (OEM) certificate was required to avoid the purchase of refurb issued computers which were available in the market. Further, there was instruction in the form to be submitted with the tender that handwritten Performa was not acceptable.

The management was requested to hold DAC meeting vide letter dated 03.01.2023 but DAC was not convened till finalization of the report.

Audit recommends that inquiry may be held to fix the responsibility.

2.5.5 Irregular amendments in the contract agreement to favor the contractor - Rs. 16.160 million

Clause (m) of special instructions of bidding documents states that the seller will arrange visit for 4 working days of 03 x officers detailed by HQ ASF to Manufacturer / Factory free of cost.

Clause (n) of Special Instructions of bidding documents states that pre-shipment inspection will be carried out by the 03 x officers detailed by the HQ ASF at firm / supplier expense at dates coordinated by the firm / supplier shipment will be extended after inspection.

Airport Security Force, HQ, Karachi purchased Sniper Rifle 7.62x51mm (08 Nos.) from M/s Paragon amounting to Rs. 16,160,000 the whole amount was paid to the firm in advance.

Audit observed that at the time of signing the contract agreement the clauses of foreign visit for 6x officers to United States of America was deleted which was a favor to the contractor.

Audit is of the view that deletion of foreign visit clause was unauthorized.

The management replied that manufacturing facility visits & pre-shipment inspections were free of cost and on firm expenses. Similarly, the cost of said visits was also not included in the bid as communicated earlier in the tender documents. As the quantity of the contract was too small, i.e. 08 rifles only and the OEM has already been assessed by ASF during contracts of FY 2016-17, therefore, requirement of visits in this case was not felt necessary.

The reply was not accepted because as per tender documents total 6 officers were required to visit the manufacturing facility and the cost of which was included in the bid price. All other bidders also included the cost of foreign visit in their bid. Exclusion of the clause of foreign visit in contract agreement was a favor to the contractor at the cost of exchequer.

The management was requested to hold DAC meeting vide letter dated 03.01.2023 but DAC was not convened till finalization of the report.

Audit recommends that inquiry may be held to fix responsibility.

Airport Security Force Foundation, Karachi

2.5.6 Irregular and unjustified share of loss from ASF projects – Rs. 285.310 million

Section-3(d) of S.R.O 15(KE)/2014 dated 17.04.2014 states that, it is one of the objectives of the Foundation to invest funds of the Foundation in profitable schemes, projects and any income therefrom to be utilized for collective benefit of the beneficiaries.

From analysis of the Independent Auditor's Report of the projects for the 2020-21, Audit observed that the management of ASF Foundation incurred loss of shares from the following projects amounting to Rs.285.310 million. Details are as under.

(Rupees)	
Name of Project	F.Y. 2021
ASF Housing Scheme	277,311,009
ASF Arabian Vista	7,975,021
ASF Residencia	24,339
Total	285,310,369

Audit is of the view that the funds of the Foundation were invested in non-profitable projects in violation of the basic objective of the Foundation, besides, non-production of Financial Statements of ASF Foundation for the period 2021-22 is held irregular and justified. Audit further observed that the management did not produce the Financial Statements of 2021-2022.

The management was requested to hold DAC meeting vide letter dated 03.01.2023 but DAC was not convened till finalization of the report.

Audit recommends that the matter may be probed and responsibility fixed.

2.5.7 Non-recovery of profit from M/s Kings Group (Builders and Developers) - Rs.1.00 billion and loss of profit - Rs.1.368 billion

In terms of Clause 11 of Addendum to Joint Venture Agreement between ASFF and Kings Group dated 13.04.2021 "the profit of ASFF was expected to be Rs.2.368 billion as per JVA from the project of ASF Foundation. The parties agreed

to revise the profit share of first party (ASFF) to Rs.1,000,000,000/- (one billion only) which will be disbursed as under:

- i. Rs.50 million quarterly for next 5 quarters till June 2022 with first profit installment becoming due in March 2021 (Total 250 million).
- ii. The remaining profit of Rs.750 million will be paid in June 2022.

The management of ASF Foundation, Karachi made two Contract Agreements with M/s Kings Group (Builders and Developers) on 02.08.2016 by expecting profit of Rs. 2.368 billion and an other Agreement was revised on 13.04.2021 by revising profit from 2.368 billion to 1.00 billion.

Audit observed that the management of ASF Foundation did not recover the profit of 1.00 billion as per Revised Agreement on 13.04.2021 from M/s Kings Group (Builders and Developers) Karachi.

Audit further observed that the management entered into Contract Agreement with M/s Kings Groups (Builders and Developers) vide Joint Venture Agreement (JVA Contract ASFF/KG-ASFT-KHI/APT-PROJ/0002/02082016 signed on 02.08.2016) in which the profit was expected to be received amounting to Rs.2.368 billion from the Kings Group but the agreement was revised by reducing profit from 2.368 billion to 1.00 billion resulted into loss of Rs.1.368 billion. Reason and record regarding reducing the profit was not made known to audit. Due to non-production of copy of Contract Agreement of 02.08.2016 the audit could not ascertain that the Stamp duty Rs.7.105 million @0.30 paisa on the contract of Rs.2.368 billion has been paid by contractor or not.

The copy of Agreement between ASF Foundation and Kings Group (Builders and Developer) dated 02.08.2016 regarding profit of 2.368 billion was requested besides any justification through audit memo No.04 dated 09.09.2022 but neither the copy of agreement was produced nor matter was justified to audit.

Audit is of the view that non-recovery of profit from the Kings Builder sustained huge loss, and undue favor was also extended to the M/s Kings Group by reducing the profit from 2.368 billion to 1.00 billion is serious irregularity on the part of the management.

The management was requested to hold DAC meeting vide letter dated 03.01.2023 but DAC was not convened till finalization of the report.

Audit recommends that the matter may be investigated at the highest level and the responsibility may be fixed on the person (s) found at fault. Besides, the amount of profit may be recovered at the earliest and loss of profit reduced may be recovered from the builder. The stamp duty may be recovered from the builder if not paid.

2.5.8 Un-authorized and illegal payment from donation received for Grand Mosque to ASF City project and M/s London Engineering Rs.19.454 million

Section-3(d) of S.R.O 15(KE)/2014 dated 17.04.2014 states that, it is one of the objectives of the Foundation to invest funds of the Foundation in profitable schemes, projects and any income therefrom to be utilized for collective benefit of the beneficiaries.

The management of the ASF Foundation, Karachi paid an amount of Rs.19.454 million from Grand Mosque Account to ASF City Project and M/s London Engineering as a return of loan during the years 2020-2022. Detail is given as under;

S.No	Cheque No/date	Particulars	Amount (Rs.)
1	11081672 (25.07.2020)	Loan Returned to M/s ASF City	13,358,120
2	11081673 (27.08.2022)	Loan Returned to M/s London Engineering	6,096,600
		Total	19,454,720

Audit observed as under:

- i. The amount was paid to the project management of ASF City from the Grand Mosque Project which was donated for construction of the Mosque but not for returning of loan to ASF City. Besides, there is no evidence of receiving the loan from the ASF city as the management has mentioned on the bill and cash book. Neither any loan was credited in Bank Account of Grand Mosque nor any evidence of receipt of loan was shown in the Cash Book.

- ii. The loan of Rs.13.358 million was paid without mentioning the party i.e. M/s ASF City but only Return of Loan which needs clarification.
- iii. The amount Rs.6.096 million was paid to M/s London Engineering from the Grand Mosque Account which was illegal unauthorized.

Audit is of the view that such payment from the Grand Mosque Account which was purely donated for the construction of the Holy Mosque is held unauthorized illegal and unjustified.

The management was requested to hold DAC meeting vide letter dated 03.01.2023 but DAC was not convened till finalization of the report.

Audit recommends that the inquiry may be conducted and responsibility may be fixed on the person(s) found at fault and the amount may be recovered and deposited in the Mosque Account for utilization for construction of Mosque.

2.5.9 Non-deposit of unauthorized retention of withholding tax into government treasury- Rs. 19.255 million

Section 53(1) of the Income Tax Ordinance, 2001 provides that every prescribed person making a payment in full or part including a payment by way of advance to a resident person or permanent establishment in Pakistan of a non-resident person for a supply of goods or the rendering of or providing of services, shall at the time of making the payment, deduct tax from the gross amount payable at the rate specified in Division III of Part III of the first Schedule.

The management of ASF Foundation, Karachi deducted withholding tax of Rs.19.255 million against the purchase of various taxable goods and services up to 30th June 2022. (Annexure-attached).

Audit observed that the management withheld the income tax from the bills of the various contractors but the same was not deposited into Government treasury.

Audit is of the view that unauthorized retention of withheld tax is held irregular an unauthorized and loss to public exchequer.

The management was requested to hold DAC meeting vide letter dated 03.01.2023 but DAC was not convened till finalization of the report.

Audit recommends that the withholding tax may be deposited into government treasury and proof of deposit may be provided to audit.

2.5.10 Uneconomical and Unjustified expenditure on purchase of luxury vehicles- Rs. 102.042 million

Section 3 of S.R.O 15(KE)/2014 dated 17.04.2014 of Foundation states that “the aims and objectives of the foundation includes the investment of funds in profitable scheme and projects and to do such other things as are conducive to the attainment of the aims and objectives”.

The management of ASF Foundation, Karachi incurred an expenditure on purchase of vehicles amounting to Rs. 102.042 million during the audit period 2020-21 to 2021-22. Details are given below;

Description	2020-21	2021-22	Total
	Amount in Rs.		
Vehicles acquired on lease	39,987,314	35,455,358	75,442,672
Owned Vehicles Purchased	-	23,400,000	23,400,000
Vehicles acquired during the year	39,987,314	58,855,358	98,842,672
Finance Cost on Leased Vehicles	1,586,724	1,613,095	3,199,819
Total	41,574,038	60,468,453	102,042,491

Audit observed that the luxury and non-luxury vehicles were purchased despite suffering deficit of Rs. 390.532 million in the financial year 2020-21 as shown in the financial statements. Besides the vehicles were purchased during ban period and in disregard of austerity measures 2020-2021 and 2021-2022. Audit further observed that the entitlement of such vehicles were not made known to audit.

Audit is of the view that the expenditure on purchase of luxury vehicles without providing entitlement details is held irregular and unjustified to audit.

The management was requested to hold DAC meeting vide letter dated 03.01.2023 but DAC was not convened till finalization of the report.

Audit recommends that irregularity may be got regularized from the Finance Division besides the responsibility may be fixed on the persons who transgress the government rulings.

2.5.11 Non-adjustment of irregular and unjustified cash payment - Rs.25.539 million

Rule 157 of FTR states that cheques drawn in favour of Government Officers and departments in settlement of government dues shall always be crossed "A/c payee only not negotiable".

Rule 668 of FTRs states that advances granted under special orders of competent authority to Government officers for departmental or allied purposes may be drawn on the responsibility and receipt of the officers for whom they are sanctioned, subject to adjustment by submission of detailed accounts supported by vouchers or by refund, as may be necessary”

The management of ASF Foundation, Karachi withdrawn an amount of Rs. 25.539 million from the bank for different purposes during the financial year 2020-21 and 2021-22.

Audit observed as under:

- i. The payment was made in advance but adjustment vouchers of the same was not produced to audit. In absence of record the authenticity of the expenditure could not be ascertained.
- ii. The payment was made through open cheque instead of cross cheque in violation of Rule 157(2) of FTR Vol-I.
- iii. During review of cash book audit observed that the amount was withdrawn without mentioning the employee names on cash book besides the cash was drawn with open cheque instead of cross cheques as the funds were withdrawn frequently without justification.

Audit is of the view that in absence of adjustment voucher the audit could not verify the record of paid amount. Besides, cash payment through open cheque was held irregular and unjustified.

The management was requested to hold DAC meeting vide letter dated 03.01.2023 but DAC was not convened till finalization of the report.

Audit recommends that the advances may be adjusted and the payment of such advances may be stopped in future.

2.5.12 Non-payment of tax and non-disclosure of tax liability Rs. 944 million

In terms of 10th Board Meeting of ASF Foundation held on 18-19th February 2021 at ASF HQ, Karachi it was pointed out that the management of the ASF Foundation is engaged with the FBR Authorities regarding the Tax Issue in which the FBR has issued notices for withholding tax Rs.944 million on portfolio of Rs.6.9 billion since inception of the projects of ASF City and ASF Towers. As per FBR regulations, ASFF is not exempted from paying taxes as it is registered with SECP as “ASF Venture” instead of ASF Foundation.

As per section 36(1) of Income Tax ordinance 2001, “A person accounting for income chargeable to tax under the head “Income from Business” on an accrual basis shall compute such income arising for a tax year under a long-term contract on the basis of the percentage of completion method”.

Further, Section 36(2) of Income Tax ordinance states that, “The percentage of completion of a long-term contract in a tax year shall be determined by comparing the total costs allocated to the contract and incurred before the end of the year with the estimated total contract costs as determined at the commencement of the contract”.

The management of ASF Foundation, Karachi has been served notice by FBR to pay off tax liability of Rs. 944 million on a portfolio of Rs. 6.9 billion.

Audit observed that the management of ASF Foundation neither paid tax nor settled the tax issue and the tax liability was not disclosed in the Financial Statements for the audit period 2020-2021 and 2021-2022.

Audit is of the view that the management of ASF Foundation accumulated the liability of tax Rs.944 million on the ASF Foundation.

The management was requested to hold DAC meeting vide letter dated 03.01.2023 but DAC was not convened till finalization of the report.

Audit recommends that responsibility may be fixed for neither settling the tax issue nor its payment into government treasury.

2.5.13 Unauthorized expenditure on hiring of vehicles Rs. 9.142 million

In terms of Section 3 of S.R.O 15(KE)/2014 dated 17.04.2014 “The aims and objectives of the foundation include investment of funds in profitable scheme and projects and to do such other things as are conducive to the attainment of the aims and objectives”.

The management of the ASF Foundation, Karachi incurred expenditure of Rs. 9.142 million on hiring of vehicles during the financial year 2020-21 and 2021-22. Details are as under;

Description	2020-21 (Rs.)	2021-22 (Rs.)	Total (Rs.)
Hiring of vehicles for Grand Mosque Project	-	1,782,975	
Hiring of vehicles for Head Office	3,638,456	3,720,516	
Total	3,638,456	55,034,910	9,141,947

Audit observed that the vehicles were hired despite maintaining the fleet of 37 vehicles in violation of the above rule.

Audit is of the view that management of ASF Foundation, Karachi should curtail expenses on rent of vehicles and manage the traveling activity by vehicles already maintained as the management has already depicted the loss in the financial statements 2020-2022.

The management was requested to hold DAC meeting vide letter dated 03.01.2023 but DAC was not convened till finalization of the report.

Audit recommends that the expenditure on hiring of vehicles may be got regularized from the finance division besides, avoid such irregularity in future and responsibility may be fixed on the persons found at fault.

CHAPTER 3

CABINET DIVISION

3.1 Introduction

As per Schedule II [Rule 3 (3)] Distribution of Business among the Divisions read with Schedule III [rule-4(4)] Rules of Business 1973 (As amended up to 23rd April, 2019) following main business have been assigned to the Division amongst the other functions.

- 1- All secretarial work for the Cabinet, National Economic Council and their Committees, Secretaries' Committee.
- 2- Appointments, resignations, salaries, allowances and privileges of Provincial Governors.
- 3- Setting up of a Division, allocation of business to a Division and constitution of a Division or group of Divisions as a Ministry.
- 4- Coordination of defense effort at the national level by forging effective liaison between the Armed Forces, Federal Ministries and the Provincial Governments at the national level.
- 5- Instructions for delegations abroad and categorization of international conferences.
- 6- Security and proper custody of official documents and security instructions for protection of classified matter in Civil Departments.
- 7- Resettlement and rehabilitation of civilians and civil Government servants uprooted from East Pakistan including policy for grant of relief and compensation for losses suffered by them.
- 8- Administrative control of the National Electric Power Regulatory Authority, Pakistan Telecommunications Authority, Frequency Allocation Board, Oil and Gas Regulatory Authority, Public Procurement Regulatory Authority, Intellectual Property Organization of Pakistan and Capital Development Authority.
- 9- Peoples Works Program (Rural Development Program).

10- Selection of scholars against Pakistan Chairs Abroad by the Special Selection Board.

ATTACHED DEPARTMENTS/ AUTONOMOUS BODIES

- i. Abandoned Property Organization
- ii. Department of Communication Security.
- iii. Department of Stationery Forms.
- iv. Department of Archives.
- v. Intelligence Bureau
- vi. Islamabad Club as an Autonomous Body.
- vii. Public Procurement Regulatory Authority

Sr. No.	Description	Total No.	Audited	Expenditure Audited (FY-2021-22) Rs. in million	Revenue / Receipt Audited (FY 2021-22) Rs. in million
1	Formations	59		3,746.243	-
2	Assignment Accounts (Excluding FAP)	4	-	-	-
3	Authorities / Autonomous Bodies etc. under the PAO	3		7,545.446	-
4	Foreign Aided Project (FAP)	-	-	-	-

3.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Cabinet Division for the financial year 2021-22 was Rs.52,471.66 million, out of which the Division expended an amount of Rs.52,405.64 million. Grant-wise detail of current expenditure and development expenditure is as under:

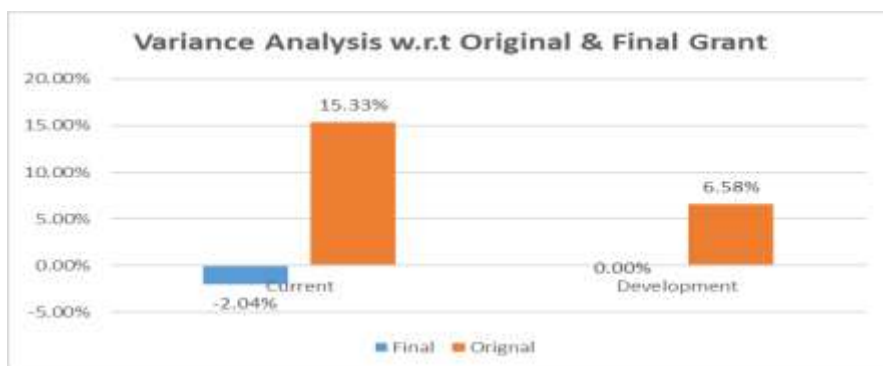
(Rs. In million)									
Grant No	Type of Grant	Heads	Original Grant	Supplementary Grant	Surrender (-)	Final Grant	Actual Expenditure	Excess/ (Saving)	% age Excess/ (Saving)
1	Current	Cabinet	277.00	.00	-80.39	196.61	185.32	-11.29	-5.74%
2	Current	Cabinet Division	2,048.00	1,055.00	-619.71	2,483.29	2,429.91	-53.38	-2.15%
3	Current	Emergency Relief and Repatriation	387.00	125.82	0.00	512.82	512.42	-.40	-0.08%
	Total Current		2,712.00	1,180.82	-700.10	3,192.72	3,127.65	-65.07	-2.04%
86	Development	Development Expenditure	46,235.00	18,729.38	-15,685.43	49,278.94	49,277.99	-.95	0.00%
	G Total		48,947.00	19,910.19	-16,385.53	52,471.66	52,405.64	-66.02	-0.13%

Audit noted that there was an overall saving of Rs.66.02 million, which was mainly due to saving in current grants.

Supplementary Grants obtained without careful cash forecasting

According to Para 71 of General Financial Rules (Volume I), while framing budget estimates, the authorities should exercise utmost foresight. Rules of good governance demand that budget processes are carried out in accordance with clearly defined expectations and assumptions and a coordinated calendar of activity.

As shown in the chart below, bifurcating total allocation into current and development expenditure it is observed that, in case of development expenditure, there was 6.58% saving w.r.t Original grant which finally became 0% excess/saving w.r.t Final Grant and in case of current expenditure 15.33% excess expenditure became 2.04% saving in expenditure.



3.3 Classified Summary of Audit Observations

Audit observations, amounting to Rs. 1,878.578 million, were raised in this report during the current audit of Cabinet Division. Summary of the audit observations classified by nature is as under:

(Rupees in million)		
S. No	Classification	Amount
1	Non-production of record	
2	Reported cases of fraud, embezzlement and Misappropriation	
3	Irregularities	
A	HR/Employees related Irregularities	
B	Procurement related irregularities	70.008

C	<i>Management of account with commercial banks</i>	623.162
D	<i>Recovery</i>	101.078
E	<i>Internal Control</i>	751.117
F	<i>Civil Works</i>	249.443
4	Value for money and service delivery	83.75
5	Others	

3.4 Status of compliance with PAC Directives

Audit Year	Total No. of Audit Paras	No. of Actionable Points Issued	Compliance	Non/Partial Compliance	% of Compliance
2010-11	1	1	1	0	100
2012-13	3	0	0	3	-
2013-14	4	4	4	0	100
2014-15	9	2	2	7	100
2015-16	2	2	2	0	100
2016-17	22	0	0	22	-
2018-19	25	0	0	25	-
2019-20	15	0	0	15	-
2020-21	2	0	0	2	-
2021-22	4	0	0	4	0
Total	87	9	9	78	

3.5 AUDIT PARAS

Cabinet Division

3.5.1 Non-Production of record of Toshakhana

The Honorable Supreme Court of Pakistan in its judgment dated 08.07.2013 declared and directed in Para 27(b) that “the Auditor General, in order for him to fulfill his duties under Articles 169 and 170 of the Constitution, is not only authorized but also obliged to seek access to any and all records actually maintained by all Federal and Provincial Governments, as well as all entities established by or under the control of the Federal and Provincial Government, regardless of the designation of such records as secret or otherwise”.

Section 14(2) of the Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 states that the officer in-charge of any office or department shall afford all facilities and provide record for audit

inspection and comply with requests for information in as complete a form as possible and with all reasonable expedition.

Section 14(3) of the Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 states that any person or authority hindering the auditorial functions of the Auditor General regarding inspection of accounts shall be subject to disciplinary action.

The management of Cabinet Division, Islamabad was requested to provide the complete record of Toshakhana. Despite repeated requests the management did not provide the record. Later on Public Accounts Committee also directed to get the record of Toshakhana audited for the last 10 years, however, the management did not respond to these directions too.

Audit is of the view that in absence of record the authenticity of the Toshakhana could not be ascertained.

The management replied that the record of Toshakhana is classified and cannot be provided as per Clause-7 and Clause-16{1(a)(ii)} of the Right to Access to Information Act, 2017 and cannot be provided without written permission of the competent authority, and cases to this effect are also pending adjudication in various fora.

The reply of the management is not acceptable as no record related to declaration of Toshakhana as classified was provided to Audit.

Audit recommends to probe the matter besides fixing of responsibility.

Intelligence Bureau, Gilgit

3.5.2 Irregular hiring of buildings for office-accommodations - Rs. 14.039 million

In terms of Finance Division letter No. F8(69) R.14/83/2001-452 dated 18.10.2001, the cases of initial hiring should be forwarded to Finance Division (Regulation Wing) with the approval of Secretary In-charge of Ministry/Division concerned through respective FA's Organization.

The management of GB Regional Headquarter, IB, Gilgit hired private properties for office accommodation of eleven (11) IB Regional/Zonal/District Offices in Gilgit-Baltistan and paid an amount of Rs. 14.039 million to the owners up to June, 2022.

Audit observed that the management did not obtain approval of the Finance Division (Regulation Wing) for hiring of buildings for office-accommodations.

Audit is of the view that hiring of buildings for office-accommodations without approval of the Finance Division (Regulation Wing) was irregular and unauthorized.

The DAC in its meeting held on 27.01.2023 directed the management to take the matter with the Finance Division (Regulation Wing) for post-facto approval of buildings hired for office-accommodation.

Audit recommends that hiring of buildings for office-accommodations be got regularized from the Finance Division (Regulation Wing).

3.5.3 Non-deduction of Income Tax from salaries - Rs. 5.605 million

Section 12(1) of the Income Tax Ordinance 2001 states that any salary received by an employee in a tax year, other than salary that is exempt from tax under this Ordinance, shall be chargeable to tax in that year under the head “Salary”.

Section 149(1) of the Income Tax Ordinance 2001 states that every person responsible for paying salary to an employee shall, at the time of payment, deduct tax from the amount paid at the employee’s average rate of tax computed at the rates specified in Division I of Part I of the First Schedule on the estimated income of the employee chargeable under the head “Salary” for the tax year in which the payment is made after making adjustment of tax withheld from employee under other heads and tax credit admissible under section 61, 62, 63 and 64 during the tax year after obtaining documentary evidence, as may be necessary.

The management of GB Regional Headquarter, IB, Gilgit has the officers/officials on the pay roll of AGPR, Sub-office, Gilgit whose salaries were, therefore, subject to Income Tax.

Audit observed that the Income Tax on salaries amounting to Rs. 5,604,656 had not been deducted from the ‘income form salary’ of the officers/officials as required under the Income Tax Ordinance, 2001.

Audit is of the view that non-deduction of Income Tax from the salaries of officers/officials is violation of the Income Tax Ordinance, 2001 which deprived the Federal Government from its due receipts.

The DAC in its meeting held on 27.01.2023 directed the management to get clarification from the Federal Board of Revenue (FBR) regarding deduction of Income Tax from the salaries paid to the federal employees posted in Gilgit-Baltistan.

Audit recommends recovery of Income Tax from the officers/officials and deposit the same into federal treasury.

Public Procurement Regulatory Authority

3.5.4 Non-Investment of Contributory Provident Fund (CPF) - Rs. 26.066 million

Sr. 66(1) of Public Procurement Regulatory Authority (PPRA) Service Regulations states that the amount of CPF (comprising of the employees contribution and the equivalent amount provided by the Authority) will be invested in such profitable ventures or placed in a bank account as approved by the Management Committee of the Fund. The annual provident accruing to the Fund shall be credited to the account of each subscriber in the same ratio of his/her contribution to the fund during the financial year, while accounting for the period of contribution. The withdrawals and additions in the account during the year will also be taken into account.

The management of Public Procurement Regulatory Authority (PPRA) collected an amount of Rs. 13.033 million as “employees’ contribution” towards Contributory Provident Fund (CPF) and equivalent amount as “employer’s contribution” during Apr, 2017 to June, 2021, as per following details:

	01.04.2017 to 30.06.2018	01.07.2018 to 30.06.2019	01.07.2019 to 30.06.2020	01.07.2020 to 30.06.2021	Total Employees Contribution	Total Employer Contribution	Grand Total
Officers	699,405	606,852	649,632	2,060,138	4,016,027	4,016,027	8,032,054
Staff	2,067,365	1,833,156	1,992,111	3,124,528	9,017,160	9,017,160	18,034,320
Total	2,766,770	2,440,008	2,641,743	5,184,666	13,033,187	13,033,187	26,066,374

Audit observed that the PPRA management neither invested the CPF of PPRA employees nor placed in bank account as required under the Regulations.

Audit is of the view that non-investment of CPF deprived the employees from the Profit on one hand and violation of provisions of Regulations on the other hand.

The management replied that for managing CP Fund, the PPRA has notified Management Committee. The committee is working to create and establish “The Contributory Provident Fund Account” as required under these regulations. The Management Committee has noted the observation of Audit. For comprehensive implementation of CP Fund in light of PPRA Service Regulations, the CPF Management Committee in its last meeting held on 26.01.2022 had recommended to expedite the case for opening of a separate Account for managing the Contributory Provident Fund and its investment as per existing regulations & procedures. The CPF Management Committee is keen to comply with the requirements highlighted by Audit in the light of prevailing regulations. It is expected that the matter shall be resolved within short span of time as the Authority has already initiated working on subject matter.

The management has accepted the audit observation.

Audit recommends investment of CPF at the earliest.

Abandoned Properties Organization (Hq), Islamabad

3.5.5 Lapse on part of the management regarding recovery of rent of shops – Rs. 5.277 million

Section 8(1) of the Abandoned Properties (Taking Over and Management) Act 1975 states that “any amount due to a specified or payable in respect of any

abandoned property or property of which the Administrator has taken possession shall be paid to the Administrator by the person liable to pay the same.”

Furthermore Section 16-2(j) states the power of Administrator “to evict with such force as may be necessary an unauthorized occupant of abandoned property or an occupant of such property to whom it has been let out by or on behalf of the Administrator and who makes default in paying the rent for such property or otherwise commits a breach of the terms on which it is let out.

The Management of APO leased out its shops located at Aabpara market G-6/1, Islamabad at a monthly rate ranging from Rs.8,750 to Rs.75,000 per month. Detail of monthly rate of the shops and last payments received and rent outstanding, as on 30th June, 2021 is tabulated as under:

(Rupees)					
Description	Occupant	Monthly Rent	Last Payment	Date of Last Payment	Rent Outstanding
Shop No 625,	Mr. Wajid Ur Rehman	75,000	100,000	14.06.2021	176,000
Shop No 629,	Mr. Kamran Abbasi	17,500	136,000	04.09.2015	1,226,768
Shop No 629/A,	Sh. Muhammad Naeem	12,000	50,000	28-01-2021	136,018
Shop No 629/B,	Usman Abbasi	25,000	81,300	01-08-2015	1,538,616
Shop No 630,	Sh. Muhammad Moeen	25,000	100,000	29-06-2021	869,353
Shop No 683/1,	Mr. Malik Javed Iqbal	50,000	50,000	14-06-2021	174,000
Flat No 683/2,	Mr. Muhammad Iqbal Abbasi	9,375	10,000	18-02-2021	728,930
Shop No 683/3,	Mr. Muhammad Yasir	8,750	50,000	18-02-2021	160,268
Shop No 683/4,	Sh, Shakeel Ahmed	12,500	25,000	15-04-2021	267,378
	Total				5,277,331

Audit observed that the management of APO is not recovering the rent from the tenants on time resulting in an outstanding amount of Rs.5.277 million. Furthermore no check and balance is being maintained by the APO regarding subletting, alteration or defaulting of rent or utility bills of the shops / flat , if any.

Audit is of the view that non recovery of outstanding dues was negligence on the part of management depriving the APO from its due receipts on due date.

No reply received till finalization of the report.

Audit recommends fixation of responsibility besides recovery from the concerned under intimation to Audit.

Islamabad Club

3.5.6 Non-finalization of membership despite taking advance entrance fees-Rs. 83.75 million.

Section 6(4) of the Islamabad Club (Administration) Ordinance, 1978 states that the Administrator shall, subject to any direction issued by the Federal Government, be competent to executrices and perform all such powers and functions as may be necessary for the efficient administration of the affairs of the Islamabad Club.

The management of Islamabad Club received advance entrance fee amounting to Rs. 83,750,000 during the financial year 2020-21 for membership of the Club as detailed in Annexure-A

Audit observed that advance entrance fees received from the applicants from 01.07.2020 to 30.06.2021 but membership cases were not decided and finalized till 30.11.2021. Audit further observed that this advance fee was in addition to previous advance entrance fees worth Rs 310.988 million received during the financial years 2002-03 to 2019-20 but membership was not yet finalized. Audit further observed that the management did not set requirements to process an application within Minimum calendar days from the date the club receive a complete application for membership along with half amount of entrance fee.

Audit is of the view that pended decision of membership cases is leading to undue retention of money deposited by the applicants and non-finalization of cases is a question mark on the transparency of allotment of membership.

Management replied that applicants from the year 2003-16 were mostly interviewed. However pending applications are due to following reasons:

- Files status is incomplete.
- Remained absent in interviews.

- Deferred by the balloting committee.

Other applicants are also being interviewed or scheduled for future interviews on their turn.

The para was discussed in DAC meeting held on 14.12.2022. The DAC directed the Islamabad Club to submit revised and cogent reply to Audit within two weeks.

Revised and cogent reply was not furnished to Audit within two weeks i.e 02.01.2023.

Audit recommends that effective steps should be taken for finalization of outstanding membership.

3.5.7 Non-obtaining of Technical Sanction of Civil Works and Infrastructure. Rs. 59.178 million.

Para 56 of Central Public Works Accounts (CPWA) Code states that for every work detailed estimate known as technical sanction must be prepared for sanction of competent authority.

The management of Islamabad Club awarded a contract for Construction of Futsal Court to M/s Khaiwa Khan & Brothers, Islamabad amounting to Rs. 59,177,655 on 20.04.2021.

Audit observed that no technical sanction was obtained before the commencement of work as there was no qualified engineering staff in Islamabad Club.

Audit is of the view that execution of Civil Work without obtaining Technical sanction from the competent authority was irregular.

The para was discussed in DAC meeting held on 14.12.2022 and the DAC directed Islamabad Club to furnish revised reply with relevant documents to Audit, within two weeks and get the record verified.

Revised reply and relevant documents were not furnished to Audit within stipulated time.

Audit recommends to fix the responsibility for the irregularity.

3.5.8 Functioning of Islamabad Club in the absence of Management Committee for a period of more than two years.

Section 6A (1) of the Islamabad Club (Administration) Ordinance, 1978 states that Federal Government shall constitute a Management Committee to aid and advise the administrator in performance of his functions.”

This constitutes a collective forum to make permanent decisions those have long lasting effects. It requires approval of this forum in letter and spirit of the Ordinance. In the absence of this forum the Administrator can only act as an interim arrangement for routine functioning of the organization. Decisions like new project under the Capex, issuance of memberships, functioning of the committees cannot be taken up under this arrangement.

270 memberships were awarded from 2018 to 2020 which are irregular.

Federal Government was required to constitute a management committee comprising five service members, three members other than service and one diplomatic member for a period of two years.

Audit observed that Management Committee was not constituted during the period from 01.07.2018 to 06.10.2020 and resultantly Islamabad Club functioned without a Management Committee which is equivalent to Board of Governors (BOG) in Autonomous Bodies.

Audit is of the view that functioning of Islamabad Club in the absence of Management Committee for a period of more than two years was irregular and in violation of Section 6A (1) of the Islamabad Club (Administration) Ordinance, 1978.

The management replied that two letters were written to Federal Government to constitute the Management Committee. The Club was in no position to force the Federal Government in this regard.

The reply was not accepted as both letters were written in the month of May, 2019 (21&31.05.2019).

The para was discussed in DAC meeting held on 14.12.2022 and the DAC directed the Admin Wing of Cabinet Division to verify the position from the record and intimate factual position to Audit.

Verified position of record has not been furnished to Audit so far i.e 06.01.2023

Audit recommends that directions of DAC may be implemented to proceed further in the matter.

3.5.9 Non-extension in lease period of 347.3 Acres land after expiry of lease agreement

Clause-5 of Lease Agreement dated 10.11.1970 between Islamabad Club and CDA states that the Lessee shall, on the expiry of the term of this lease, its cancellation or termination, as the case may be, peaceably surrender and immediately restore and deliver possession of the leased land to the Lessor and remove all its structure and material there from within a period of one month from the date of expiry, cancellation or termination and it is hereby agreed that all the property of the Lessee which shall not, within the said period of one month, have been removed, shall remain and be for the use and benefit of the Lessor who shall be at liberty to remove, sell or dispose of the same in such manner as it shall think fit without being liable to pay and compensation to the Lessee in connection with such retention, removal, sale or disposal will be recoverable from the Lessee in accordance with any law for the time being in force authorizing recovery of any amount due to the Lessor from any person or body for any reason whatsoever.

As per lease agreements between Capital Development Authority (CDA) and Islamabad Club, CDA had leased land measuring 347.3 Acres (i.e.

233.4+11.4+102.5) to Islamabad Club for use and enjoyment only as Golf Course and other sports activities for the period of 50 years commencing from 01.07.1969.

Audit observed that the stipulated lease period with CDA had already expired on 30.06.2019 and no extension in the lease period was finalized after lapse of three (03) years.

Audit is of the view that non finalization of extension in lease period is a serious lapse on the part of management.

The Para was discussed in DAC meeting held on 22.12.2022 and the DAC pended the Para with direction to Islamabad Club to complete land survey and take further action within one month.

Audit recommends that land survey may be completed and shared with Audit.

3.5.10 Non-payment of Property Tax

Clause-89(1) of the Islamabad Capital Territory Local Government Act, 2015 states that the property tax, under this Act, shall be collected by Metropolitan Corporation.

Clause-5 of Lease Agreement dated 10.11.1970 between CDA and Administrator Islamabad Club states that the Lessee shall, from the date it comes in possession of the leased land, pay all taxes, rates, royalties (if any be payable), assessments, duties, charges and impositions whatever which may now or hereafter, during the said term be charged or imposed upon or be payable in respect of the leased land or any structure thereon or anything relating thereto, whether the same payable to the Lessor or to any other authority entitled thereto under any law for the time being in force.

The Islamabad Club was established in the year 1967 to provide recreational and sports facilities for the Government servants, diplomats and other inhabitants of Islamabad; the new Capital of Pakistan. Islamabad Club is an unincorporated club comprising of its members and is functioning under the ambit of Islamabad Club (Administration) Ordinance 1978 (Club Ordinance). An area of 244.8 acres

was leased to the Club by the Capital Development Authority. The current geographical area of Club is approx 347.3 acres. (i.e. 233.4 + 11.4 + 102.50).

The management of Islamabad Club (IC) occupied 347.3 acres land of CDA on lease basis for the period of 50 years w.e.f. 01.07.1969.

Audit observed as under:-

1. The management did not pay Property Tax since inception.
2. Further, no provision in the books of accounts was provided for above tax liability.

Audit is of the view that non-payment of property tax deprived the Government from its due receipts.

The para was discussed in DAC meeting held on 22.12.2022 and the DAC pended the para till finalization of the case with direction to create/ book tax liability in the books of accounts.

Audit recommends that due amount of taxes may be calculated and deposited into government treasury under intimation to Audit.

3.5.11 Loss sustained by the Club in various departments – Rs. 114.408 million

Section 6(4) of Islamabad Club (Administration) Ordinance, 1978 states that the Administrator shall, subject to any direction issued by the federal government, be competent to exercise and perform all such powers and functions as may be necessary for the efficient administration of the affairs of the Islamabad Club.

Section 6A of Islamabad Club (Administration) Ordinance, 1978 states that federal government shall constitute a management committee to aid and advise the Administrator in performance of his function.

The management of Islamabad Club provided profit and loss statement for financial year 2021-22 which revealed that there is loss of Rs. 114,408,339/- in various departments during the year.

Audit observed that departmental loss was reported after accounting all departmental revenues, direct and operating expenses.

Audit of the view that the benefits of expenditure incurred were not achieve by the Club.

The para was discussed in DAC meeting held on 22.12.2022 and the DAC directed Islamabad Club to furnish a clear revised reply and detail record verification to Audit.

The management of Islamabad Club did not furnish reply and record verification to Audit till finalization of report.

Audit recommends that the matter may be inquired besides fixing of responsibility.

3.5.12 Irregular and unsecured capital expenditure without extension in long-term lease agreement - Rs. 233.978 million

Clause-5 of Lease Agreement dated 10.11.1970 between Islamabad Club and CDA states that the Lessee shall, on the expiry of the term of this lease, its cancellation or termination, as the case may be, peaceably surrender and immediately restore and deliver possession of the leased land to the Lessor and remove all its structure and material therefrom within a period of one month from the date of expiry, cancellation or termination and it is hereby agreed that all the property of the Lessee which shall not, within the said period of one month, have been removed, shall remain and be for the use and benefit of the Lessor who shall be at liberty to remove, sell or dispose of the same in such manner as it shall think fit without being liable to pay and compensation to the Lessee in connection with such retention, removal, sale or disposal will be recoverable from the Lessee in accordance with any law for the time being in force authorizing recovery of any amount due to the Lessor from any person or body for any reason whatsoever.

The management of Islamabad Club, Islamabad incurred expenditure of Rs. 233,978,290/ on the account of Capital Work in progress during the financial year 2021-22. The detail is as under:-

Sr. No.	Title of Capital Work in progress	Expenditure (Rs.)
1	Futsal court, service block, gazebos, hospitality boxes & tuck shop at polo complex	63,922,046
2	Consultancy fee S&F - futsal court, service block, gazebos, hospitality boxes and tuck shop	177,5330
3	Cricket and futsal (remaining projects)	100,297,191
4	Construction of temporary structures of corals for horses - polo phase 1-E	5491,952
5	Erection, execution of grey structure of cricket pavilion at cricket ground (10,000 Sft @ Rs. 6,000)	6,2491,771
	Total Capital Expenditure	233,978,290

Audit observed that the management spent heavy funds on carrying out the capital works i.e. Civil Works, and development of existing structure (including remaining projects, temporary structures of corals for horses, etc.) of the Club without considering renewal of long term lease agreement with CDA prior to incur such expenditures (agreement was expired on 30.06.2019).

Audit further observed that despite huge liabilities club has invested heavy amounts on new constructions and infrastructures.

Audit is of the view that in lieu of valid long-term lease agreement with concerned authority expenditure on the account of these capital expenditure was irregular and unauthorized.

The Para was discussed in DAC meeting held on 22.12.2022 and the DAC pended the Para till finalization of survey.

Audit recommends that survey may be completed and shared with Audit to proceed further in the matter.

3.5.13 Unauthorized execution of construction projects -Rs. 174.221 million

Clause-2 of Lease Agreement dated 10.11.1970 between Islamabad Club and CDA states that the Lessee shall utilize the leased land only for the purpose of Golf Courses and may erect with the prior approval of the Authority necessary building in accordance with the designs, plans and specification submitted by the lessee and approved, in writing by the Lessor ,and thereafter, the Lessee shall not make any structural alteration or addition to such building without previous approval of the Lessor.

The Islamabad Club, Islamabad executed 03 construction projects on the leased land amounting to Rs. 174,221,312/-. The detail is as under:-

Sr. No.	Name of Project	Cost of Project (Rs.)
1	Construction of Futsal court, Service Block, Gazebos Hospitality Boxes & Tuck Shop at Polo Complex	67,815,624
2	Erection, execution, of grey structure of cricket pavilion at Polo Complex	76,704,326
3	Construction of temporary structures of corals for horses	29,701,362
	Total	174,221,312

Audit observed that the construction projects were executed without approval/NOC of the Capital Development Authority.

Audit was of the view that execution of construction projects on leased land without prior approval of the Lessor was unauthorized.

Audit recommends that the matter may be inquired for fixing responsibility besides taken up the matter with CDA for requisite NOCs.

3.5.14 Undue Favour in award of contract to M/s Khaiwa Khan & Brothers – Rs. 60.726 million

Clause-22.1 (Clarification of Tenders) of Instructions to Tenderer states that to assist in the examination, evaluation, and comparison of Tenders, the Employer may ask Tenderers individually for clarification of their Tenders regarding any information/ documents contradictory to prequalification submittals, including breakdowns/ rate analysis of any and/ or all items. The request for clarification and the response shall be in writing or by Fax/ E-mail, but no change in the price or substance of the Tender shall be sought, offered or permitted except as required to confirm the correction of arithmetic errors discovered by the Employer during the evaluation of the Tenders in accordance with Clause-25.

Clause-1(vi) (Procurement of Civil work) of Islamabad Club Procurement Regulations, 2022 states that Islamabad Club may seek clarification from a bidder regarding its bid. The request and the clarification shall only be in writing. The request for clarification shall not seek and the bidder shall not be permitted to: (a) amend its bid price, except of correction of arithmetic errors. (b) change the

substance of bid, (c) substantially alter anything, which is a deciding factor in the evaluation.

The Islamabad Club, Islamabad invited proposals for the work titled “Futsal courts, service block, gazebos, hospitality boxes & tuck shop in polo complex” through consultant M/s Suhail & Fawad Architects. In response, four bidders participated on 22.03.2021 and first lowest bid Rs. 59,095,363/- M/s Rehman Construction & Interior Pvt. Ltd. was rejected due to condition that the retention money may be retained for six months instead of 01 year as per bidding documents. Hence, the contract was awarded to M/s Khaiwa Khan & Brother being second lowest bidder who quoted the rate Rs. 60,725,731/- on 22.03.2021.

Audit observed as under:-

1. The M/s Suhail & Fawad Architect recommended the contractor M/s Khaiwa Khan & Brother after negotiating on quotation, accepting Rs. 59,177,655/- (rebate of 2.50%) subsequently on 12.04.2021.
2. The consultant did not contact or seek clarification from M/s Rehman Construction & Interior Pvt. Ltd. regarding his terms of bids.

Audit was of the view that the consultant did not conform to the clause of bidding documents and procurement regulations.

Audit recommends that matter be investigated at appropriate level under intimation to Audit.

3.5.15 Unauthorized expenditure on construction project without approval of Administrator – Rs. 3.547 million

Clause-2(i)(iv)(e) of Part-X (Procurement of civil works) of Islamabad Club Procurement Regulations, 2022 states that increase in project cost must be approved by the relevant competent authority as per the financial limits prescribed in Schedule I to these Regulations. Variations shall be first approved by the project Committee/ Projects Convener on reasonable justification provided by the consultants and finally approved by the Administrator.

The Islamabad Club, Islamabad awarded contract to M/s Khaiwa Khan & Brothers for the project titled “Construction of Futsal court, Service Block, Gazebos Hospitality Boxes & Tuck Shop at Polo Complex” at the approved cost of Rs.

64,267,655/- and further enhanced the cost upto Rs. 67,815,624/- at completion i.e. 15.11.2021.

Audit observed that the cost of the project was increased by 3,547,966/- and work executed without approval of the Competent Authority.

Audit was of the view that expenditure incurred without prior approval of the Administrator was held unauthorized.

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

3.5.16 Unjustified execution of low-quality false ceiling – Rs. 1.155 million

The BOQ of the work titled “Erection and grey structure” states that the item of works “ceiling imported Thailand made Elephant and gypsum board concealed grid suspended/ false ceiling including painting for 10000 Sft. @ 195 per Sft. costing Rs. 1.950 million would be executed.

The contractor M/s Engineering Construction Management (Pvt.) Ltd. provided and fixed United make ceiling amounting to Rs. 1,155,258/- (7701.72 Sft. @ Rs. 150) instead of imported Thailand made Elephant ceiling (5th running bill).

Audit observed that low-quality false ceiling item was executed leaving the imported item as provided in the BOQ.

Audit was of the view that utilization of low-quality ceiling items instead of imported was unjustified.

Audit recommends that the matter may be inquired.

3.5.17 Unauthorized payment without work done – Rs. 11.342 million

Clause-1 of contract agreement states that in consideration of the covenants and agreements to be kept and performed by the Contractor, and for the faithful performance of this contract, and the completion of the works embraced therein according to the specifications and conditions herein contained and referred to, the Employer shall pay, and the contractor shall receive and accept as full compensation for everything furnished and done by the contractors under this

agreement, the contract price stipulated in contractors tender, at the times and in the manner prescribed by the conditions of contract.

The Islamabad Club, Islamabad made provisional payments of Rs. 11,342,500/- to M/s Engineering and Construction Management Pakistan (Pvt.) Ltd. against 4th and 5th running bill for the work of project titled “Completing the civil, plumbing, HVAC piping & external development works by carrying out various items of finishing works at Grey structure of cricket pavilion at polo complex” during financial year 2021-22. Detail are as under:-

Sr. No.	BOQ No.	Description	Unit	Total Qty	Rate	Amount (Rs.)
1	-	4th running bill	-	-	-	8,000,000
2	7a	3/4" thick, rough aster on shortcrete surface in 1:4 cm	Sft	35000	55	1,925,000
3	8a	Painting: plastic emulsion paint	Sft	23000	45	1,035,000
4	9	Textured coating	Sft	8500	45	382,500
					Total	11,342,500

Audit observed that the management made provisional payment instead of payment based on actual work done in violation of rules.

Audit was of the view that provisional payments without measurement of work done was held unauthorized, and undue financial aid to the contractor.

Audit recommends that responsibility be fixed.

Shaikh Zayed Hospital, Lahore.

3.5.18 Irregular opening of bank accounts & unauthorized retention of heavy balance - Rs. 623.162 million.

Para 6(a) of State Bank of Pakistan’s Prudential Regulation M-I, states that Government Accounts are not opened in the personal names of the government officials. Any such account, which is to be operated by an officer of the Federal/Provincial/Local Government in his/her official capacity, shall be opened only on production of a special resolution / authority from the concerned administrative department dully endorsed by the Ministry of Finance or Finance Department of the concerned Provincial or Local Government.

Rule 4(1) of Cash Management and Treasury Single Account Rules 2020 states that “no Government office shall open, operate or maintain a bank account for any purpose, except in accordance with the Act and these rules.”

Management of Shaikh Zayed Hospital, Lahore was maintaining 12 Bank Accounts in addition to one authorized. The details are given below:

Sr .No	Account Title	Bank A/C No.	Type of Account	Balance as on 30-06-2022 Rs. In Million
1	Chairman Shaikh Zayed Postgraduate Medical Institute, Lahore	221 (Treasury Lahore)	Lapsable Special Deposit Account (SDA)	NIL
2	Chairman & Dean	3001409584	NIDA	57.833
3	Deputy Dean, FPGMI	3154820902	NIDA	7.732
4	Institute of Nursing & Health Sciences	3154820895	NIDA	12.046
5	SKZ Medical and dental College	10025-2	NIDA	159.520
6	Pension Fund	9702-6	PLS	17.220
7	General Provident Fund	9703-3	PLS	36.748
8	Benevolent Fund	7350-2	PLS	3.270
9	Group Insurance	3061790657	PLS	25.112
10	Administrator SZH, Lahore	3154820911	NIDA	224.526
11	Liver Transplant Programme	9871-9	PLS	44.045
12	Bait-ul-Mal	6-2	PLS	35.111
TOTAL				623.162

Audit observed that:

- Management was maintaining above bank accounts without obtaining approval of the Federal Government i.e Finance Division.
- An amount of Rs.623.163 million was lying as closing balances in these accounts at the end of financial year 2021-22.

Audit is of the view that maintaining of as many accounts may result into financial mismanagement due to frequent transfer of funds from one account to another.

Audit is also of the view that retention of amount 623.163 million outside Government Treasury was irregular.

The department replied that the SZPGMI consisted of four components and it was necessary to open separate bank account for each purpose.

The reply of the department is not cogent, as the accounts were opened without prior approval from the Finance Division, further retention of heavy amount outside the federal treasury was also irregular.

Audit therefore recommends to:

- i. Investigate the matter for fixing of responsibility.
- ii. Get the ex-post facto approval from the Finance Division.
- iii. Make arrangement for closure of unnecessary bank accounts.

3.5.19 Non recovery of outstanding dues - Rs.40.621 million

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

Management of Shaikh Zayed Medical Complex Lahore entered into contract agreement for the provision of office space on rent to the private firms/vendors. The details are given below:

Sr. No	Name of Tenant	Period of Agreement	Period of Rent outstanding	Amount Rs.
1	Telenor Tower	16-10-2014 to 15-10-2024	16.10.2019 to 30.06.2022	3,376,985
2	Jazz Mobilink Tower	27-04-2017 to 26-04-2027	27.04.2021 to 30.06.2022	315,612
3	Warid Tower	19-04-2007 to 20-04-2022	19.04.2021 to 30.06.2022	3,024,424
4	National Bank of Pakistan	01-01-2020 to 31-12-2022	01.01.2020 to 30.06.2022	1,887,600
5	Cycle / Car Parking Stand	07-06-2020 to 06-05-2021	07.06.2020 to 30.06.2022	6,880,000
6	Lee Parking Company	17-11-2021 to 30-06-2022	17-11-2021 to 30-06-2022	4,666,662
7	AAA Pharmacy	14-11-2019 to 30-06-2022	14-11-2019 to 30-06-2022	20,469,556
			Total	40,620,839

Audit observed that:

- i. The tenants did not pay outstanding rent since long.
- ii. Management did not make sincere efforts to affect recovery from the defaulters.
- iii. Contract agreement duly signed by the tenants of cycle/car parking and current status of payments was not produced.
- iv. An amount of Rs. 40.621 million was lying recoverable despite lapse of considerable period.

Audit is of the view that non recovery of outstanding dues Rs. 40.621million from the tenant was loss of potential revenue.

Audit is further of the view that non-recovery of Government dues from the tenants was due to slackness at the part of the management.

The department replied that an amount of Rs. 4.024 million had been recovered, the balance amount of recovery would be made shortly.

The reply of the deptt is not cogent, as department did not provide the documentary proof of the recovery for verification. Further huge amount is still recoverable from the tenants.

Audit therefore recommends to:

- i. Investigate the matter for fixing of responsibility.
- ii. Make all out efforts for recovery of Government dues.

3.5.20 Loss to government due to local purchases made on excess rates - Rs. 9.302 million

GFR-Vol-I para 10 states that “Every officer incurring or authorizing expenditure from public funds should be guided by high standards of financial propriety”.

GFR-Vol-I para 10 (i) further 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”.

PPRA Rule 42 b (i) states that “Where the value of procurement is more than one hundred thousand Pakistani Rupee but does not exceed five hundred thousand Pakistani Rupee, the procuring agency may engage in procurement through request for three quotations from GST registered firms, original equipment manufacturers or authorized dealers, without resorting to bidding”.

Management of Shaikh Zayed Hospital Lahore made procurement of medicines from M/S Mansoorah pharmacy on higher rates and ignored the rates of lowest firms.

Audit observed that:

- i. Management did not watch hospital interests and an amount of Rs.9.302 million was made in excess due to higher rates of the suppliers firm i.e M/S Mansoorah Pharmacy.
- ii. Payment at higher rates was irregular.

Audit is of the view that management deprived the Government of the benefits of open & fair competition.

Audit is also of the view that management put the Government into financial loss for Rs.9.301 million due to payment at higher rates.

The department replied that purchases of medicines/drugs which had not been supplied through bulk tender was made through 3 quotation basis but being time consuming process & the reasons narrated in detail above, local purchase mode inevitable in such cases.

The reply by the deptt is not satisfactory. The payments of medicines were made through local purchase/without open competition and put the Government into financial loss for Rs.9.301 million. Retendering should have been made to obtain economical rates.

Audit recommends to recover excess payment from the concerned.

3.5.21 Loss to employees fund due to irregular with holding of tax on encashment of TDRS - Rs. 15.326 million

Section 49(1) of Income Tax Ordinance, 2001 as amended up to June, 2022 states that the income of the Federal Government shall be exempt from tax.

Management of Sheikh Zayed Hospital, Lahore made investment of Rs.1,410 million out of employees fund @ 9.3% P.A. w.e.f 28.10.2020 in TDRs in B.O.P. New Muslim Town, Lahore. The details are given below:

S.No.	Description	Principal amount (rs.)	Profit due (Rs.)	Withholding tax deducted & 15% (Rs.)
1.	GPF A/c	480,000,000	34,783,068	5,217,460
2.	Pension Fund A/c	850,000,000	61,595,016	9,239,252
3.	Benevolent Fund A/c	80,000,000	5,797,178	869,577
Total		1,410,000,000	102,175,261	15,326,289

Audit observed that

- i. Management received less amount of profit from Bank branch due to deduction of withholding tax for Rs. 15,326,289/-.
- ii. Management did not take up the matter with FBR for exemption in the light of Income Tax Ordinance, 2001.

The department replied, that they have obtained exemption certificate for the year 2022-23 and the tax authority intimated that already deducted tax before the issuance of this exemption certificate is not refundable.

The reply by the deptt is not satisfactory, as the management put the fund into financial loss due to irregular deduction of tax by bank.

Audit recommends that tax exemption may be obtained.

3.5.22 Non- deposit of one third (1/3rd) of share of fee into government treasury - Rs. 49.575 million

According to SR-12 of Supplementary Rules “Unless the President by special order, otherwise directs, one third of any fee in excess of one hundred

thousand rupees received by a civil servant from consultancy shall be credited to General Revenues”.

Management of Shaikh Zayed Medical Complex, Lahore drew 60% share of fee out of departmental receipt and disbursed to consultants during financial year 2020-21 and 2021-22. The detail is given below.

Sr. No	Description	Period	Gross amount of share (Rs.)	60% of fee drawn (Rs.)	(1/3) Share Rs.
1	Service Charges	2020-21	122,082,123	73,249,274	24.416
2	(Consultant's Share)	2021-22	125,794,756	75,476,854	25.158
		Total	247,876,879	148,726,128	49.575

Audit observed that management did not deposit one third (1/3) share Rs. 49.575 million into Govt. Treasury.

The department replied that distribution of share to the consultant first of all 10% of the total claim is deducted, after that 60% of remaining amount is paid to the consultant and 10% is paid to the paramedical staff as a share money. Remaining 30% is being kept in Revenue Account of the Hospital which becomes part of the budget being self-generated revenue of the hospital.

The reply of the deptt is not cogent, because the hospital did not deposit 1/3rd share into Government Treasury as required in rules.

Audit recommends that 1/3rd share may be deposited into Government Account.

CHAPTER 4

COMMERCE DIVISION

4.1 Introduction

As per Schedule II [Rule 3 (3)] Distribution of Business among the Divisions read with Schedule III [rule-4(4)] Rules of Business 1973 (As amended up to 23rd April, 2019) following main business have been assigned to the Division amongst the other functions.

- 1- Imports and exports across custom frontiers.
- 2- Interprovincial trade.
- 3- Commercial intelligence and statistics.
- 4- Tariff policy and its implementation.
- 5- Regulation and control of insurance agencies.
- 6- Intellectual property organizations Pakistan

ATTACHED DEPARTMENTS/ AUTONOMOUS BODIES

- i. Trading Corporation of Pakistan, National Tariff Commission
- ii. State Life Insurance Corporation
- iii. Foreign Trade Institute of Pakistan
- iv. Pakistan Reinsurance Company
- v. Pakistan Institute of Fashion and Design
- vi. National Insurance Company
- vii. Pakistan Tobacco Board
- viii. Federation of Chambers and Industry
- ix. Pakistan Horticulture Development and Export Board

Sr. No.	Description	Total No.	Audited	Expenditure Audited (FY-2021-22)	Revenue / Receipt Audited (FY 2021-22)
1	Formations	15	5	19,498.292	51.609
2	Assignment Accounts (Excluding FAP)	1	-	-	-
3	Authorities / Autonomous Bodies etc. under the PAO	2	2	280.000	-
4	Foreign Aided Project (FAP)	-	-	-	-

4.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Commerce Division for the financial year 2021-22 was Rs.69,444.27 million, out of which the Division expended an amount of Rs.69,443.26 million. Grant-wise detail of current expenditure and development expenditure is as under:

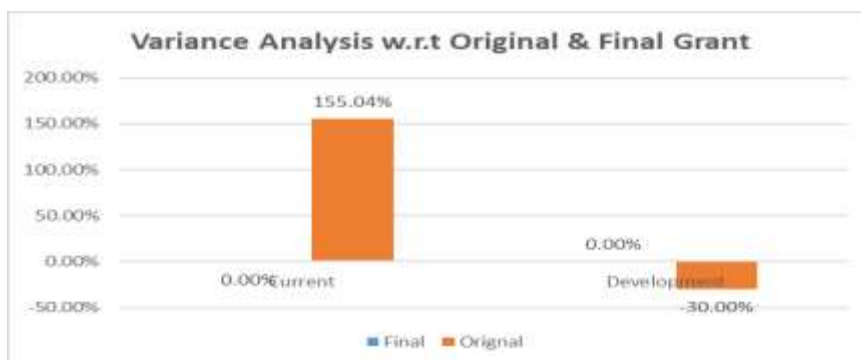
(Rs. In million)								
Grant No	Type of Grant	Original Grant	Suppl Grant	Surrender (-)	Final Grant	Actual Expenditure	Excess/ (Saving)	% age Excess/ (Saving)
24	Current	26,786.00	41,629.77	-100.95	68,314.82	68,313.81	-1.01	0.00%
92	Development	1,613.50	.00	-484.05	1,129.45	1,129.45	.00	0.00%
	G Total	28,399.50	41,629.77	-585.00	69,444.27	69,443.26	-1.01	0.00%

Audit noted that there was an overall saving of Rs.1.01 million, which was mainly due to saving in current expenditure.

Supplementary Grants obtained without careful cash forecasting

According to Para 71 of General Financial Rules (Volume I), while framing budget estimates, the authorities should exercise utmost foresight. Rules of good governance demand that budget processes are carried out in accordance with clearly defined expectations and assumptions and a coordinated calendar of activity.

As shown in the chart below, bifurcating total allocation into current and development expenditure it is observed that, in case of development expenditure, there was 30% saving w.r.t Original grant which was finally became 0% excess/saving w.r.t Final Grant and in case of current expenditure 155.04% excess expenditure reduced to 0% excess/saving in expenditure.



4.3 Classified Summary of Audit Observations

Audit observations, amounting to Rs. 788.228 million, were raised in this report during the current audit of **Ministry of Commerce**. Summary of the audit observations classified by nature is as under:

(Rupees in million)		
S. No	Classification	Amount
1	Non-production of record	
2	Reported cases of fraud, embezzlement and Misappropriation	
3	Irregularities	
A	HR/Employees related Irregularities	
B	Procurement related irregularities	
C	Management of account with commercial banks	125.939
D	Recovery	
E	Internal Control	662.289
4	Value for money and service delivery	
5	Others	

4.4 Status of compliance with PAC Directives

Audit Year	Total No. of Audit Paras	No. of Actionable Points Issued	Compliance	Non/Partial Compliance	% of Compliance
2010-11	7	6	3	4	50
2011-12	6	0	0	6	-
2012-13	6	0	0	6	-
2013-14	7	7	2	5	29
2014-15	20	1	0	20	-
2015-16	1	1	0	1	-
2016-17	11	8	1	10	13
2017-18	1	1	0	1	-
2019-20	12	0	0	12	-
2020-21	4	0	0	4	-
2021-22	15	0	0	15	-
Total	90	24	6	84	

4.5 AUDIT PARAS

Faisalabad Garment City Company

4.5.1 Wasteful expenditure on account of training center project - Rs.96.777 million

Clause 12 of PC-I of the same project under heading Result Based Management Indicators (Outcomes; Targets) states that “After completion of the project 600 skilled workers will be produced annually”.

Clause 13 (5) of the same PC-I states that “Faisalabad Garment City Company will get affiliation (of its Training Center) with:-

- Punjab Technical Board
- TEVTA
- NAVTTC

Management of FGCC, Faisalabad executed a project namely Faisalabad Garment City Training Center with the objective to provide education and training to workers of the industry on modern lines and to impart the students, with knowledge of textile basics, including production of yarn, knitted cloth, woven fabric. The management incurred an expenditure of R. 96.777 million on project activities from 2017-18 to 2021-22.

Audit observed that the FGCC Training Center started working w.e.f. July, 2018 and trained only 470 persons up to June, 2022.

Audit further observed that despite lapse of 4 years after establishment of FGCC Training Center, the management failed to get affiliation with NAVTTC in violation of the PC-I.

Audit is of the view that the management of FGCC has failed to achieve the required targets i.e. 600 trained women per year.

Management did not reply.

Audit recommends that effective steps may be taken to train the required number of women as envisaged in the PC-I.

4.5.2 Non-registration of land in the name of FGCC - Rs.7.112 million

Para 5 (1) of Corporate Governance Rules 2013 provides that the Board shall exercise its powers and carry out its fiduciary duties with a sense of Objective judgment and independence in the best interest of the company.

Management of Faisalabad Garment City Company (FGCC) project incurred an expenditure of Rs.96.96 million out of PSDP allocation for purchase of land measuring 38.919 acres during the financial year 2005-06 and made payment to Faisalabad Industrial Estate Development & Management Company (FIEDMC).

Audit observed that management of FGCC, Faisalabad made a payment of Rs. 96.96 million to FIEDMC for purchase of 38.919 acres land situated at Chak No 165 RB Mauza Jand Wali tehsil Chak Jhumra District Faisalabad. FIEDMC allotted 38.919 acres of land to FGCC in May 2007. Out of total land of 38.919 acres, an area of 28.094 acres was registered and transferred to FGCC on 2.12-2013, but the remaining land of 10.825 acres was not registered in the company to date.

Audit observed that the company had incurred a heavy expenditure of Rs.609 million on infrastructure development on the land without having registered in its name.

Audit is of the view that management did not watch the company interests while making advance payment to the FIEDMC.

Audit is also of the view that management did not watch the vested interests of the Government and incurred an expenditure of Rs.609 million on the land, the ownership rights of which was not transferred to company till date.

Management did not reply.

Audit recommends that inquiry may be held to fix the responsibility.

Karachi Garment City Company

4.5.3 Loss due to non-payment of Lease Money of land in time to Land Utilization Department amounting to Rs. 558.400 millions

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

The management of Karachi Garment City Company, Karachi purchased a land on 23.01.2008 and the Lease/mutation charges of Rs.51.15 million were to be paid to Land Utilization Department (LUD), Government of Sindh after allotment.

Audit observed that management did not pay the charges in March, 2008 and asking LUD for exemption of charges. An amount of Rs.51.150 million was again released on 15.06.2015 but management again failed to clear the charges.

Audit observed that due to change of mutation and registration fees/charges and FBR rates, the Land Utilization Department issued revised rates of mutation/registration and stamp duty amounting to Rs.609.550 million due to which the company suffered a loss of Rs.558.440 million.

Audit is of the view that due to negligence of the management loss of Rs.558.400 million was rendered to the public exchequer.

The irregularity was pointed out through audit memo No.04 dated 11.08.2022 to justify the matter, but no reply was received till the finalization of AIR.

Audit recommends that the matter may be investigated at the highest forum and responsibility for the loss may be fixed on the person(s) at fault.

4.5.4 Irregular retention of funds Rs. 125.939 million

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

The management of Karachi Garments City Company, Karachi received a total of Rs. 125.929 million for various purposes including processing the lease of the land purchased from LUD, Govt. of Sindh, Karachi.

Audit observed that the management of Karachi Garment City Company, Karachi retained an amount of Rs.125.929 million in National Bank of Pakistan, Clifton Block-II Branch, Account No. 4066259856 but the said funds were not utilized for the purpose they were intended.

Audit further observed that due to non-utilization of funds, the account went inactive/dormant.

Audit is of the view that non-utilization of the amount was irregular resulting in blockage of funds.

The irregularity was reported to the management through audit memo No.02 dated 11.08.2022 to justify the matter, but no reply was received till the finalization of AIR.

Audit recommends that the retained money may be surrendered to its controlling ministry and deposited into government treasury and responsibility may be fixed on the persons found at fault.

CHAPTER 5

COMMUNICATIONS DIVISION

5.1 Introduction

Ministry of Communications functions as a central policy making and administrative authority on Communications and Transport Sector in the country.

The main objectives/functions of the Ministry of Communications are:

- Prioritization of development projects and operational activities according to economic, social and strategic needs of the country
- Provide effective support to the economy
- Promote international competitiveness of our exports and increase operational effectiveness to meet challenges of globalization
- Integrate remote areas of the country into the economic mainstream
- Improve project monitoring and implementation
- Train and improve quality of human resources
- Enhance good governance through incentives and disciplinary action
- Improve values and ethics to build responsive organizations
- Provide safe and smooth travel on National Highways & Motorways
- Provide an efficient, reliable and speedy postal service matching the private sector courier services
- Carry out research on road engineering, building and management
- Modernize post and provide exemplary service to the public
- Open up unexplored areas through expanding national roads networks

The Federal Government has allocated following business to the Ministry as per Schedule-II of Rules of Business, 1973.

- 1) National planning, research and international aspects of road and road transport
- 2) National highways and strategic roads; National Highway Council and Authority; Administration of Central Road Fund and Fund for Roads of

national importance

- 3) Mechanically propelled vehicles; Transport Advisory Council; Urban Road Transport Corporation
- 4) Enemy Property
- 5) National Highways and Motorway Police

Sr. No.	Description	Total No.	Audited	Expenditure Audited (FY-2021-22)	Revenue / Receipt Audited (FY 2021-22)
1	Formations	15	4	3,956.882	5,267.838
2	Assignment Accounts (Excluding FAP)	-	-	-	-
3	Authorities / Autonomous Bodies etc. under the PAO	-	-	-	-
4	Foreign Aided Project (FAP)	-	-	-	-

5.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Communications Division for the financial year 2021-22 was Rs.27,172.97 million, out of which the Division expended an amount of Rs.25,265.58 million. Grant-wise detail of current and development expenditure is as under:

(Rs. In million)									
Grant No	Type of Grant	Heads	Original Grant	Suppl Grant	Surrender (-)	Final Grant	Actual Expenditure	Excess/ (Saving)	% age Excess/ (Saving)
25	Current	Communications Division	204.00	.00	-10.33	193.67	190.16	-3.51	-1.81%
26	Current	Other Expenditure	20,096.00	6,000.00	-7,551.03	18,544.97	17,536.52	-1,008.44	-5.44%
	Total Current		20,300.00	6,000.00	-7,561.36	18,738.64	17,726.69	-1,011.95	-5.40%
93	Development	Development Expenditure	451.32	8,000.00	-16.99	8,434.33	7,538.89	-895.44	-10.62%
	G Total		20,751.32	14,000.00	-7,578.35	27,172.97	25,265.58	-1,907.39	-7.02%

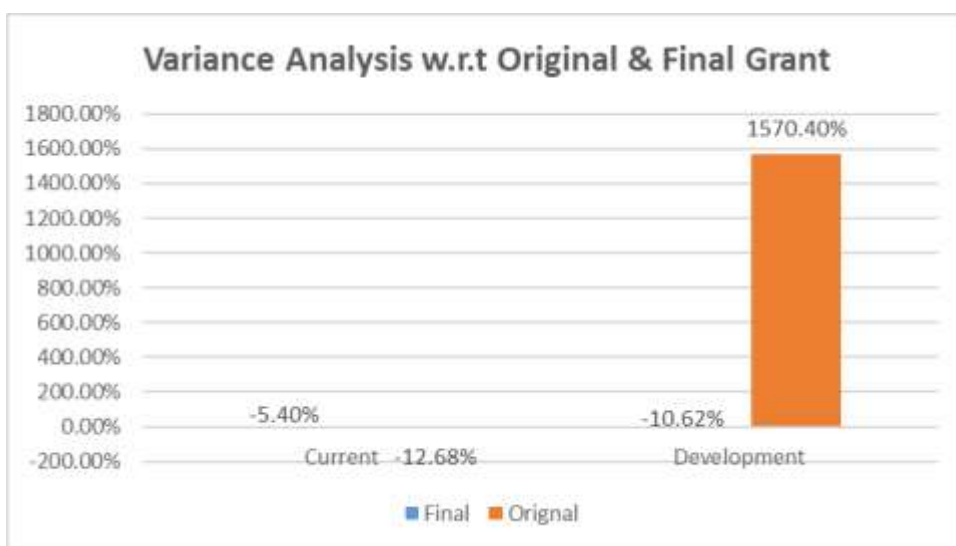
Audit noted that there was an overall savings of Rs.1,907.39 million, which was mainly due to saving in Current and Development grants.

Supplementary Grants obtained without careful cash forecasting

According to Para 71 of General Financial Rules (Volume I), while framing budget estimates, the authorities should exercise utmost foresight. Rules of good

governance demand that budget processes are carried out in accordance with clearly defined expectations and assumptions and a coordinated calendar of activity.

As shown in the chart below, bifurcating total allocation into current and development expenditure it was observed that, in case of development expenditure, there was 1570.4% excess w.r.t original grant which was finally became 10.62% saving w.r.t Final Grant and in case of current expenditure 12.68% saving reduced to 5.4% saving in expenditure.



5.3 Classified Summary of Audit Observations

Audit observations, amounting to Rs. 521.926 million, were raised in this report during the current audit of Ministry of Communications. Summary of the audit observations classified by nature is as under:

(Rupees in million)		
S. No	Classification	Amount
1	Non-production of record	
2	Reported cases of fraud, embezzlement and Misappropriation	
3	Irregularities	
A	<i>HR/Employees related Irregularities</i>	
B	<i>Procurement related irregularities</i>	13.978
C	<i>Management of account with commercial banks</i>	10.742
D	<i>Recovery</i>	311.562

S. No	Classification	Amount
<i>E</i>	<i>Internal Control</i>	185.644
4	Value for money and service delivery	
5	Others	

5.4 Brief comments on the status of compliance with PAC Directives

Name	Years	No. of audit paras	No. of Actionable Points	Full Compliance	Not Complied	% of Compliance
Communication	1997-98	7	7	4	3	57
	2000-01	31	31	30	1	97
	2003-04	15	15	9	6	60
	2005-06	3	3	1	2	33
	2006-07	1	1	0	1	0
	2007-08	2	2	0	2	0
	2021-22	7	0	0	7	0
Total		66	59	44	22	

5.5 AUDIT PARAS

Special Audit of Enemy Property Cell

5.5.1 Unauthorized investment from sale proceeds of properties - Rs. 165.880 million

Section 4(2)(vii) of Enemy Property (Custody & Registration) Order, 1978 states that without prejudice to the generality of the foregoing provision, the Custodian or such person as may be specially authorized by him in this behalf may, for the said purpose, incur any expenditure, including the payment of any taxes, duties, cesses and rates to Government or to any local authority, and of any wages, salaries, pensions or provident fund contribution to, or in respect of any employee of the enemy, and the repayment of any debts due by the enemy to persons other than enemies.

Section 11(1) of Enemy Property (Custody & Registration) Order, 1978 states that there shall be retained by the Custodian fees equal to two per centum of the amount of money paid to him, the proceeds of the sale or transfer of any property which is vested in him or of which the right of transfer is vested in him and the value of the residual property, if any, at the time of its transfer to the original owner. Provided that in the case of an enemy whose property is allowed by the

Custodian to be managed by some person specially authorized in that behalf, there shall be levied a fee of two per centum of the gross income of the enemy or such less fee as may be specifically fixed by the Federal Government, the cost of supervision, and any risks that may be incurred by Government in respect of the management.

The Custodian of EP cell disposed of 110 properties during 1969 to 1981. Detail are as under:-

S. No	Nature of Property	Total Numbers	Disposal Proceeds Rs.
1.	Mills	12	120,823,833
2.	Residential Building Houses	14	14,022,388
3.	Cooperative Banks	4	217,550
4.	Agricultural land (units)	5	1,745,385
5.	Hotels	6	6,655,740
6.	Industries	3	839,007
7.	Bungalow	18	2,783,511
8.	Companies	7	435,180
9.	Other Properties/Assets	41	18,358,110
Total Assets/ Properties Disposed off		110	165,880,704

Audit observed that instead of retention of 2% of the sale proceeds amounting to Rs. 3.318 million, the management retained the whole amount in violation of the Order. Further, the disposal proceeds were withheld into EP owned Bank Accounts instead of depositing in to Federal Consolidated Fund.

Audit is of the view that retention of sales proceeds in excess of 2% of total proceed was irregular and unauthorized.

Audit recommends that the amount may be deposited into the government treasury.

5.5.2 Illegal encroachment on Enemy Property

Section 4(2)(ii) of Enemy Property (Custody & Registration) Order, 1978 states that without prejudice to the generality of the foregoing provision, the Custodian or such person as may be specially authorized by him in this behalf may, for the said purpose, take action for recovering any money due to the enemy.

The Custodian EP Cell approaches the FIA through letter dated 24.07.2019 to evacuate the illegal occupant from 30 Properties which are under illegal occupant. Detail are as under:

S. No.	Name of Property with Address	Name f Illegal Ocupants	Area Square Yard	Notificatio n	date
1	06 Bangalows & 19 Quarters 6 Adam Road, Frere Town, Karachi	Riad Ahmed, Riffat Hanif, Khursheed Ramzn, Najeeb, Haeeb, Naeem Kiddy, etc	5644	425(k)/72	16/03/82
2	SRWA House, Ward D, Beran Town, Jam Nawaz Ali, Tano Adam, Sanghar (House/ShoPlot) Curently being misued as commercial cum residential concern	Parveen Mari	799.27	854(1/82	8/9/82
3	Plot, Minara road Opposite Modern Hght School, Sukkur	Maha cattle Far (Faheem Ahmed Khan)	955.1	654(k)/70	23/6/70
4	Haveli at Desgir Gali, Rohri, Sukur	Atif Ali Shah	560.7	654(k)/70	23/6/70
5	House at Pir Sakhi Din Shah Panah, Sukkur	Syed Khadim	623.5	654(k)/70	23/6/70
6	House at Pir Sakhi Din Shah Panah, Sukkur	Ajmal Hussain	275.3	654(k)/70	23/6/70
7	House at Pir Sakhi Din Shah Panah, Sukkur	Muhammad Ibrahim	32.4	654(k)/70	23/6/70
8	House at Pir Sakhi Din Shah Panah, Sukkur	Ghos Bux	51.9	654(k)/70	23/6/70
9	House at Pir Sakhi Din Shah Panah, Sukkur	Suresh kuma	54.7	654(k)/70	23/6/70
10	House at Pir Sakhi Din Shah Panah, Sukkur	Syed Khadim	623.5	654(k)/70	23/6/70
11	House at Shah Latif Chowk, Rohri Sukkur	Ms. Nusrat Begum	194.6	654(k)/70	23/6/70
12	Begam Cotton Factory, alhor, Rohri Sukkur	Revenue Department	29040	654(k)/70	23/6/70
13	House & Flats at Dastgir Gali Rohri, Sukkur	Syed Atif Ali Shah	486.4	654(k)/70	23/6/70
14	House & Flats at Muhalah Haider Shah Haqqani, Rohri Sukkur	Qadir Bux S/o Arbab Ali	3462	654(k)/70	23/6/70
15	House at Pir Sakhi Din Shah Panah, Sukkur	Rasol Bux S/o Muharam	174.6	654(k)/70	23/6/70
16	House at Pir Sakhi Din Shah Panah, Sukkur	Shano Mal S/o Hardes Mal	226.6	654(k)/70	23/6/70
17	House at Pir Sakhi Din Shah Panah, Sukkur	Muhamamd Nadeem	651.1	654(k)/70	23/6/70
18	House at Pir Sakhi Din Shah Panah, Sukkur	Muhammad Younas	200	654(k)/70	23/6/70
19	House at Pir Sakhi Din Shah Panah, Sukkur	Munsif Ali	165.7	654(k)/70	23/6/70
20	House at Dhak Bazar, Rohri, Sukkur	Syed Pir Ali Shah	96.5	654(k)/70	23/6/70
21	House Digri City District Mirpur Khas (Survey No. A-43)	Ganesh	50	1172(i)/89	
22	Wapda House near AC Office, District Qamber Shahdad Kot (Survey No. 10)	Wapda House	15609	364(I)/2005	
23	Fish Farm, Rais Wah Chanasar Goth Survey No. 481 & 482 sikarpur	Nassur Ulah	30830.8	1054(I)/81	
24	Fish Farm, Rais Wah Chanasar Goth Survey No. 630 & 631 sikarpur	Nassur Ulah	30830.8	1054(I)/81	
25	Palm Trees/Garden, Survey No. 81 & 83 Village kalati Arror, Rohri, Sukkur	Hakum Ai	538934	654(k)/70	23/6/70
26	Palm Trees/Garden, Survey No. 507, 508, 510, 517 & 530 Village Kalati Arror, Rohri Sukkur	Syed Badshah Moosvi	150282	654(k)/70	23/6/70
27	House at Nagarparker, Tharparker	Revenue Department	0	981(I)/86	29/10/86
28	Havel at Chacharo, Tharparker	Haji Ramzan So Haji Hussain Nohri	0	981(I)/86	29/10/86
29	Property No. 1/1109 Chwok Rang Mahal Lahore	Hafiz Muhammd Umer Late (Shop) Abdul Hameed Butt (Shop)	33.396	157®/68	3/9/1968
30	Abbot & Monogomery Road Lahore	Syed Dilawar Shah	634.04	232(I)/82	14/3/82

Audit is of the view that encroachment of enemy property was irregular and unauthorized.

Audit recommends that measures should be taken to evacuate the illegal occupant from the property.

5.5.3 Loss due to non-investment - Rs. 10.742 million

Section 4(2)(vii) of Enemy Property (Custody & Registration) Order, 1978 states that without prejudice to the generality of the foregoing provision, the Custodian or such person as may be specially authorized by him in this behalf may, for the said purpose, incur any expenditure, including the payment of any taxes, duties, cesses and rates to Government or to any local authority, and of any wages, salaries, pensions or provident fund contribution to, or in respect of any employee of the enemy, and the repayment of any debts due by the enemy to persons other than enemies.

Audit observed that an amount of Rs. 337.500 million was laying with EP Cell from 25.01.2021 to 14.06.2021 but investment was not made on time and due to delay in investment benefit of accrued interest amounting to Rs. 10.742 million could not be availed.

Investment amount Rs.	Non-investment Time period	Loss of Profit/ Interest @ 7.60 % per annum Rs
337,500,000	25-01-2021 to 14-6-2021	10,741,845

Audit is of the view that delayed investment resulted in loss of Rs. 10.742 million.

Audit recommends that responsibility may be fixed for delay in investment.

5.5.4 Outstanding due to National Police Foundation for management of Sutluj Cotton Mill - Rs. 291.562 million

Section 4(2)(ii) of Enemy Property (Custody & Registration) Order, 1978 states that without prejudice to the generality of the foregoing provision, the Custodian or such person as may be specially authorized by him in this behalf may, for the said purpose, take action for recovering any money due to the enemy.

The custodian of EP Cell paid advance to National Police Foundation as temporary refundable loan of Rs. 4.00 million at interest of 10% per annum for the management of Sutluj Cotton Mill on 01.10.1977.

During special audit, it was noted that the Sutluj Cotton Mill was sold out but the loan and interest @10% per annum from National Police Foundation amounting to Rs. 6,654,425 and interest amounting to Rs. 287.562 million is still outstanding against National Police Foundation. Details are as under:

Principal Amount (Rs.)	4,000,000
Annual Interest Rate	10%
Years	45
Total Outstanding (Rs.)	291,561,934.74

Formula: $\text{Principal Amount} \times (1 + \text{Annual Interest})^{\text{Years}}$

Audit is of the view that non-recovery of loan along with interest amounting to Rs. 291.562 million was irregular and unauthorized.

Audit recommends that the outstanding amount along with interest may be recovered.

5.5.5 Non-recovery from Punjab Government - Rs 20.00 million

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

The custodian of EP Cell sold an area of 91 Kanal 2 Marla at Jaya Mosa Katchi abadi, Lahore through an agreement with Punjab Government @ Rs 20 million.

Audit observed that the amount of Rs. 20 million is still outstanding.

Audit is of the view that non-recovery of sale proceeds deprived the Cell from the benefit of its due revenue.

Audit recommends that the amount along with interest may be recovered from the Government of Punjab.

NH&MP, Training College, Sheikhupura

5.5.6 Irregularr procurement of ration - Rs. 13.978 million

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

Management of National Highways & Motorway Police, Training College, Sheikhupura made a procurement of human ration for Rs.13.978 million during the financial year 2021-22.

Audit observed that:

- i. Procurement opportunities were not floated in the print/electronic media in order to ascertain the economical rates.
- ii. The department did not maintain the stock inward & expense register.

Audit is of the view that management deprived the Government from its due revenue, as well as benefits of open and fair competition.

No reply was given by the department.

Audit recommends to investigate the matter for fixing of responsibility.

National Highways & Motorway Police (NH&MP), Karachi

5.5.7 Irregular expenditure without delegation of Powers –Rs. 19.764 million

In terms of Para 24 (b) Finance Division letter dated 08.03.2021 Financial Management and Powers of Principal Accounting Officers Regulations, 2021 the powers delegated under the head of account "Rent of Non-Residential Buildings"

to Head of the Department/ Office is up to Rs.100,000 per month for other than cities Islamabad Rawalpindi Lahore Karachi, Peshawar Quetta.

Para 3 of Ministry of Housing and Works O.M No.F.2(1)/2004/Policy dated 17.09.2004 states that after the decentralization of hiring of office accommodation, Ministry / Division / Department are competent to hire the private buildings for office accommodation at their own as per prescribed scale, entitlement and the instructions issued by Ministry of Housing and Works. Moreover, the Ministry / Division / Department will obtain the rent reasonability certificate from the Pak PWD in each and every case.

The management of National Highways & Motorway Police (NH&MP), Karachi incurred expenditure of Rs. 19,764,636/- during the year 2021-22 on rent of office buildings at different locations of Sindh. The Sector-wise detail of payment is given as under.

City	Amount
Sukkur	4,271,536
Sakrand	4,032,600
Sehwan	11,460,500
Total	19,764,636

Audit observed that sanction of expenditure was accorded by the Additional Inspector General, NH&MP Karachi beyond the delegated financial powers.

Audit is of the view that the expenditure in purview of above observations is irregular and uneconomical.

The irregularity was reported to the management vide audit memo No.19 dated 02.08.2022 to justify the matter, but no reply was received till close of audit.

Audit recommends that the expenditure may be got regularized by removing above anomalies.

CHAPTER 6

Economic Affairs Division

6.1 Introduction

As per Schedule II [Rule 3 (3)] Distribution of Business among the Divisions read with Schedule III [rule-4(4)] Rules of Business 1973 (As amended up to 1st December, 2021) following main business have been assigned to the Division amongst the other functions.

1. Assessment of requirements; programming and negotiations for external economic assistance from foreign Governments and organizations.
2. Matters relating to IBRD, IDA, IFC, ADB and IFAD.
3. Economic matters pertaining to the Economic and Social Council of the United Nations, Governing Council of UNDP, ESCAP (Economic and Social Commission for Asia and Pacific), Colombo Plan and OECD (DAC).
4. Negotiations and coordination activities, etc., pertaining to economic cooperation with other countries (excluding RCD and IPECC).
5. Assessment of requirements, programming and negotiation for securing technical assistance to Pakistan from foreign Governments organizations including nominations for EDI Courses.
6. External debt management, including authorization of remittances for all external debt service, compilation and accounting and analysis of economic assistance from all foreign governments and organizations.
7. Review and appraisal of international and regional economic trends and their impact on the national economy. Proposals concerning changes in International Economic Order.
8. Matters relating to transfer of technology under UNDP assistance. 40

9. Matters relating to International Islamic Development Bank.
10. Financial Action Task Force (FATF) Cell.

ATTACHED DEPARTMENTS / AUTONOMOUS BODIES

Sr. No.	Description	Total No.	Audited	Expenditure Audited (FY-2021-22) Rs. in million	Revenue / Receipt Audited (FY 2021-22) Rs. in million
1	Formations	1	1	492.839	
2	Assignment Accounts (Excluding FAP)				
3	Authorities / Autonomous Bodies etc. under the PAO				
4	Foreign Aided Project (FAP)				

6.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Economic Affairs Division for the financial year 2021-22 was Rs. 11,616.64 million, out of which the Division expended an amount of Rs.10,944.75 million. Grant-wise detail of current expenditure is as under:

Grant No	Type of Grant	Original Grant	Suppl Grant	Surrender (-)	Final Grant	Actual Expenditure	Excess/ (Saving)	% age Excess/ (Saving)
32	Current	697.00	.00	-46.55	650.45	639.46	-10.99	-1.69%
33	Current	13,187.00	684.00	-2,904.81	10,966.19	10,305.29	-660.91	-6.03%
	Total	13,884.00	684.00	-2,951.36	11,616.64	10,944.75	-671.89	-5.78%

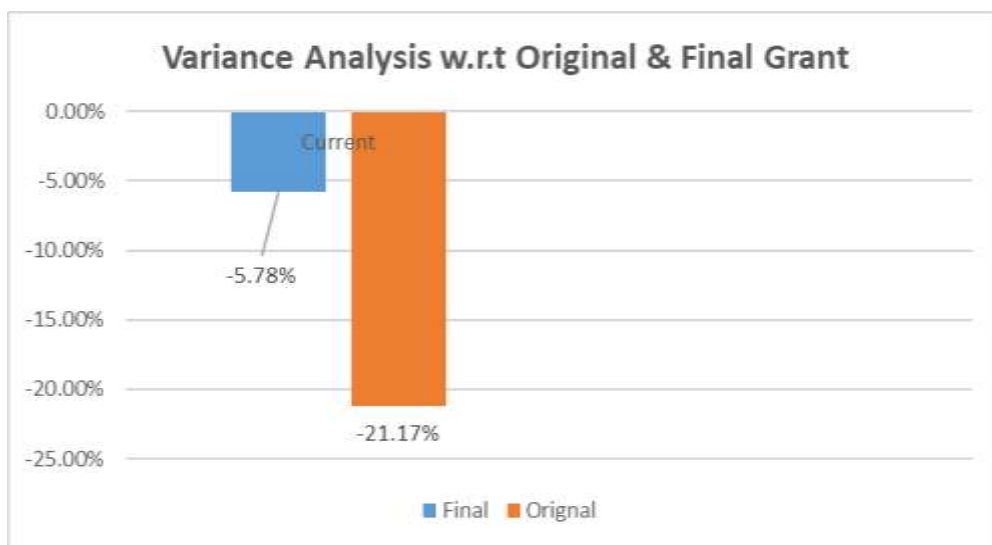
Audit noted that there was an overall saving of Rs.671.89 million, which was mainly due to saving in current grant.

Supplementary Grants obtained without careful cash forecasting

According to Para 71 of General Financial Rules (Volume I), while framing budget estimates, the authorities should exercise utmost foresight. Rules of good

governance demand that budget processes are carried out in accordance with clearly defined expectations and assumptions and a coordinated calendar of activity.

As shown in the chart below, bifurcating total allocation into current expenditure, it was observed that there was 21.17 % saving w.r.t original grant which was finally reduced to 5.78 % w.r.t final grant.



6.3 Classified Summary of Audit Observations

Audit observations, amounting to Rs. 929,800.314 million, were raised in this report during the current audit of Economic Affairs Division. Summary of the audit observations classified by nature is as under:

(Rupees in million)		
S. No	Classification	Amount
1	Non-production of record	
2	Reported cases of fraud, embezzlement and Misappropriation	
3	Irregularities	
A	HR/Employees related Irregularities	
B	Procurement related irregularities	
C	Management of account with commercial banks	
D	Recovery	929,163

<i>E</i>	<i>Internal Control</i>	637.314
4	Value for money and service delivery	
5	Others	

6.4 Status of compliance with PAC Directives

Years	No of audit paras	No of Actionable Points	Full Compliance	Nil-Complied	% of Compliance
1989-90	1	1	1	0	100%
1992-93	5	5	5	0	100%
1996-97	2	2	1	1	50%
2000-01	5	5	0	5	0%
2005-06	2	2	0	2	0%
2006-07	5	5	2	3	40%
2007-08	1	1	0	1	0%
2008-09	2	2	0	2	0%
Total	23	23	9	14	39%

6.5 AUDIT PARAS

Economic Affairs Division

6.5.1 Non-recovery of relent loans – Rs. 929.163 billion

Under the Rules of Business, one of the functions of the EAD is:

“External debt management, including authorization of remittances for all external debt service, compilation and accounting and analysis of economic assistance from all foreign governments and organizations”.

Clause-29 of Part-5 of the Foreign Debt Manual, 2008 “Debt Management Wing Functions” states that recoveries of foreign loans and credits relent to the provincial governments, Autonomous Bodies/Corporations, Industrial/Financial Institutions and private sector agencies have considerable impact on ways and means position of the Government. In order to strengthen the ways and means position of the Federal Government it is essential that sanctions letters specifying the re-lending terms are issued immediately on allocation of funds and action for recoveries initiated well in time.

Economic Affairs Division (EAD) recovered Rs. 192.981 billion up till 30.06.2021 from the 21 different entities against total outstanding foreign relent loans of Rs. 1,122.144 billion.

Audit observed that foreign relent loans of Rs. 929.163 billion were not recovered from the defaulter entities.

Audit is of the view that non-recovery of re-lent loans has resulted in a financial loss to Government.

The management replied that foreign relent loans of Rs. 929.163 billion were not recovered from the defaulter entities. The actual overdue amount is Rs. 970.466 billion up to 30.6-2021.

The recovery position of relent loans to various borrowing entities was discussed in detail in DAC Meeting held on 28.12.2022. During discussion the DAC was apprised that the major borrowing entities have taken up the matter of recovery of foreign Relent loans with ECC for conversion of Relent loans into Federal Government Grants. Correspondence and efforts made by EAD in this regard may be shared with audit for verification. However, DAC pended the para till final decision of by the ECC and directed to share update and efforts by EAD in this regard.

Audit recommends that recovery mechanism may be strengthened in such a way that EAD can recover overdue loan amount from government departments / institutions / entities without any delay.

6.5.2 Payment of Commitment Charges for not utilizing the loan proceeds–Rs. 637.314 million

As per Rules of Business 1973, Economic Affairs Division (EAD) is assigned the responsibility to negotiate, coordinate and monitor the assistance from foreign donors to Pakistan.

Economic Affairs Division paid commitment charges amounting to RS. 637,313,658 during the financial year 2020-21 on undrawn balance of external loans on the amount of principal rescheduled for drawl on later dates.

Audit noted that negotiation, coordination and monitoring mechanism within the EAD was not working effectively. Commitment Charges had been paid by Economic Affairs Division (EAD) against undisbursed portion of proceeds of various loans. Commitment charges is a kind of penalty for not utilizing the loan proceeds committed by lenders for disbursement in a particular year therefore, it is important to ensure efficiency and timeliness in utilization of loan proceeds.

Audit is of the view that payment of Commitment Charges for not utilizing the loan proceeds committed by the lenders was failure on the part of management, which led to payment of commitment charges.

The management replied that the Commitment Charges were paid in accordance with the provision of loan agreement and in accordance with the disbursement schedule. The disbursement schedule spread over five years from the date of effective of the loan. During the Financial Year 2021-22, the loans are utilized according to disbursement scheduled set by the donors.

The reply was not tenable as the Commitment Charges for not utilizing the loan proceeds was failure on the part of management.

DAC in its meeting held on 28.12.2022 directed to verify the relevant (section) of the minutes of the National Coordination Committee.

Audit recommends that responsibility be fixed upon project managers, whose failure resulted in payment of commitment charges.

CHAPTER 7

ESTABLISHMENT DIVISION

7.1 Introduction

As per Schedule II [Rule 3 (3)] Distribution of Business among the Divisions read with Schedule III [rule-4(4)] Rules of Business 1973 (As amended up to 23rd April, 2019) following main businesses have been assigned to the Division amongst the other functions.

Regulation of all matters of general applicability to civil posts in connection with the affairs of the Federation:

1. Formation of Occupational Groups
2. Policy regarding recruitment to various grades
3. Federal Government functions in regard to Federal Public Service Commission.
4. Career Planning
5. Services Tribunal Act, 1973.
6. Idea Award Scheme.
7. Pakistan Public Administration Research.

ATTACHED DEPARTMENTS / AUTONOMOUS BODIES

- i. Secretariat Training Institute.
- ii. Staff Welfare Organization.
- iii. Akhtar Hameed Khan National Centre for Rural Development.
- iv. Federal Benevolent Fund & Group Insurance

Sr. No.	Description	Total No.	Audited	Expenditure Audited (FY-2021-22) Rs. in million	Revenue / Receipt Audited (FY 2021-22) Rs. in million
1	Formations	76	3	10,221.225	-
2	Assignment Accounts (Excluding FAP)	-	-	-	-
3	Authorities / Autonomous Bodies etc. under the PAO	1	1	7,050.759	-

Sr. No.	Description	Total No.	Audited	Expenditure Audited (FY-2021-22) Rs. in million	Revenue / Receipt Audited (FY 2021-22) Rs. in million
4	Foreign Aided Project (FAP)	-	-	-	-

7.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Establishment Division for the financial year 2021-22 was Rs.7,603.37 million, out of which the Division expended an amount of Rs.7,561.37 million. Grant-wise detail of current and development expenditure is as under:

(Rs. In million)

Grant No	Type of Grant	Heads	Original Grant	Suppl Grant	Surrender (-)	Final Grant	Actual Expenditure	Excess/ (Saving)	% age Excess/ (Saving)
15	Current	Establishment Division	5,500.00	0.00	-26.10	5,473.90	5,432.16	-41.75	-0.76%
17	Current	National School of Public Policy	1,168.00	123.41	0.00	1,291.41	1,291.41	0.00	0.00%
18	Current	Civil Services Academy	635.00	26.00	.00	661.00	661.00	0.00	0.00%
	Total Current		7,303.00	149.41	-26.10	7,426.31	7,384.56	-41.75	-0.56%
88	Development	Development Expenditure	348.85	0.00	-171.26	177.59	176.81	-0.79	-0.44%
	G Total		7,651.85	149.41	-197.36	7,603.91	7,561.37	-42.53	-1.00%

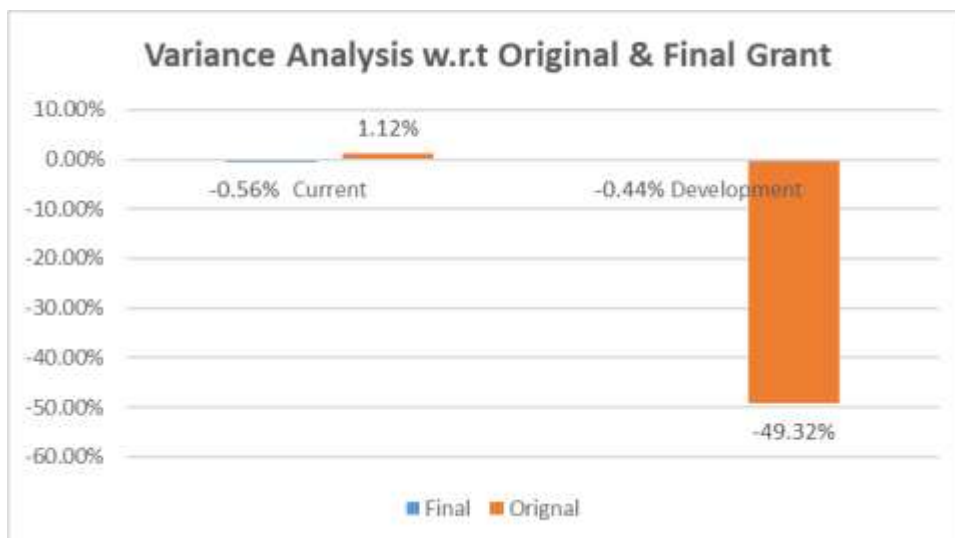
Audit noted that there was an overall saving of Rs.42.53 million, which was mainly due to saving in current grant.

Supplementary Grants obtained without careful cash forecasting

According to Para 71 of General Financial Rules (Volume I), while framing budget estimates, the authorities should exercise utmost foresight. Rules of good governance demand that budget processes are carried out in accordance with clearly defined expectations and assumptions and a coordinated calendar of activity.

As shown in the chart below, bifurcating total allocation into current and development expenditure it is observed that, in case of development grant, there was a 49.32% saving w.r.t Original grant which was finally reduced to 0.44%

saving w.r.t Final Grant and in case of current grant 1.12% of excess was became 0.56% saving.



7.3 Classified Summary of Audit Observations

Audit observations, amounting to Rs. 631.82 million, were raised in this report during the current audit of **Establishment Division**. Summary of the audit observations classified by nature is as under:

(Rupees in million)

S. No	Classification	Amount
1	Non-production of record	-
2	Reported cases of fraud, embezzlement and Misappropriation	-
3	Irregularities	
A	<i>HR/Employees related Irregularities</i>	-
B	<i>Procurement related irregularities</i>	-
C	<i>Management of account with commercial banks</i>	-
D	<i>Recovery</i>	192.277
E	<i>Civil Works</i>	439.543
4	Value for money and service delivery	-
5	Others	-

7.4 Status of compliance with PAC Directives

Audit Year	Total No. of Audit Paras	No. of Actionable Points Issued	Compliance	Non/Partial Compliance	% of Compliance
2010-11	4	4	4	0	100
2012-13	11	11	9	2	82
2013-14	3	3	1	2	33
2014-15	6	6	4	2	67
2015-16	3	1	0	3	-
2016-17	6	6	4	2	67
2017-18	1	1	1	0	100
2018-19	6	6	3	3	50
2019-20	21	0	0	21	-
2020-21	5	0	0	5	-
2021-22	6	0	0	6	
Total	72	38	26	46	

7.5 AUDIT PARAS

FEB&GI Fund, Islamabad

7.5.1 Inordinate delay in processing of Benevolent Fund and Group Insurance claims

Section 21 of Civil Servants Act, 1973 states that all civil servants and their families shall be entitled to the benefits admissible under the Federal Employees Benevolent Fund and Group Insurance Act, 1969 and the rules made thereunder.

The management of FEB&GI Fund, Islamabad provided details of Benevolent Fund and Group Insurance claims received, processed and pending during 2020-21, as under:

S. No.	Name of Scheme	MIS Data / Record			Cases Received as per Diary Register	Cases Reported as Paid
		Cases Received	Cases Settled	Cases Pending		
1	Education Stipend	29,705	19,952	9,753	39,292	26,358
2	Benevolent Grant	4,570	4,297	273	6,703	4,193
3	Marriage Grant	12,211	10,848	1,363	10,085	10,894
4	Farewell Grant	13,952	12,546	1,406	10,317	12,513
		60,438	47,643	12,795	66,397	53,958

Audit observed that there was a large number of claims pending with the Board for payment processing.

Audit further observed there is variation in number of claims received, processed and pending with the Board.

Audit is of the view that delayed processing of Benevolent Fund and Group Insurance claims deprived the claimants/beneficiaries' families from due benefits.

The management replied that the variation in number of claims received, processed and pending is concerned, it is apprised that, some received claims are rejected/settled at entry level before their entry in BSMS. Only those claims are entered in BSMS system which are complete in all respect. Hence, data of claims received, processed and pending may vary as only those cases are entered in BSMS system which fulfilled the requisite criteria. However, Regional Board, Islamabad is trying its best to dispose of all claims received and reduce pendency at maximum level despite less human resource.

The management has accepted the audit observation relating to variation in claims received, processed and pending.

Audit recommends early disposal of claims and reconciliation of number of claims received, processed and pending with the Board.

7.5.2 Unauthorized payment of 'Secured Advance on Materials' in addition to 'Mobilization Advance' - Rs. 110.00 million

Clause 60.11 of 'Particular Conditions of the Contract (PCC)' included in the TENDER DOCUMENTS PACKAGE-I of the BF Tower, Islamabad deals with 'Secured Advance on Materials' and Clause 60.12 deals with the 'Financial Assistance to Contractor' (Mobilization Advance).

In terms of Clause 60.12 of 'Particular Conditions of the Contract' included in the TENDER DOCUMENTS PACKAGE-I of the BF Tower, Islamabad the Employer was to opt either "Secured Advance on Materials" or "Financial Assistance to Contractor".

The management of FEB&GI Fund, Islamabad allowed 'Secured Advance on Materials' amounting to Rs. 110.00 million to M/s CRTG-MATRACON JV under the Project titled BF Tower, Islamabad vide IPC-11 to IPC-20. Furthermore,

‘Financial Assistance to Contractor’ (Mobilization Advance) amounting to Rs. 529.643 million was paid to the Contractor in Oct, 2017.

Audit observed that ‘Secured Advance on Materials’ was allowed in addition to ‘Financial Assistance to Contractor’ (Mobilization Advance) in violation of PCC.

Audit is of the view that payment of ‘Secured Advance on Materials’ in addition to ‘Financial Assistance to Contractor’ (Mobilization Advance) in violation of PCC was irregular and unauthorized.

Audit is also of the view that undue favor was extended to the Contractor.

The management replied that Secured Advance paid to the Contractor as per Clause-60.11 (Secure Advance on Materials) of Particular Conditions of Contract (PCC) of Tender Documents deals as separate clause for payment of secured advance to the contractor upon fulfilling the defined provisions therein. Mobilization Advance paid to the Contractor under Clause-60.12 (Financial Assistance to Contractor) as per defined provisions following alternative one, audit raised objection based on alternative two, which is not applicable in the contract. Therefore, secured advance is allowed and recovered as per contract by the FEB&GIF and there is no violation of PCC.

The reply was not accepted as undue favor was extended to the Contractor in violation of Bidding Documents and PCC.

Audit recommends fixing of responsibility on person(s) at fault besides recovery along with interest.

7.5.3 Less recovery of ‘Retention Money’ from IPCs - Rs. 181.901 million

In terms of Clause 60.2 (Limit of Retention Money) of ‘General Conditions of the Contract’ included in the TENDER DOCUMENTS PACKAGE-I of the BF Tower, Islamabad the Employer is required to retain 10% (ten percent) of gross amount of work done from each Interim Payment Certificate (IPC).

The management of FEB&GI Fund, Islamabad incurred an expenditure of Rs. 2,943,492,199 on interim payments made to M/s CRTG-MATRACON JV (the Contractor) under the Project titled BF Tower, Islamabad upto IPC-20 and retained an amount of Rs. 112,448,305 as 'Retention Money'.

Audit observed that:

- i. "Retention Money" was deducted @ 5% (five percent) on 'total work done' instead of 10% (ten percent) of 'gross amount of work done' from each Interim Payment Certificate (IPC).
- ii. An amount of Rs. 181,900,915 (Rs. 294,349,220 - Rs. 112,448,305) was less retained by the management as "Retention Money" in violation of Clause-60.2 of GCC.

Audit is of the view that retaining of less amount of 'Retention Money' in violation of Clause-60.2 of GCC was irregular and unauthorized.

Audit is also of the view that undue favor was extended to the Contractor and interest of the Project/Board was not watched.

The management replied that different clauses of the Contract read together reveal that Clause-60.2 of General Conditions of Contract (GCC) was superseded with item 2(b) of Addendum No.1 dated 18.01.2016 which is integral part of contract wherein percentage of Retention Money was recovered from each Interim Payment Certificate (IPC) of the Contractor as per Contract.

The reply was not accepted that favor was extended to the Contractor through issuance of Addendum.

Audit recommends fixing of responsibility on person(s) at fault besides recovery of less amount of 'Retention Money'.

7.5.4 Irregular payment of 'Steel/Structure Steel' item - 174.023 million

In terms of Technical Specifications (Volume-II) [Civil/Architecture Recommended Manufacturer List] mentioned in TENDER DOCUMENTS PACKAGE-I of the BF Tower, Islamabad the Contractor was required to purchase

and utilize the ‘steel/structure steel’ manufactured by the manufacturer’s Razzaq, Amreli and Fez Steel.

FEB&GI Fund, Islamabad paid Rs. 174.023 million to M/s CRTG-MATRACON JV (the Contractor) under the Project titled BF Tower, Islamabad for the BOQ item ‘steel/structural steel’ during 2020-21, as under:

S #	Firm / manufacturer	Invoice No.	Date	Amount (Rs.)
1	M/s Pak Steel Rerolling Mills, Islamabad	67087	09.06.2020	5,600,820
2	M/s Pak Steel Rerolling Mills, Islamabad	67223	18.06.2020	8,592,750
3	M/s Pak Steel Rerolling Mills, Islamabad	67769	25.06.2020	2,842,020
4	M/s Pak Steel Rerolling Mills, Islamabad	67724	22.06.2020	2,328,792
5	M/s Pak Steel Rerolling Mills, Islamabad	67686	19.07.2020	2,243,520
6	M/s Pak Steel Rerolling Mills, Islamabad	67605	14.07.2020	2,401,296
7	M/s Pak Steel Rerolling Mills, Islamabad	67458	03.07.2020	3,897,660
8	M/s Pak Steel Rerolling Mills, Islamabad	68399	22.09.2020	1,354,320
9	M/s Pak Steel Rerolling Mills, Islamabad	68399	22.09.2020	5,794,200
10	M/s Pak Steel Rerolling Mills, Islamabad	68403	23.09.2020	2,482,400
11	M/s Pak Steel Rerolling Mills, Islamabad	68455	25.09.2020	5,559,880
12	M/s Pak Steel Rerolling Mills, Islamabad	68671	07.10.2020	5,265,240
13	M/s Pak Steel Rerolling Mills, Islamabad	68705	09.10.2020	5,342,960
14	M/s Pak Steel Rerolling Mills, Islamabad	68713	10.10.2020	4,232,840
15	M/s Pak Steel Rerolling Mills, Islamabad	69467	26.11.2020	9,711,520
16	M/s Pak Steel Rerolling Mills, Islamabad	69500	28.11.2020	4,624,920
17	M/s Pak Steel Rerolling Mills, Islamabad	69682	11.12.2020	1,757,400
18	M/s Pak Steel Rerolling Mills, Islamabad	69682	11.12.2020	3,567,330
19	M/s Pak Steel Rerolling Mills, Islamabad	69732	14.12.2020	3,587,220
20	M/s Pak Steel Rerolling Mills, Islamabad	69788	18.12.2020	4,679,440
21	M/s Pak Steel Rerolling Mills, Islamabad	70082	09.01.2021	3,820,000
22	M/s Pak Steel Rerolling Mills, Islamabad	70159	15.01.2021	2,495,000
23	M/s Pak Steel Rerolling Mills, Islamabad	70159	15.01.2021	2,517,480
24	M/s Pak Steel Rerolling Mills, Islamabad	70196	17.01.2021	1,956,250
25	M/s Faizan Steel	7767	19.02.2021	12,276,930
26	M/s Faizan Steel	7833	24.02.2021	10,850,190
27	M/s Faizan Steel	7980	05.03.2021	9,676,290
28	M/s Faizan Steel	8178	15.03.2021	9,064,830
29	M/s Pak Steel Rerolling Mills, Islamabad	71106	08.04.2021	5,608,610
30	M/s Pak Steel Rerolling Mills, Islamabad	71144	10.04.2021	6,346,760
31	M/s Pak Steel Rerolling Mills, Islamabad	71223	12.04.2021	5,897,220
32	M/s Faizan Steel	8941	01.05.2021	8,286,560
33	M/s Faizan Steel	8973	03.05.2021	9,360,520
Total				174,023,168

Audit observed that the Contractor purchased ‘steel/structural steel’ from the firms/manufacturers which were not included in ‘Civil/Architecture Recommended Manufacturer List.’

Audit is of the view that purchase of 'steel/structural steel' for the project from the firm/ manufacturer which was not included in 'Civil/Architecture Recommended Manufacturer List' is irregular and unauthorized.

The management replied that naming the brands and not putting equivalent is against PPRA rules. Approved list of Manufactures in Technical Specifications (Vol-II) of Contract Documents was superseded with item 8 of Addendum No.1 dated 18.01.2016 which is integral part of Contract. "Material of any manufacturer other than specified in the approved manufacturing list (vide item-8 of Addendum-1) found in conformity with the relevant technical specifications of work, can also be considered if approved by Engineer/Employer". The steel used in the construction work of BF Tower project after confirming all required tests of relevant standards from approved laboratory and approval of Engineer/Employer.

The reply was not accepted as 'steel/structural steel' was purchased from the firm / manufacturer which was not included in 'Civil/Architecture Recommended Manufacturer List'. Furthermore, undue favor was extended through issuance of Addendum.

Audit recommends fixing of responsibility and recovery from the Contractor.

7.5.5 Overpayment of Dewatering charges - Rs. 155.520 million

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

The management of FEB&GI Fund, Islamabad incurred an expenditure of Rs. 248.832 million on the item 'Dewatering' and made payment to M/s CRTG-MATRACON JV (the Contractor) under the Project titled BF Tower, Islamabad upto the IPC-10.

Audit observed as under:

- i. Against the approved BOQ item 120 days for 'Dewatering' @ Rs. 777,600 in the Tender Documents, 'Dewatering' for 320 days has been paid resulting into excess payment of Rs. 155.520 million.
- ii. Number of tube-wells along-with their capacity to be installed for 'Dewatering' of the 'site' and number of 'hours' per day to run these tube-wells was not disclosed in the BOQ for which per day rate of Rs. 777,600 has been charged by the Contractor.
- iii. The 'Dewatering' is a process required to be carried out continuously as halt in the 'Dewatering' process required more days/hours resulted into excess expenditure.

Audit is of the view that in the absence of planning, un-defined number of tube-wells along with their capacity and un-defined number of hours per day, the expenditure on 'Dewatering' increased. Thus the same is held irregular and recoverable.

The management replied that in pursuance of decision of Technical Committee meeting dated 18.05.2020, the Consultant was requested through repeated reminders to fix/finalize dewatering item. The Consultant asked the Contractor to provide detailed analysis of the item vide letter dated 26.11.2021, the Contractor disputed the matter in reply vide their letter dated 30.11.2021 and not provided required analysis yet. The matter is already under consideration on relevant forums.

The management has accepted the audit observation.

Audit recommends recovery of the overpayment.

Staff Welfare Organization (Headquarters), Islamabad

7.5.6 Non recovery of outstanding rent from Utility Stores Corporation - Rs. 10.376 million

Section 10(I) of the Islamabad Rent Restriction Ordinance, 2001 states that the rent of residential as well as a non-residential building shall stand automatically

increased at the end of every three years of its tenancy by twenty-five percent of the rent already being paid by the tenant.

Pak PWD vide letter No. CIII/WXIII/111/565 dated 22.02.2005 and vide letter dated 09.03.2005 visited the building and worked out the rent assessment of the premises on Plot No. ID-2, G-6/1-1 and ID-16, Sector G-6, Islamabad.

The properties of Staff Welfare Organization (SWO), Islamabad primarily meant for setting up Lady Industrial Home and Library for the welfare of Federal Government Employees and their Families were rented to the Utility Stores Corporation on temporary basis on 01.07.1971 with monthly rent of Rs 600, No written / formal lease agreement was signed from that time till now.

Audit observed that:

- i. The SWO management failed to make a lease agreement with Utility Stores Corporation.
- ii. The management did not recover the 25% increase in rent after every three years. The detail of rent recoverable from Utility Stores Cooperation is as under:

Period	Rent Due	Rent Paid	Rent Recoverable
01.07.1971 to 30.06.2021	17,432,207	7,055,898	10,376,309

Audit is of the view that non-recovery of outstanding amount from the tenant is not only failure of the management to implement the rules but also resulted into loss of Rs. 10,376,309 to Government.

Audit recommends to recover the outstanding rent at the earliest.

CHAPTER 8

FEDERAL EDUCATION AND PROFESSIONAL TRAINING DIVISION

8.1 Introduction

As per Schedule II [Rule 3 (3)] Distribution of Business among the Divisions read with Schedule III [rule-4(4)] Rules of Business 1973 (As amended up to 23rd April, 2019) following main business have been assigned to the Division amongst the other functions.

- 1- Academy of Educational Planning and Management (AEPAM), Islamabad.
- 2- Federal Board of Intermediate and Secondary Education (FBISE), Islamabad.
- 3- National Education Assessment Centre, Islamabad.
- 4- National Talent Pool, Islamabad.
- 5- Youth Centers.
- 6- All matters relating to National Commission for Human Development (NCHD) and National Education Foundation (NEF).
- 7- Pakistan National Commission for UNESCO (PNCU).
- 8- Higher Education Commission.
- 9- External examination and equivalence of degrees and diplomas.
- 10- Commission for standards for higher education.
- 11- National Institute of Science and Technical Education, Islamabad.
- 12- National College of Arts, Lahore and Rawalpindi.
- 13- Pakistan Chairs Abroad.
- 14- Selection of Scholars against Pakistan Chairs Abroad by the Special Selection Board.
- 15- Boy Scouts and Girl Guides; Youth Activities and Movement.

- 16- International exchange of students and teachers, foreign studies and training and international assistance in the field of education.
- 17- Social Welfare, Special Education, Welfare, development and rehabilitation of children and disabled in the Federal area.
- 18- Federal College of Education, Islamabad.
- 19- Federal Directorate of Education and education in the Capital.
- 20- Federal Government Polytechnic Institute of Women, Islamabad.
- 21- Sir Syed School and College of Special Education, Rawalpindi.
- 22- Training, education and rehabilitation of disabled in Islamabad.
- 23- Private Educational Institutions Regulatory Authority.
- 24- Dealing and agreements, with other countries and international organizations in the fields of social welfare.
- 25- Relationship with UNESCO and participation in its activities, liaison with other international agencies and organizations in educational programs.

ATTACHED DEPARTMENTS / AUTONOMOUS BODIES

- i. National Training Bureau.
- ii. Pakistan Manpower Institute.
- iii. Federal Directorate of Education Islamabad.
- iv. Directorate General of Special Education.
- v. Academy of Educational Planning and Management, Islamabad
- vi. Federal Board of Intermediate and Secondary Education, Islamabad
- vii. National Education Assessment Centre, Islamabad
- viii. Pakistan National Commission for UNESCO (PNCU)
- ix. Inter-Board Committee of Chairmen
- x. National College of Arts Rawalpindi & Lahore.
- xi. Private Educational Institution Regulation Authority.

Sr. No.	Description	Total No.	Audited	Expenditure Audited (FY-2021-22) Rs. in million	Revenue / Receipt Audited (FY 2021-22) Rs. in million
1	Formations	495	18	10,784.549	428.419
2	Assignment Accounts (Excluding FAP)	16	-	-	-
3	Authorities / Autonomous Bodies etc. under the PAO	5	5	9,891.263	-
4	Foreign Aided Project (FAP)	-	-	-	-

8.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Federal Education and Professional Training Division for the financial year 2021-22 was Rs. 24,873.76 million, out of which the Division expended an amount of Rs. 24,027.41 million. Grant-wise detail of current and development expenditure is as under:

(Rs. In million)								
Grant No	Type of Grant	Original Grant	Suppl Grant	Surrender (-)	Final Grant	Actual Expenditure	Excess/ (Saving)	% age Excess/ (Saving)
37	Current	19,005.00	3,352.00	-17.45	22,339.55	21,661.23	-678.32	-3.04%
98	Development	4,485.00	.00	-1,950.79	2,534.21	2,366.18	-168.03	-6.63%
	Total	23,490.00	3,352.00	-1,968.24	24,873.76	24,027.41	-846.35	-9.67%

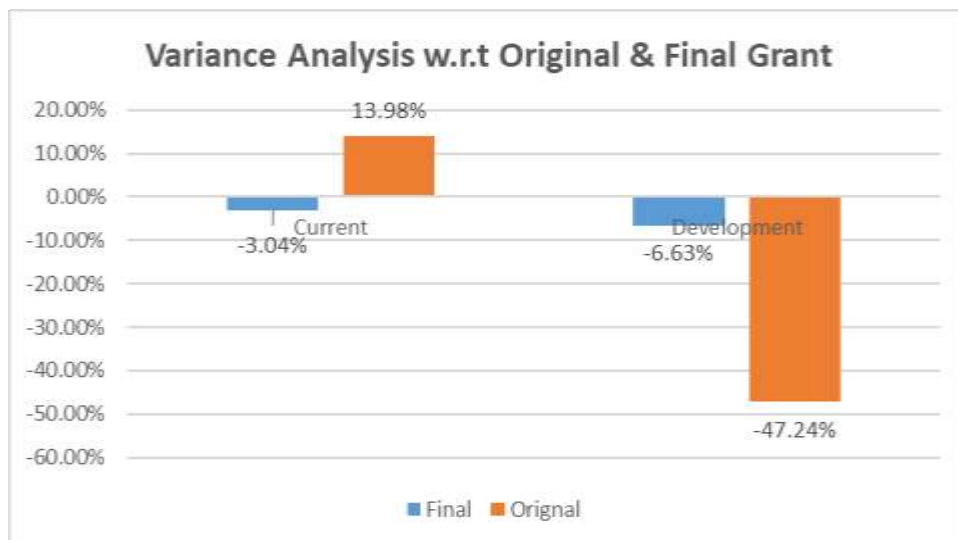
Audit noted that there was an overall saving of Rs.846.35 million, which was mainly due to saving in current grants.

Supplementary Grants obtained without careful cash forecasting

According to Para 71 of General Financial Rules (Volume I), while framing budget estimates, the authorities should exercise utmost foresight. Rules of good governance demand that budget processes are carried out in accordance with clearly defined expectations and assumptions and a coordinated calendar of activity.

As shown in the chart below, bifurcating total allocation into current and development expenditure, it was observed that in case of development grant, there was 47.24% of saving w.r.t Original grant which was finally reduced to 6.63%

saving w.r.t Final Grant and in case of current grant 13.98% of excess was reduced to 3.04% of saving.



8.3 Classified Summary of Audit Observations

Audit observations, amounting to Rs. 1,788.286 million, were raised in this report during the current audit of **Federal Education And Professional Training Division**. Summary of the audit observations classified by nature is as under:

(Rupees in million)

S. No	Classification	Amount
1	Non-production of record	
2	Reported cases of fraud, embezzlement and Misappropriation	
3	Irregularities	
A	<i>HR/Employees related Irregularities</i>	117.369
B	<i>Procurement related irregularities</i>	
C	<i>Management of account with commercial banks</i>	31.706
D	<i>Recovery</i>	633.785
E	<i>Internal Control</i>	1,063.104
4	Value for money and service delivery	
5	Others	18.395

8.4 Status of compliance with PAC Directives

Audit Year	Total No. of Audit Paras	No. of Actionable Points Issued	Compliance	Non/Partial Compliance	% of Compliance
2010-11	17	17	5	12	29
2011-12	18	1	1	17	100
2012-13	8	0	0	8	-
2013-14	28	25	17	11	68
2014-15	20	10	2	18	20
2015-16	8	0	0	8	-
2016-17	13	1	0	13	-
2017-18	14	10	0	14	-
2018-19	27	22	9	18	41
2019-20	34	0	0	34	-
2020-21	19	0	0	19	-
2021-22	19	0	0	19	-
Total	225	86	34	191	

8.5 AUDIT PARAS

Federal Education and Professional Training Division

8.5.1 Unauthorized alteration in the approved list of authors

In terms of Ministry of Federal Education and Professional Training Notification No. F.1-1/2017-NCC/RE dated 28.07.2020, the honorable Minister for Federal Education and Professional Training and the worthy Secretary, M/o FE&PT have been please to approve the forty-one (41) authors for development of textbooks for grades Pre-I-V under Single National Curriculum (SNC).

The project titled ‘National Curriculum Council Secretariat’ under Ministry of Federal Education and Professional Trainings, Islamabad vide Notification F.2(1)/2020/NCC/TB dated 20.08.2020 excluded twelve (12) authors and included three (03) new incumbents in the list of approved authors.

Audit observed that exclusion of twelve (12) authors from approved list and inclusion of three (03) new authors in the new list was made without approval of the Minister/Secretary, FE&PT.

Audit is of the view that exclusion and inclusion of incumbents made without approval of the Minister/Secretary, FE&PT was unauthorized.

The DAC in its meeting held on 24.01.2023 was apprised that initial approval of the authors was taken from the Minister / Secretary, FE&PT to keep them informed about the initial process. However, on later stages all decisions were taken by the JEA, NCC (Project Director) who was authorized to take all necessary financial and administrative decisions. The DAC directed the management to provide detail record and revised reply to Audit for verification.

Audit recommends fixing of responsibility for alteration in the approved list of authors.

Federal Directorate of Education

8.5.2 Non- maintenance of Cash Books and stock entries of Development projects –Rs. 446.868 million

Rules-77 of FTR states that:

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

Rule 154 of GFR Vol-I states an inventory of the dead stock should be maintained in all Government offices in a form prescribed by competent authority, showing the number received, the number disposed of (by transfer, sale loss etc.) and the balance in hand for each kind of article.

Federal Directorate of Education, Islamabad is continuing 12 development projects costing Rs. 3,009.849 million and incurred/released Rs.446.868 million only during the year 2021-22.

Audit observed that neither the cash books of the development projects were maintained nor the record pertaining to stock entries of purchases and distribution was available with the management.

Audit is of the view that non-maintenance of cash book and record pertaining to stock entries was lapse on the part of the management.

The management replied that Project wise cash Book is produced in original and Stock entries have been carried out as the equipment and furniture was provided to institutions.

The reply is not satisfactory as neither the cash books of any development project was maintained nor the record pertaining to stock entries of purchases and distribution was shown.

Audit recommends that remedial action may be taken to recurrence of such irregularity in future besides fixing of responsibility.

Directorate General of Basic Education Community Schools

8.5.3 Non-utilization of Services of employees despite expending on account of pay and allowances – Rs.85.663 million

As per Council for Common Interest decision dated 06.08.2020 which states that BECS would be handed over to respective provinces by 30th June, 2021. Central development working party in its meeting held on 12th October, 2020 directed BECS to ensure transfer of project to provincial /areas government by June, 2021.

Management of BECS, Islamabad expended an amount of Rs.272,289,754 on account of gross pay to 346 employees through the payroll for the Financial year 2021-22.

As per Payroll			Idle Staff		
Grade	Nos.	Gross Pay	Grade	Nos.	Amount
1	89	29,934,121	1	19	6,290,891
2	2	919,024			
4	60	24,461,704	4	24	9,463,364
9	19	10,043,088			
11	5	3,101,040			
12	9	5,587,040			
14	26	19,104,450	14	3	1,730,491
16	45	44,274,341	16	7	6,877,234
17	60	81,883,227	17	32	40,603,512
18	31	48,778,612	18	13	20,697,222
19	2	4,203,107			
	348	272,289,754		98	85,662,714

Audit observed that out of the total 348 employees 98 of the employees were posted at provinces Sindh, Karachi, KPK and Baluchistan and were drawing a gross pay amounting to Rs.85,662,714 without any work or assignment as community schools at aforementioned stations have already been transferred to the provinces in light of CCI's decision dated 06-08-2020.

Audit is of the view that expenditure of Rs.85.663 million on idle staff is loss to the public exchequer and negligence on the part of the management.

No reply received till finalization of the Report.

Audit recommends solution of the issue and proper utilization of human resource.

National Education Foundation

8.5.4 Loss due to delay in investment of funds Rs. 17.542 million

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

National Education Foundation, Islamabad invested funds amounting to Rs.312.739 million during financial year 2012-13 which were matured during FY 2013-14 as under:

(Rs. in million)

Sr. No.	Bank Branch	Amount	Rate of return	Invested date	Maturity date
1	NBP Aabpara Branch, Islamabad	96.998	9.50%	24-01-2013	24-01-2014
2	Faysal Bank, I-10 Islamabad	68.197	9.50%	25-03-2013	25-03-2014
3	NBP Aabpara, Branch Islamabad	147.544	9.65%	03-04-2013	03-04-2014
	Total	312.739			

Later on, the funds amounting to Rs.390.342 million (after interest) were reinvested during financial year 2014-15 as under: -

(Rs. in million)

Sr. No.	Bank Branch	Amount	Rate of return	Invested date	Maturity date
1	NBP Aabpara Islamabad	265.649	9.95%	05-08-2014	05-08-2015
2	Faysal Bank, I-10 Islamabad	74.027	9.60%	05-08-2014	05-08-2015
3	Allied Bank, G-8 Branch Limited	50.666	9.25%	05-08-2014	05-08-2015
	Total	390.342			

Audit observed that the funds amounting to Rs.390.342 million were invested after lapse of period ranging from four to seven months. Due to delay in investment of funds, the NEF suffered interest loss of Rs.17.542 million as under:

Sr No.	Maturity date	Investment date	Amount (Rs)	Period of late investment (Days)	Rate of return	Loss of interest (Rs)
1	24/01/2014	05/08/2014	265,649,000	193	9.50%	13,344,313
2	25/03/2014	05/08/2014	74,027,000	133	9.50%	2,562,551
3	03/04/2014	05/08/2014	50,666,000	124	9.50%	1,635,193
Total Rs.			390,342,000	450		17,542,058

Audit in the view that NEF suffered interest loss due to negligence of the officers/officials concerned.

The management replied as under:

1. For the re-investment of Rs. 96.998 million matured on 24th January, 2014 from National Bank of Pakistan, the matter was taken up with

Authorities of NEF on 6th January, 2014 before maturity of the funds i.e. 19 days before the date of maturity.

2. For the re-investment of Rs. 68.197 million matured on 25th March, 2014 from the Faysal Bank, the matter was taken up with Secretary Ministry of FE&PT on 25th March 2014 on the day of maturity.
3. For the re-investment of Rs. 147.544 million matured on 3rd April, 2014 from National Bank of Pakistan, the matter was taken up with Secretary Ministry of FE&PT on 25th March 2014 i.e. 10 days before the maturity.
4. The matter was once again taken up with Ministry of FE&PT on 11th April, 2014. Ministry of FE&PT constituted Investment Committee comprising of Deputy Secretary (PT-I) (M/o FE&PT), Director (F&P)-NEF and DDO (M/o FE&PT).
5. Recommendations of Investment Committee (vide meeting on 2nd June, 2014 minutes approved on 5th June, 2014) were forwarded to Ministry of FE&PT for approval of Chairman BoG/ Ministry of FE&PT.
6. After subsequent reminders to Ministry of FE&PT, reinvestment was made 05-08-2014.

In view of above, it is submitted that the matter for reinvestment of matured amount was taken up well before time. After wards, all the investments for the financial years i.e. 2014-15, 2015-16, 2016-17, 2017-18, 2018-19, 2019-20 and 2020-21 were made well in time.

The reply is not cogent as the investment made after delay of four to seven months which resulted in loss to the NEF Fund.

The DAC in its meeting held on 24.01.2023 directed to hold an Inquiry at the Ministry level and responsibility be fixed against the persons held accountable.

Audit recommends fixing of responsibility against the concerned persons for making the loss good.

8.5.5 Loss due to deduction of withholding tax by the bank-Rs. 14.147 million

Rule-23 of General Financial Rules states that “Every Government officer should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part and that he will also be held personally responsible for any loss arising from fraud or

negligence on the part of any other Government officer to the extent to which it may be shown that he contributed to the loss by his own action or negligence.”

National Education Foundation Islamabad opened the following bank accounts with National Bank of Pakistan during financial year 2013-2014 to 2018-2019:

Sr. No.	Bank Branch	Account No.	Purpose
1	NBP Aabpara Branch, Islamabad	3007922866	Endowment Fund
2	NBP Aabpara Branch, Islamabad	TDR	Investment

The NBP deducted the withholding tax of Rs.14.147 million from NEF bank balances due to non-submission of Free Tax Number (FTN) of NEF for exemption of withholding despite request made by NBP during November, 2007. Detail is as under:

Bank Account	Financial Year	Withholding Tax deducted by bank (Rs.)
3007922866, NBP Aabpara Branch, Islamabad.	2018-19	351,430
	2019-20	1,637,937
	2020-21	3,656,692
TDRs, NBP Aabpara Branch, Islamabad.	2019-20	8,501,000
Total:		14,147,059

Audit observed that the NEF Fund suffered financial loss of Rs. 14.147 million on account of withholding tax due to non-submission of Free Tax Number to the NBP by the NEF management. The management ignored the advice of NBP for submission of FTN since 23-11-2007 to 30th June, 2020.

Audit is of the view that the NEF suffered financial loss due to negligence of concerned officers / officials.

The management replied that National Bank of Pakistan requested National Education Foundation was authorized to use Free Tax Number of Ministry of Federal Education Foundation vide letter No. F.1-1/2008-C&D dated 23rd November, 2007. Beside this, National Education Foundation approached FBR number of times to get its own Free Tax Number.

Detail is as under:-

- i. First time, National Education Foundation tried to get its own Free Tax Number on 14th April, 2011. The matter was taken up with Federal Board of Revenue and numbers of visits were made. However, Federal Board of Revenue did not issue Free Tax Number.
- ii. Secondly, National Education Foundation tried to get its own Free Tax Number on 4th April, 2012. The matter was taken up with Federal Board of Revenue and numbers of visits were made. However, Federal Board of Revenue again did not issue Free Tax Number.
- iii. Thirdly, National Education Foundation tried to get its own Free Tax Number on 6th February 2020 and 8th July 2020 from Federal Board of Revenue. However, Federal Board of Revenue did not issue Free Tax Number.
- iv. Recently, once again on 3rd March 2022, Federal Board of Revenue was approached. With the recommendation of Ministry of FE&PT, Free Tax Number of National Education Foundation has been issued on 7th March 2022.

The reply is not convincing. Due to inordinate delay in issuance of FTN the NEF suffered financial loss of Rs.14.147 million.

The DAC in its meeting held on 24.01.2023 directed to hold an Inquiry at the Ministry level and responsibility be fixed against the persons held accountable.

Audit recommends inquiry to fix responsibility for making the loss good from the concerned officers / officials.

8.5.6 Unauthorized transfer of funds from Assignment Account to Endowment Fund - Rs. 14.860 million

According to Controller General of Accounts letter No.No.916 /CGAJA.A/RP-2018 (LC) dated 16.10.2018 “The officers holding Assignment Accounts will ensure that no cheque is drawn on Assignment Account, unless it is required for immediate disbursement to the goods/services provider. Cheque (s) will not be drawn for deposit into chest or any bank account maintained by the

entity. A certificate to this effect will be recorded on the Schedule of Payment. AGPR/DAO will endorse only those cheques, which are drawn in the name of contractor/supplier/vendor/salaried individuals only in lieu of their payments on account of purchases, supplies, salaries etc. Moreover, AGPR/DAO will not endorse any cheque, under any circumstances, which are drawn in the name of project-authorities or drawer/payer for lump sum transfer of funds from Federal Consolidated Fund/Central Account No: to their-commercial bank account (s) or deposit into any chest.”

National Education Foundation Islamabad transferred funds amounting to Rs.14.860 million from Assignment Account No.1163626769 (maintained with the National Bank of Pakistan, Civic Centre Branch, Islamabad) to Bank Account No.3007922866, NBP Aabpara Branch, Islamabad during financial year 2013-14 to 2016-17 as detailed in Annexure-II. The said amount was previously drawn from the Endowment Fund to meet the departmental expenditure as loan.

Audit observed as under:

1. The transfer of amount of Rs.14.892 from Assignment Account to bank account/Endowment Fund was violation of instructions of the Government.
2. The NEF suffered interest loss of Rs.310,114 due to drawal of amount from Endowment Fund previously.

Audit is of the view that the transfer of funds from Assignment Account to Endowment Fund is unauthorized.

The management replied that during the financial year 2013-14 to 2016-17, funds were not released by AGPR/Finance Division on time. Only necessary expenditure which couldn't be postponed/ delayed, like payment of salaries to the staff (94% of total amount), telephone bills, internet bills and minor petty expenses, were made out of Endowment Fund. On the receipt of funds from AGPR/Finance Division in Assignment Account, funds were reimbursed to Endowment Fund Account.

The reply is not satisfactory as the borrowing of loan from the Endowment Fund and subsequent refund is not covered under the rules.

The DAC in its meeting held on 24.01.2023 directed to hold an Inquiry at the Ministry level and responsibility be fixed against the persons held accountable.

Audit recommends appropriate action against the persons concerned for the said lapses besides discontinuation of this practice in future.

8.5.7 Non-appointment of Managing Director with the approval of Federal Government

According to Section 07 (III) (1) of National Education Foundation Ordinance 2002 “As administrator head of the Foundation a Managing Director shall be appointed by Federal Government on recommendation of the Board”.

National Education Foundation, Islamabad appointed the following Managing Directors during 2013-14 to 2020-21.

S. No.	Name of Officer	Designation	From	To
1	Mr. AbdulJalil	Managing Director	15-03-2013	31-10-2013
2	Mr. Haroon Ahmed, J.S(Admn) M/O FE&PT	Additional Charges as Managing Director	12-11-2013	10-12-2013
3	Dr. AllahBaksh	Managing Director	11-12-2013	28-03-2014
4	Mr. Muhammad Tariq J.S(PT) M/O FE&PT	Additional Charges as Managing Director	10-04-2014	17-11-2014
5	Mr. Imran Afzal Cheema	Managing Director	17-11-2014	01-06-2015
6	Capt. ®Muhammad Aftab	Managing Director	01-06-2015	18-04-2016
7	Maj® QasirMajeed Malik	Additional Charges as Managing Director	18-04-2016	21-02-2018
8	Mr. Muhammad Rafiq Tahir, JEA M/o FE&PT	Additional Charges as Managing Director	07-03-2018	17-09-2018
9	Ms. Tahira.Shaikh, Director NEF	Managing Director (current Charges)	17-09-2018	14-08-2019
10	Syed Junaid Akhlaq, J.S(Admn) M/O FE&PT	Additional Charges as Managing Director	11-11-2020	To date

Audit observed as under: -

1. During March,2013 to November,2020 only four (04)Managing Directors were appointed on regular basis, whereas, six(06) Managing Directors were appointed on Additional Charge/Current charge basis. The appointment of MDs on Additional Charge /Current Charge was not covered under the rules.
2. No regular Managing Director was appointed from April,2016 to April 2022 as required under the NEF Ordinance,2002.

Audit is of the view that the non-appointment of Managing Director is violation of the NEF Ordinance, 2002.

The management replied that NEF Ordinance as per Section 07 of National Education Foundation Ordinance 2002 “As administrator head of the Foundation a Manning Director shall be appointed by Federal Government on recommendation of the Board”. However, procedure to be followed, qualification and related rules were not available. Accordingly, NEF Employees Rules were framed. Rules are approved by Establishment Division, Finance Division, Ministry of Housing and Works and Ministry of National Health Services Regulation. The rules have already been vetted by the Ministry of Law and Justice. Presently, the rules are with Ministry of FE&PT for seeking approval of the federal cabinet and subsequent notification. Accordingly, appointment of Managing Director (NEF) will be made after notification of NEF Employees Rules.

The reply is not convincing as the appointment of regular MD NEF was not been made as required under NEF Ordinance.

The DAC in its meeting held on 24.01.2023 directed that a detailed reply may be submitted to Audit with cogent reasons of non-appointment of Managing Director. Summary for Prime Minister may also be moved for the appointment of Managing Director as per provision of the Ordinance.

Audit recommends appointment of regular Managing Director as per provision of NEF Ordinance, 2002.

Pakistan Boys Scouts Associations (PBSA)

8.5.8 Loss due to continuous increase in charges of cancelled allotment of land-Rs.429.286 million

Capital Development Authority allotted 25 acres and 10 acres land to Pakistan Boy Scouts Association, Islamabad vide letter No. CDA/EM-33(70)/74/3177 dated 27.06.1975 and No.CDA/EM-33(70)/82/1710 dated 05.05.1984 respectively on lease for 33 years. Pakistan Boy Scouts Association, Islamabad was bound to pay the premium of land @ Rs. 5,080/- per acre.

The CDA vide letter No. CDA/EM-33(70)/74/1444 dated 16.08.1997 withdrew the allotment of land for Pakistan Boy Scouts Association with the following remarks:

“During the visit it has been noticed with concerned that land is being used unauthorized on account of illegal construction and non-conforming use. Notices were issued on 19.05.1996 and 31/12/1996. The case has been considered by the competent authority and it has been decided that since you have failed to remove the non-conforming use and illegal construction as such offer of allotment letter issued vide this office letters of even number dated 27.6.1975 and 5.5.1985 is hereby withdrawn.”

Consequently, the CDA demanded following charges up to April, 2015 for restoration of camp site:

Nature of Charges	Amount (Rs.)
Payment of AGR delayed charges	72,744,122
Extension Charges	19,825,384
Restoration Charges	65,388,400
Total Rs.	157,957,906

Later on, the CDA vide letter No.CDA/DMA/DEM-33(70)/889 dated 03.04.2018 intimated outstanding dues up to 31.12.2017 as under:

Nature of outstanding charges	Amount
a. <u>Area 25 Acres.</u>	71,443,755
AGR from 27.03.1976 to 31.12.2017	
Extension charges up to 31.12.2017	213,167,597
b) <u>Additional Area 10 Acres</u>	1,300,367
AGR from 27.03.1976 to 31.12.2017	
Extension Charges up to 31.12.2017	77,986,051
Restoration Charges	65,388,400
Total Rs.	429,286,170

Audit observed that due to non-payment of outstanding charges of Rs.157.957 million (as on April, 2015) in time, the total charges were increased from Rs.157.957 million to Rs.429.286 million due to which PBSA suffered

financial loss of Rs.271.329 million during April, 2015 to December,2017 on this account.

Audit is of the view that the delay in payment of outstanding charges deprived the Association of its ownership of land and caused a perpetual financial loss as increasing liability.

The management replied that due to financial constraints and lack of resources, PBSA ever since 1975, has not been able to pay the AGR to CDA as well as the compound interest so accrued. The Pakistan Boy Scouts Association has signed an Agreement for 10 years on 13 April 1996 with M/s. Hanif Rajput, Caterers and Decorators to establish marriage lawns on the vacant portion of PBSA Campsite. Mr. Muhammad Hanif Rajput, the actual owner of the firm (M/s. Hanif Rajput Caterers and Decorators) died in 2002, during the tenure of the Agreement (1996-2006). However, later on Rana Muhammad Ashraf, the then member of Hanif Rajput Catering Services got possession of the land and makes this issue subjudice. Thus CDA withdrew the allotment of entire plot allotted to PBSA. During 1999, after a series of efforts, CDA agreed for the restoration of land with certain conditions mentioned below:

- i. Payment of entire outstanding dues amounting to Rs.17,04,371/- including delayed payment charges.
- ii. Payment of restoration charges Rs.25,41,000/-
- iii. Withdrawal of Court case unconditionally.
- iv. Vacation of premises occupied by M/S Hanif Rajput.

PBSA fulfilled the conditions of CDA & Court Case / Stay Order were withdrawn. PBSA twice forwarded cheques amounting to Rs. 1,27,050/- & Rs.42,350/- during 2000 & 1999 respectively. However CDA authorities refused to accept the amount. Efforts were made at the best levels to resolve the issue of cancellation of the plot with CDA by negotiations. This issue was raised time and again but left unresolved.

The reply is not convincing. Despite lapse of twenty five years the Association failed to get restoration of land title from the CDA.

Audit recommends that the outstanding dues may be paid to the CDA at the earliest for restoration of title of the land.

National Vocational & Technical Training Commission (NAVTTTC)

8.5.9 Non-appointment of Independent Project Director

Para 1 of Planning Commission letter No. Member (I&M)/ ED (IMU) dated 03.11.2006 states that ECNEC in its meeting held on 18.02.2004 directed all the Executing agencies to appoint independent Project Director for all the on-going projects costing Rs.100 million and above.

Para 2(iv) of Planning Commission letter No. Member (I&M)/ ED (IMU) dated 03.11.2006 states that the appointment of Project Director will be made through advertisement in the press in a transparent manner.

Para 2(a) of Finance Division letter No. F.16 (1) R-14/2003 dated 12.08.2008 states that for projects costing above Rs. 100 million (both new and on-going), appointment of Project Director on full time basis is mandatory in accordance with ECNEC decision dated 24.04.2005.

Prime Minister's Special Package to implement "Skill for All" strategy as catalyst for TVET sector development in Pakistan was being executed by National Vocational and Technical Training Commission NAVTTC with a cost of Rs 9,880 million.

Audit observed that no independent Project Director was appointed for the execution of the program.

Audit is of the view that non appointment of an independent Project Director was in violation of the ECNEC decision.

The management did not reply.

The management was requested to hold DAC meeting vide letter dated 19.12.2022 but DAC was not convened till finalization of the report.

Audit recommends that an independent Project Director may be appointed for running the affairs of the Program.

8.5.10 Non-recovery of training fee from institutes- Rs 128.537 million

Clause 1.6 MOU between the partner institute and NAVTTC in granting admissions, the Parties (Sponsoring Agency and partner institute) will keep in view the stated objective of providing training to unskilled and unemployed persons. Partner Institute will submit the list(s) of applicants and merit list along with recommendations of the Selection Committee comprising of one representative from Regional Office NAVTTC/ NAVTTC HQs and two from the partner institutes on prescribed proforma to RO, NAVTTC for approval and after approval of the same, admissions will be finalized.

NAVTTC approved various institutes for imparting trainings costing to Rs 355.693 million (Rs 136,364,446 for 69 conventional institutes and Rs. 219,328,716 for 31 High-Tech and paid an amount of Rs 128,537,395 to these training institutes (31 institutes of high tech (Rs 80,983,428 and 69 training institutes for conventional trades Rs 47,553,967).

Audit observed that 100 partner training institutes did not impart trainings as per their terms and conditions. The amount released to these institutions were not got refunded by NAVTTC till completion of audit.

Audit is of the view that selection of ineligible institutes and non-refund of amount already paid is negligence on the part of the management.

The management did not reply.

The management was requested to hold DAC meeting vide letter dated 19.12.2022 but DAC was not convened till finalization of the report.

Audit recommends that the matter may be inquired to fix the responsibility.

8.5.11 Non observance of quota

As per PC-I of the project Prime Minister's Special Package to implement "Skill for All" strategy as catalyst for TVET sector development in Pakistan, a total number of 50,000 Youth will be enrolled under instant component of the program and the distribution of slots will be undertaken as per population of the regions also envisaged / followed under NFC awards. According to 10th NFC award the following % of revenue was distributed among the four provinces;

Province	Percentage
Punjab	51.74%
Sindh	24.55%
KPK	14.62%
Baluchistan	9.09%

NAVTTTC paid an amount of Rs 1,293.156 million to various training institutes for Batch-I and Batch II under the project Prime Minister's Special Package to implement "Skill for All" strategy as catalyst for TVET sector development in Pakistan during the year 2020-21. Details are as under:

S. No	Batch	Region	Project Cost	Total Funds Released	Share
1	B-1	Sindh	567,794,174	529,650,783	36%
2	B-1	Punjab	533,713,296	392,054,579	34%
3	B-1	ICT (Isb, AJ&K, GB)	238,256,562	167,654,609	15%
4	B-1	KPK	145,427,435	112,238,076	9%
5	B-1	Baluchistan	105,931,776	91,558,045	7%
Total			1,591,123,243	1,293,156,092	100%

Audit observed that the project was to be focus on less developed areas of the Pakistan but as per data provided by NAVTTTC prescribed quota was not observed.

Audit is of the view that deviation beyond the provision of PC-I was irregular.

The management did not reply.

The management was requested to hold DAC meeting vide letter dated 19.12.2022 but DAC was not convened till finalization of the report.

Audit recommends to inquire the matter for fixing responsibility.

8.5.12 Non-deduction of charges of dropout students- Rs 125.488 million

Clause 4.1 of the Memorandum of Understanding between NAVTTC and Partner Institutes states that financial releases based on per trainee Training Cost will strictly be linked with Monitoring visits by NAVTTC Officers and made on the recommendation of Monitoring/Visiting Officers keeping in view enrolled/under-training trainees available at the time of visit. Financial deduction (on monthly basis) will be made in the heads of Consumables, Overheads, B&L and Conveyance cost against the drop-out trainees and institute will timely convey the number figure of drop-outs.

Audit observed that NAVTTC did not deducted monthly charges of Consumables, Overheads, B&L and Conveyance of the dropout students of Batch I & II of various partner institutes.

S. No	No of Institutes	No of candidates admitted	No of candidates dropped out	Amount
1	186	15,977	3,271	125,488,194

Audit is of the view that non-deduction of charges of dropout students was violation of the MoU.

The management did not reply.

The management was requested to hold DAC meeting vide letter dated 19.12.2022 but DAC was not convened till finalization of the report.

Audit recommends to recover the amount from the partner institutes and deposited into Government accounts.

8.5.13 Doubtful selection of candidates and Non provision of SAP certification evidence - Rs 37.000 million

NAVTTTC selected three training institutes and 370 candidates in Batch I batch II for certification of SAP and Oracle. Details are as under;

Name of Institute	No students
Excellence Delivered ExD (Pvt.) Ltd	247
The University of Lahore Raiwind road Campus Lahore	101
Institute of Business Administration Karachi	22
Grand Total	370

Audit observed that evidence of SAP certification i.e. copy of the certificate was not available NAVTTTC. Audit further observed that in Batch II, 27 middle level passed candidates were selected for this certification.

Audit is of the view that payment of training charges without certification of the course is irregular and recoverable.

The management did not reply.

The management was requested to hold DAC meeting vide letter dated 19.12.2022 but DAC was not convened till finalization of the report.

Audit recommends to provide the evidence of certification to Audit.

8.5.14 Overcharging of training cost beyond the maximum provision in the PC-I- Rs 108.450 million

As per PC-I of the project Prime Minister's Special Package to implement "Skill for All" strategy as catalyst for TVET the below mentioned unit cost analysis for high tech is calculated for a class of 25 each to be enrolled in one trade.

Trade Category	Institution Category	Remuneration of Instructional Staff (Rs / Credit Hour) for six months for a class of 25 youth	Remuneration of Non Instructional Staff (for 08 Months) for a one institute	Pay of Lab Attendants for 06 months for a class of 25 youth	Cost of Consumables for 06 Months for a class of 25 youth	Cost of Overheads for 06 Months for a class of 25 youth	Per trainee Cost for 06 month
	Cat: A1 – Cat: C	Rs. 300,000-500,000	Rs. 250,000-400,000	Rs. 50,000-80,000	Rs. 350,000-650,000	Rs. 200,000-400,000	Rs. 70,000-100,000

NAVTTTC paid an amount of Rs 415.986 million on account of instructional, non-instructional, consumables, overhead charges of high-tech in Batch-I and Batch-II during the year 2020-21.

Audit observed that 180 institutes were allowed over the maximum charges allowed to an A-1 category resulting an overcharging of Rs 108.450 million.

S. No	Charges detail	Batch	No of institutes	No of student	Admissible	Amount Paid	Excess paid
1	Instructional	II	28	1939	38,780,000	61,794,000	23,014,000
2	Non instructional	II	40	2580	16,000,000	20,800,000	4,800,000
3	Consumables	II	11	650	16,900,000	18,342,000	1,442,000
4	Overhead	I	32	5266	84,256,000	117,897,450	33,641,450
5	Consumables	I	4	520	13,520,000	16,985,000	3,465,000
6	Instructional	I	33	6264	125,280,000	150,440,000	25,160,000
7	Non instructional	I	32	5160	12,800,000	29,728,000	16,928,000
Total			180	22,379	307,536,000	415,986,450	108,450,450

Audit is of the view that payment of over and above the maximum limit to some institutes is unauthorized.

The management did not reply.

The management was requested to hold DAC meeting vide letter dated 19.12.2022 but DAC was not convened till finalization of the report.

Audit recommends to probe the matter for fixing responsibility.

8.5.15 Irregular admission in more than one trades- Rs 49.450 million

As per PC-I of the project NAVTTC prescribed selection criteria for trainees which states that the candidate had not availed any public funded vocational training before.

NAVTTC paid an amount of Rs 49,450,000 (399xRs 100,000+191xRs 50,000) to different institutes on account of training costs in various trades (399 high tech and 191 in conventional) in Batch II during the year 2020-21.

Audit observed that 219 candidates succeeded in getting 590 certificates in different trades and each candidate got 2 to 19 certificates in Batch II. These 590 candidates also repeated the same trade in different institutes at a time. Details of pass out candidates in Batch I was not provided.

Audit is of the view that grant of admission in more than one trade at a time and repetition of same trade in various institutes is wastage of public money.

The management did not reply.

The management was requested to hold DAC meeting vide letter dated 19.12.2022 but DAC was not convened till finalization of the report.

Audit recommends to inquire the matter for fixing responsibility.

8.5.16 Non-completion of targets given in the PC-I of Skill for All

Prime Minister's Special Package to implement "Skills for All" Strategy as Catalyst for TVET Sector Development in Pakistan was approved by CDWP on 28.10.2019 for a cost of Rs 9,880 million. The project was to be ended on 30.06.2021. The program was extended twice by the Executive Director, NAVTTC from 30.06.2021 to 31.12.2021 and 31.12.2021 to 30.06.2022.

Audit observed that the following activities could not be performed by NAVTTC despite having availability of human and financial resources.

S. No	Activity	Target	Physical Progress	%
1	High-Tech Training	75,000	35,269	47
2	Conventional trainings in less Developed area	50,000	33,598	67
3	Development of qualification	200	102	51
4	Certifying informal workers through RPL	50,000	23,583	47
5	International Accreditation	50	10	25
6	National Accreditation of TVET institutes	2000	535	27
7	Establishing Smart Laboratory	75	0	0
8	Modern Apprenticeship	20000	1,616	8
9	Establishing Laboratories in Madrassas	70	0	0
10	Training of trainers	2500	228	10
11	Business Incubation Centers	5	0	0

Audit is of the view that non completion of the targets despite twice extensions in the project period questions the capacity of NAVTTC to plan and execute such projects.

The management did not reply.

The management was requested to hold DAC meeting vide letter dated 19.12.2022 but DAC was not convened till finalization of the report.

Audit recommends to inquire the matter for fixing responsibility.

8.5.17 Non-utilization of equipment of matric-tech project- Rs 100.500 million

Introducing Matric-TECH Pathways for Integrating Technical and Vocational Education and Training and Formal Education project was approved by CDWP on 24.12.2019 for cost of Rs 315 million and it was to be completed by 30.06.2022.

NAVTTC incurred an expenditure of Rs 100.500 million against a release of Rs 120 million during the year 2021-22 for procurement and civil works of 27 laboratories and workshops.

Audit observed that the project was not operationalized despite completion of the project and the equipment purchased were not operative due to non-

availability of the staff and course material. Warranty period of the equipment are expiring without being functional in the institutes. Status of the project is as under:

S. No	Target	Achievements up to 30.06.2022
1	30 TVET Lab/workshop in 15 schools of AJK, GB & ICT	Tendering and procurement of equipment for 27 lab/workshop completed
2	Recruitment of contractual/ad-hoc staff of labs/workshops	Not completed
3	Enrolment of 1500 trainees	Only 225 trainees enrolled in GB. Session was not started in AJK and ICT due to non-availability of instructors/staff
4	Development of TVET qualifications, Teaching Learning Materials (TLMs) and Textbooks	TVET qualification of 08 technologies out of 30 developed.
5	Operationalization/initiation of Matric-Tech program in 30 technologies/15 school	Non-operationalize
6	Monitoring and evaluation	Not carried out

Audit is of the view that expenditure without proper planning and value for money is negligence on the part of the management.

The management did not reply.

The management was requested to hold DAC meeting vide letter dated 19.12.2022 but DAC was not convened till finalization of the report.

Audit recommends to inquire the matter for fixing responsibility.

8.5.18 Loss due to charging of high rates for conventional trade - Rs. 46.286 million

High technology (high tech), also known as frontier technology (frontier tech) is technology that is at the cutting edge: the most advanced technology available. It can be defined as either the most complex or the newest technology on the market.

NAVTTTC paid an amount of Rs 97,088,612 to various training institutes on account of training cost of 99 High Tech trades during the year 2020-21

Audit observed that training cost of high tech was paid to some institutes, but other partner institutes charged these trades as conventional trade. These institutes over charged the same trades by Rs 46,286,082 as compared to the institutes taken these trades as conventional.

Audit is of the view that charging of high tech rate for conventional trades was irregular.

The management did not reply.

The management was requested to hold DAC meeting vide letter dated 19.12.2022 but DAC was not convened till finalization of the report.

Audit recommends to inquire the matter and recover the overcharged charges.

8.5.19 Release of funds despite poor performance- Rs.18.395 million

Clause 4.1 of the Memorandum of Understanding between NAVTTC and Partner Institutes states that financial releases based on per trainee Training Cost will strictly be linked with Monitoring visits by NAVTTC Officers and made on the recommendation of Monitoring/Visiting Officers keeping in view enrolled/under-training trainees available at the time of visit.

NAVTTC monitoring team visited different training institutes during the year 2020-21.

10 No of institutions performance was declared as poor by the team. Details are as under.

S. No	Name of Institute	Performance as per monitoring report	Fund released for B II
1	Vocational Training Institute Kot Radha Kishan	Poor	775,800
2	Vocational Training Institute Kanganpur	Poor	1,410,900
3	Rahim Yar Khan College of Technology	Poor	1,182,834
4	CUVAS Bahawalpur	Poor	3,010,667

5	GCT Kot Addu	Poor	277,644
6	ICMA Pakistan (North Nazimabad Campus), Karachi	Poor	2,823,000
7	Novatech Institute of Technology (NIT), Hyderabad	Poor	5,700,000
8	Al-Mehran Rural Development Organization AMRDO Kotri	Poor	1,347,800
9	GVI (Boys) Shikarpur	Poor	1,186,198
10	Government College of Management Sciences, Hasa Balakot	Poor	679,900
Total			18,394,743

Audit observed that despite poor performance report NAVTTC released an amount of Rs 18.394 million during the year 2020-21.

Audit is of the view that release of amount despite poor performance was violation of the terms and conditions of the MoU.

The management did not reply.

The management was requested to hold DAC meeting vide letter dated 19.12.2022 but DAC was not convened till finalization of the report.

Audit recommends to inquire the matter for fixing responsibility.

8.5.20 Non-deduction of income tax- Rs. 210.877 million

Clause 4.9 of the Memorandum of Understanding between NAVTTC and partner institutes states that while asking payments to suppliers, service providers, instructional and non-instructional staff, the partner institute shall deduct the income tax and sales tax according to the government rule and deposit the deducted amount in the Federal Treasury (deposit receipts, in original, will be duly forwarded with one week time to Regional Office)

NAVTTC Islamabad paid an amount of Rs 2,108,773,848 on account of remuneration of instructional, non- instructional staff and lab attendant to the partner institutes for Batch-I and Batch II under the project Prime Minister's Special Package to implement "Skill for All" strategy as catalyst for TVET sector development in Pakistan during the year 2020-21. Details are as under:

Batch	Remuneration of Instructional Staff	Remuneration of Non Instructional Staff	Pay of Lab Attendants	Income tax @ 10%
I	502,259,500	160,250,200	103,648,204	76,615,790
II	880,833,400	289,968,200	171,814,344	134,261,594
Total	1,383,092,900	450,218,400	275,462,548	210,877,385

Audit observed that the management did not deduct income tax in violation of rules.

Audit is of the view that due to non-deduction of Income Tax, government was deprived of its due revenue.

The management was requested to hold DAC meeting vide letter dated 19.12.2022 but DAC was not convened till finalization of the report.

Audit recommends to provide the evidence of deduction and its deposit into government account to Audit.

8.5.21 Irregular Expenditure on account of TA/DA- Rs.5.620 million

Para 11.8 of the Manual on Travelling Allowance Rules states that the advance should be adjusted T.A. bill immediately on return to headquarters or on 30th June whichever is earlier. A second advance cannot be allowed until the previous advance has been adjusted. If a Government servant has been paid an advance for a particular journey, the T.A bill for that journey will not be admitted in audit unless the advance drawn for the purpose is properly adjusted.

NAV TTC extended an amount of Rs.5,620,000 as TA/DA advance vide sanction No 5-19/2019-20/Dev/Accounts/186 dated 26.06.2020.

Audit observed that despite the rule for adjustment of advance at the close of the financial year advances were granted at the end of the financial year to avoid lapse of the budget. The advances were remained with the beneficiaries and adjusted in piecemeals.

Audit is of the view that grant of advances to avoid lapse of budget in breach of financial propriety.

The management did not reply.

The management was requested to hold DAC meeting vide letter dated 19.12.2022 but DAC was not convened till finalization of the report.

Audit recommends to discourage such irregular practices besides taking corrective actions against the person held responsible.

8.5.22 Heavy expenditure on monitoring visits despite having own monitoring software - Rs 26.086 million

NAVTTTC incurred an expenditure of Rs 26.086 on account of TA/DA of the monitoring visits of the partner institutes during the year 2020-21.

Audit observed that in the PC-I of the PMYSDP Phase III an amount of Rs 25.000 million was allocated for Hiring of Services for Data Management and Biometric Attendance System and Stipend Disbursement. The objective of this project was to installation of Project Management and Monitoring Software to facilitate project budgeting, payment & online attendance system in time. Continuous monitoring and evaluation of training institutes/industry will be attained and progress on the basis of training related information be readily available on database. To execute this project an agreement with Cyber Vision International was made on 31.08.2015 for development of software Modules for the Project title “Project Management &Monitoring System (PMMS) under PMYSDP.

Audit is of the view that heavy expenditure on monitoring visits of the partner institute despite having PMMS is wastage of money and time.

The management did not reply.

The management was requested to hold DAC meeting vide letter dated 19.12.2022 but DAC was not convened till finalization of the report.

Audit recommends that inquiry may be held to fix the responsibility.

CHAPTER 9

FINANCE DIVISION

9.1 Introduction

Following functions are main functions assigned to the Finance Division under the Rules of Business, 1973 amongst the other functions:

1. Finances of the Federal Government and financial matters affecting the country as a whole.
2. The Annual Budget Statement and the Supplementary and Excess Budget Statements to be laid before the Parliament, the Schedules of Authorized Expenditure.
3. Allocation of share of each Provincial Government in the proceeds of divisible Federal Taxes; National Finance Commission.
4. Public debt of the Federation both internal and external; borrowing money on the security of the Federal Consolidated Fund.
5. Currency, coinage and legal tender, Pakistan Security Printing Corporation and Pakistan Mint.
6. Banking, investment, financial and other Corporations:
 - i) State Bank of Pakistan;
 - ii) Other banking (not including co-operative banking) and investment and financial corporations with objects and business not confined to one Province;
 - iii) Incorporation, regulation and winding up of corporations including banking, insurance and financial corporations not confined to or controlled by or carrying on business in one Province.
7. Company Law: Accountancy, Matters relating to the Partnership Act, 1932.
8. Investment policies: Capital Issues (Continuance of Control) Act, 1947; statistics and research work pertaining to investment and capital.

9. Financial settlement between Pakistan and India and division of assets and liabilities of the Pre-Independence Government of India.
10. International Monetary Fund.
11. Competition Commission of Pakistan and anti-Cartel Laws.
12. Administration of Economic Reforms Order, 1978.
13. Negotiations with international organizations and other countries and implementation of agreements thereof.

ATTACHED DEPARTMENTS

1. Office of the Auditor General of Pakistan
2. Office of the Controller General of Accounts
3. Central Directorate of National Savings (CDNS)
4. Competition Commission of Pakistan
5. Pakistan Mint
6. Securities & Exchange Commission of Pakistan

Sr. No.	Description	Total No.	Audited	Expenditure Audited (FY-2021-22) Rs. in million	Revenue / Receipt Audited (FY 2021-22) Rs. in million
1	Formations	58	5	6,876.296	264.490
2	Assignment Accounts (Excluding FAP)	1	-	-	-
3	Authorities / Autonomous Bodies etc. under the PAO	14	3	30,142.605	-
4	Foreign Aided Project (FAP)	5	-	-	-

9.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Finance Division for the financial year 2021-22 was Rs. 22,596,895.08 million, out of which the Division expended an amount of Rs. 22,703,868.61 million. Grant-wise detail of current and development expenditure is as under:

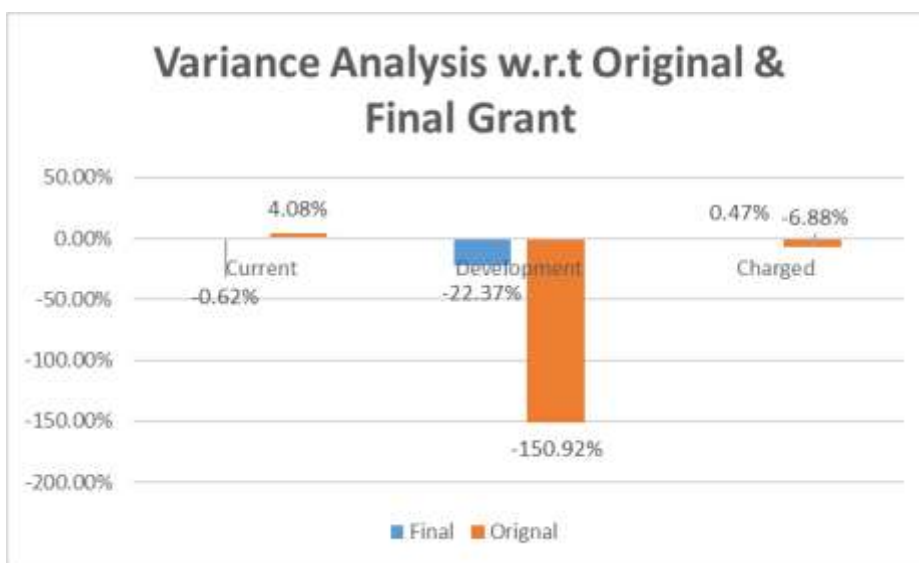
(Rs. In million)									
G. No	Type	Heads	Original Grant	Suppl Grant	Surrender (-)	Final Grant	Actual Expenditure	Excess/ (Saving)	% age Excess/ (Saving)
41	Current	Finance Division	1,980.00	321.19	-64.71	2,236.47	2,199.58	-36.89	-1.65%
42	Current	Other Expenditure of Finance Division	4,834.00	149.25	-83.05	4,900.20	4,892.54	-7.65	-0.16%
	Total Current		6,814.00	470.43	-147.76	7,136.67	7,092.13	-44.54	-0.62%
102	Development	Development Expenditure of Finance Division	835.84	.00	-406.75	429.09	333.11	-95.98	-22.37%
G	Charged	Repayment of Domestic Debt	21,617,346.65	.00	-1,785,192.97	19,832,153.68	19,839,265.75	7,112.08	0.04%
I	Charged	Servicing of Domestic Debt	2,757,175.64	.00	.00	2,757,175.64	2,857,177.62	100,001.98	3.63%
	Total Charged		24,374,522.28	.00	-1,785,192.97	22,589,329.31	22,696,443.37	107,114.06	0.47%
	G Total		24,382,172.13	470.43	-1,785,747.48	22,596,895.08	22,703,868.61	106,973.53	0.47%

Audit noted that there was an overall excess of Rs. 106,973.53 million, which was mainly due to excess in charged expenditure.

Supplementary Grants obtained without careful cash forecasting

According to Para 71 of General Financial Rules (Volume I), while framing budget estimates, the authorities should exercise utmost foresight. Rules of good governance demand that budget processes are carried out in accordance with clearly defined expectations and assumptions and a coordinated calendar of activity.

As shown in the chart below, bifurcating total allocation into current, development and charge expenditure, it was observed that, in case of charged expenditure, there was 6.88% saving w.r.t original grant which was finally became 0.47% excess w.r.t Final Grant, in case of development grant 150.92% saving was reduced to 22.37% saving and in case of current grant 4.08% excess was finally became 0.62% saving.



9.3 Classified Summary of Audit Observations

Audit observations, amounting to Rs. 16,817.266 million, were raised in this report during the current audit of **Finance Division**. Summary of the audit observations classified by nature is as under:

(Rupees in million)

S. No	Classification	Amount
1	Non-production of record	
2	Reported cases of fraud, embezzlement and Misappropriation	
3	Irregularities	
A	<i>HR/Employees related Irregularities</i>	289.1
B	<i>Procurement related irregularities</i>	
C	<i>Management of account with commercial banks</i>	
D	<i>Recovery</i>	1629.533
E	<i>Internal Control</i>	14898.633
4	Value for money and service delivery	
5	Others	

9.4 Status of compliance with PAC Directives

Audit Year	Total No. of Audit Paras	No. of Actionable Points Issued	Compliance	Non/Partial Compliance	% of Compliance
2010-11	9	9	8	1	89
2011-12	17	0	0	17	-
2012-13	35	0	0	35	-
2013-14	20	18	6	14	33
2014-15	30	0	0	30	-
2015-16	9	8	3	6	38
2016-17	13	6	0	13	-
2017-18	15	15	8	7	53
2018-19	61	0	0	61	-
2019-20	42	0	0	42	-
2020-21	17	0	0	17	-
2021-22	7	0	7	7	-
Total	275	56	25	250	

9.5 AUDIT PARAS

Finance Division (Main)

9.5.1 Irregular and unauthorized payment of honorarium without approval of Federal Government- Rs. 289.100 million

Fundamental Rule 9(9) states that honorarium means a recurring or non-recurring payment granted to a government servant from general revenues as remuneration for special work of an occasional or intermittent character.

The management of Finance Division paid three honorarium in financial year. First honorarium was paid amounting to Rs. 59.266 million vide dated 15.07.2021 in cash, second honorarium was paid amounting to Rs. 41.018 million vide computer changed dated 11.04.2022 and third honorarium up to 05 months' pay was paid amounting to Rs. 188.616 million vide dated 30.06.2022 in cash in anticipation of approval of honorarium policy from the Federal Cabinet during 2021-22. Detail is as under:

First Honorarium	Second Honorarium	Third Honorarium	Total
59,265,533	41,018,465	188,816,040	289,100,038

Audit observed as under:

- i. An amount of Rs. 289.100 million was paid as honorarium without approval of honorarium policy from the Federal Cabinet.
- ii. Honorarium was also paid to other departments through which Finance Division carried out its day to day operations like, AGPR, Islamabad, CDA, Security, Police, Dispensary, PWD etc., etc.
- iii. Five (07) months basic pay was awarded to Ministry of Finance employees against FPM, 2021.
- iv. An amount of Rs. 59.266 million in July 15, 2021 and Rs. 188.816 million in June, 2022 was withdrawn from AGPR, Islamabad through DDO and payment was made in cash.
- v. Finance Division was even not in the list of top 10 Ministries/Divisions.

Audit is of the view that payment of honorarium without approval of honorarium policy from the Federal Cabinet was irregular and unauthorized.

The management did not reply.

Audit is also of the view that payment of more than one months' pay as honorarium to Finance Division employees deprived the merited Ministries/Divisions from their due reward.

Audit recommends that fact finding inquiry be made, irregular and unauthorized payment may be recovered from employees' concerned and responsibility be fixed for irregular and unauthorized payment amount.

9.5.2 Loss on delayed payment of debt amount– Rs. 16.633 million

Rule 23 of GFR Volume I states that every Government officer should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part and that he will also be held personally responsible for any loss arising from fraud or negligence on

the part of any other Government officer to the extent to which it may be shown that he contributed to the loss by his own action or negligence.

The management of Finance Division paid Rs. 127,594.628 million to PHL's NIDA account from December, 2020 to January 26, 2022 through AGPR, Islamabad. An amount of Rs. 16.633 million was paid as interest on late transfer of amount from AGPR, Islamabad to PHL's NIDA Account.

Audit observed as under:

- i. An amount of Rs. 127,594.628 million was transferred to PHL's account through AGPR, Islamabad and due to delay in transfer (ranging from 9 to 55 days) an amount of Rs. 16.633 million was excess paid by the public exchequer.
- ii. The interest on late payment was paid due to negligence and inefficiency of both Finance Division and AGPR, Islamabad.

The management did not reply.

Audit is of the view that loss due to inefficiency and negligence of two departments sustained by the Government of Pakistan.

Audit recommends that fact finding inquiry be made, loss be recovered from the person (s) responsible and responsibility be fixed for the inefficacy and negligence.

9.5.3 Variation in NFC distribution and less Payment to Balochistan - Rs. 14.26 billion

Clause 2 (a) of the Distribution of Revenues and Grants-in-Aid Order, 2010 states that net proceeds means, in relation to any tax, duty or levy, the proceeds thereof reduced by the cost of collection as ascertained and certified by the Auditor General of Pakistan.

Clause 3(2) of the Distribution of Revenues and Grants-in-Aid Order, 2010 states that one percent (1%) of the net proceeds of divisible pool taxes shall be assigned to Government of Khyber Pakhtunkhwa to meet the expenses on war on terror.

Clause 3(3) of the Distribution of Revenues and Grants-in-Aid Order, 2010 states that after deducting the amount as prescribed in Clause (2), of the balance amount of net proceeds of divisible taxes, fifty-six percent shall be assigned to provinces during the financial year 2010-11 and fifty-seven and half percent from the financial year 2011-12 and onwards. The share of the Federal Government in the net proceeds of divisible pool shall be forty-four percent during the year 2010-11 and forty-two and half percent from the financial year 2011-12 onwards.

Clause 4(2) of the Distribution of Revenues and Grants-in-Aid Order, 2010 states that the sum assigned to the Provincial Government under Article 3 shall be distributed amounts the Provinces on the basis of the percentage specified against each: Punjab 51.74%, Sindh 24.55%, Khyber Pakhtunkhwa 14.62% and Balochistan 9.09%.

The management of Finance Division distributed amount of Rs. 3,455.86 billion (Rs. 3,395.95 billion as Provincial Share and Rs. 59.901 billion as 1% of War on Terror) net proceeds of divisible pool taxes to four provinces during 2021-22. Detail is as under:

S #	Description	Rs. In billion
1.	Divisible Pool of Taxes	6,073.874
2.	Collection Charges	60.739
3.	1% Additional Income tax	22.419
4.	1% War on Terror for KPK	59.901
	Net Divisible Pool of Taxes	5,930.815
	Provincial share (57.50%)	3,410.219
6	Punjab (51.74%)	1,764.445
7	Sindh (24.55%)	837.208
8	KPK (14.62%)	498.574
9	Balochistan (9.09%)	295.728
	Total	3,395.95

Audit observed as under:

- i. Finance Division was deducting 1% as collection charges amounting to Rs. 60.739 billion on notional basis and does not have actual amount of collection charges, which was against Clause 2 (a).

- ii. No proof for ascertaining and certifying the collection charges from Auditor-General of Pakistan was produced to Audit.
- iii. Tax of Rs. 22.419 billion was deducted as 1% additional income tax on notional basis and which was not provided in the Distribution of Revenues and Grants-in-Aid Order, 2010.
- iv. An amount of Rs. 14.26 billion was less paid to Balochistan even after deducting 1% each collection and additional tax charges (Annex-III).
- v. Audit has worked out the provincial shares as per the Distribution of Revenues and Grants-in-Aid Order, 2010 in which an amount of Rs. 62.43 billion was reflecting as less distributed to provinces (as no record of actual collection charges was available and no availability of 1 % additional tax on income tax be allowed in Order, 2010).

Audit is of the view that non deduction of actual collection charges, non-certification by the Auditor General of Pakistan and additional deduction of 1% on income tax was irregular.

Audit recommends that matter may be inquired, necessary requirement of the Distribution of Revenues and Grants-in-Aid Order, 2010 be complied and responsibility be fixed for irregularity.

9.5.4 Whereabouts regarding investment (equity) of Government of Pakistan and dividend on receivables not known - Rs. 21,584,622.00 million

Section 24 (1) of Public Finance Management Act, 2019 states that Finance Division shall have a monitoring unit to maintain an electronic database of the financial and operational performance of state-owned enterprises and to undertake analysis and generate report, inter alia, on (a) the overall performance of state-owned enterprises; (b) performance of state-owned enterprises against their primary objectives, business goals and performance targets and benchmarks; (c) investment in, loans to, and government guarantees for state-owned enterprises; and

(d) the risks associated with the state-owned enterprises sector that could affect the state's investment in state-owned enterprises.

Section 24 (2) of Public Finance Management Act, 2019 states that the monitoring unit shall undertake analysis on the financial, commercial and operational performance of state-owned enterprises and on the basis of such analysis, submit recommendations to the Finance Division on matters related to the performance and governance of state-owned enterprises.

The management of Finance Division required to have complete record of State Own Enterprises (SOEs) and were required to prepared report on financial commercial and operational performance and give analysis report on performance and governance of these institutions as per Public Financial Management Act, 2019.

Audit observed as under:

- i. The GoP were having total assets amounting to Rs. 21,584,622.00 million in SOEs as on 30.06.2019 in which an amount of Rs. 54,857.00 million was received as cash dividend by the Finance Division during 2018-19.
- ii. Finance Division was requested to provide complete detail of Government investments, its share, and list of entities but the management failed to provide the detail.
- iii. The amount of dividend received during 2021-22 and dividend receivable was also not available with Finance Division.
- iv. No report as required in PFM Act, 2019 was being maintained by the Finance Division for the year 2021-22.
- v. Finance Division used to rescue the entities by given subsidies/funding to overcome their financial problems and for this purpose said amount was time and again were converted to equity of the government but the Finance Division has no consolidated record of these entities.

The management did not reply.

Audit is of the view that non-existence of complete record of Government of Pakistan investments, its shares, dividend received/receivable was serious lapse of Finance Division and reflects lethargic attitude towards keeping Government funds safe and secured which was irregular.

Audit recommends that fact finding inquiry be made, complete details be worked out of all entities where such amount is invested, dividend received or receivable be watched closely and responsibility be fixed for lethargic attitude of the person (s) responsible.

9.5.5 Recovery of less deduction of Income Tax from employees- Rs. 4.209 million

Section 149(1) of the Income Tax Ordinance, 2001 states that every employer paying salary to an employee shall, at the time of payment, deduct tax from the amount paid at the employee's average rate of tax computed at the rates specified in Division I of Part I of the First Schedule on the estimated income of the employee chargeable under the head "Salary" for the tax year in which the payment is made.

The management of Finance Division paid salaries to its employees through AGPR, Islamabad accounting circle. In addition to salaries the employees were paid 07 honorarium thrice in a financial year out of which 06 honorarium (twice) were paid through DDO/cash. Detail is attached at Annex-I.

Audit observed as under:

- i. On sample test basis audit has worked out annual earnings of 28 employees of category Joint Secretary and above by including 12 months salaries and honorarium paid during the year and found that Rs. 4.209 million tax was less deducted from the salaries of these employees.
- ii. These employees were also members of various boards/Commissions/Authorities where they were receiving stipends but the management has not provided the list of those organization besides repeated requests

The management did not reply.

Audit is of the view that less deduction of Income Tax was violation of provisions of the Income Tax Ordinance, 2001 and also deprived the government of its due receipts.

Audit recommends that fact finding inquiry be made, complete tax working of all employees be made, recovery of actual tax be made from employees, and responsibility be fixed.

Competition Commission of Pakistan (CCP)

9.5.6 Non-observance of time line by CAT and ill preparation of cases for recovery - 6,831.243 million

Section 43 (1) of Competition Commission of Pakistan Act, 2010 states that as soon as may be within thirty days of the commencement of this Act, the Federal Government shall constitute the Competition Appellate Tribunal (CAT) which shall consists of a Chairperson who shall be a person who has been a judge of the Supreme Court or is a retired Chief Justice of a High Court and two Technical members who shall be persons of ability, integrity and have special knowledge and professional experience of not less than ten years in international trade, economics, law, finance and accountancy.

Section 43 (5) of Competition Commission of Pakistan Act, 2010 states that the Competition Appellate Tribunal shall decide an appeal expeditiously within six months of its presentation to the Tribunal.

The management of CCP decided various cases out of which 270 appeals of aggrieved parties were forwarded to Competition Appellate Tribunal for decisions from 2010 to 2021. Detail of which are as under:

S #	Description	Numbers
1.	Total Appeals before CAT	270
2.	Appeals Finalized by CAT	57
3.	Appeals pending with CAT	213
4.	Percentage of decided cases	21%

Audit observed as under:

- i. The Competition Appellate Tribunal was required to finalize the appeals within six months (06) but the appeals of aggrieved parties were delayed more than five years which was adversely affecting by achieving the desired objectives of CCP.
- ii. The financial impact of decided cases was Rs. 6,831.243 million which is only 21 % of total cases.
- iii. The Competition Appellate Tribunal decided 57 Appeals against the order of the Commission out of which the decisions of 38 Appeals were against CCP which is 67% of total cases
- iv. This high percentage of Appeals' decisions against Commission, reflects incapacity of the professionals scrutinizing the cases before penalty.

Audit is of the view that delay in deciding the cases over six months was violation of Section 43 (5) of the Act.

Audit recommends that matter may be taken up with competent authority for implementation of Section 43 in its true letter and spirit.

Audit also recommends that comprehensive procedures be framed and followed, competent employees be engaged to finalize the cases before imposition of fine/penalty.

9.5.7 Non-recovery of penalties - Rs. 68,794.081 million

Section 38 of Competition Commission of Pakistan Act, 2010 states that the Commission may by order direct any undertaking or any director, officer or employee of undertaking, to pay by way of penalty such sum as may be specified in the order if, after giving the undertaking concerned an opportunity of being heard.

Section 40(8) of Competition Commission of Pakistan Act, 2010 states that all penalties and fines shall be credited to the Public Account of the Federation.

The management of CCP imposed penalties on 155 undertaking on different violations, the total amount of outstanding penalties from defaulters is Rs. 68,924.180 million from 2007 to 2022.

Audit observed that the Competition Commission of Pakistan imposed penalties of Rs. 68,924.180 million in various undertaking on account of violation of the Act from start, i.e., 2007 to 2022. However, the Commission only recovered amounting to Rs. 130.099 million which is less than 1%.

Audit is of the view that non-recovery of penalties reflects poor approach towards realization of amount and deprived the government from due receipts.

Audit recommends that appropriate procedure be adopted to realize the amount of penalty as 1% recovery since inception is question mark on the performance of the Commission.

CHAPTER 10

HIGHER EDUCATION COMMISSION

10.1 Introduction

Higher Education Commission (HEC) was set up through an Ordinance in September, 2002 to facilitate the development of indigenous universities to be world-class centers of higher education, research and development.

To address the challenges of higher education a comprehensive strategy has been defined by HEC that identifies the core strategic aims for reform as (i) Faculty development, (ii) Improving access, (iii) Excellence in learning and research, and (iv) Relevance to national priorities. These strategic aims are supported by well-integrated cross-cutting themes for developing leadership, governance and management, enhancing quality assessment and accreditation and physical and technological infrastructure development.

ATTACHED DEPARTMENTS/ AUTONOMOUS BODIES

• All Public-Sector Universities

Sr. No.	Description	Total No.	Audited	Expenditure Audited (FY 2021-22) Rs. in million	Revenue/Receipt Audited (FY 2021-22) Rs. in million
1	Formations	27	24	31,909.042	9,723.400
2	Assignment Accounts (Excluding FAP)	37	6	34,943	
3	Authorities / Autonomous Bodies etc. under the PAO	21	0		
4	Foreign Aided Project (FAP)	2	2		

10.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Higher Education Commission for the financial year 2021-22 was Rs. 97,218.07 million, out of which the Division expended an amount of Rs. 96,786.54 million. Grant-wise detail of current and development expenditure is as under:

(Rs. In million)

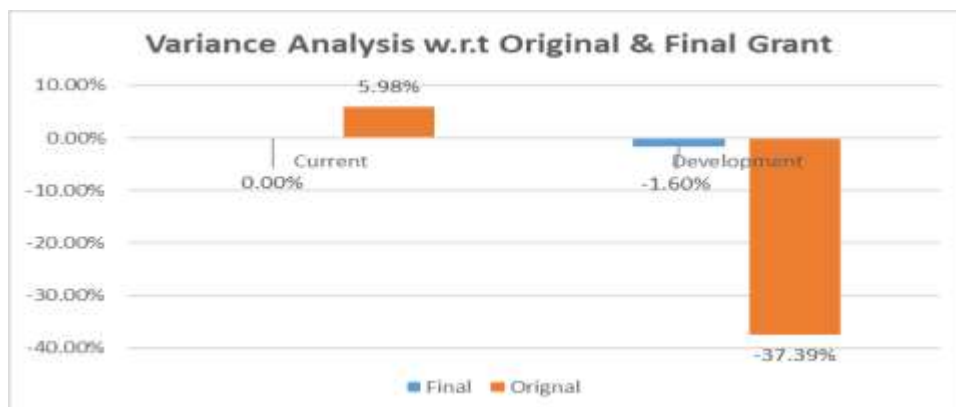
Grant No	Type of Grant	Original Grant	Suppl Grant	Surrender (-)	Final Grant	Actual Expenditure	Excess/ (Saving)	% age Excess/ (Saving)
38	Current	66,250.00	3,960.00	0.00	70,210.00	70,209.95	-0.05	0.00%
99	Development	42,450.00	70.00	-15,511.93	27,008.07	26,576.59	-431.48	-1.60%
	Total	108,700.00	4,030.00	-15,511.93	97,218.07	96,786.54	-431.52	-1.60%

Audit noted that there was an overall saving of Rs.431.52 million, which was mainly due to saving in development grant.

Supplementary Grants obtained without careful cash forecasting

According to Para 71 of General Financial Rules (Volume I), while framing budget estimates, the authorities should exercise utmost foresight. Rules of good governance demand that budget processes are carried out in accordance with clearly defined expectations and assumptions and a coordinated calendar of activity.

As shown in the chart below, bifurcating total allocation into current, development and charge expenditure, it was observed that, in case of development grant, there was 37.39% saving w.r.t original grant which was finally reduced to 1.60% w.r.t Final Grant and in case of current grant 5.98% excess was finally reduced to 0% excess.



10.3 Classified Summary of Audit Observations

Audit observations, amounting to Rs. 3,631.107 million, were raised in this report during the current audit of **Higher Education Commission**. Summary of the audit observations classified by nature is as under:

(Rupees in million)

S. No	Classification	Amount
1	Non-production of record	
2	Reported cases of fraud, embezzlement and Misappropriation	
3	Irregularities	
A	HR/Employees related Irregularities	499.004
B	Procurement related irregularities	248.405
C	Management of account with commercial banks	1489.909
D	Recovery	545.852
E	Internal Control	728.452
F	Civil Works	119.485
4	Value for money and service delivery	
5	Others	

10.4 Status of compliance with PAC Directives

Audit Year	Total No. of Audit Paras	No. of Actionable Points Issued	Compliance	Non/Partial Compliance	% of Compliance
2010-11	5	5	4	1	80
2011-12	25	0	0	25	-
2012-13	17	0	0	17	-
2013-14	44	39	15	29	38
2014-15	6	6	5	1	83
2015-16	22	22	8	14	36
2016-17	51	10	3	48	30
2017-18	72	13	5	67	38
2018-19	60	0	0	60	-
2019-20	21	0	0	21	-
2020-21	39	0	0	39	-
2021-22	48	0	0	48	-
Total	410	95	40	370	

10.5 AUDIT PARAS

Air University, Islamabad

10.5.1 Irregular retention of unspent funds released for R&D Projects - Rs. 103.232 million

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

Air University, Islamabad received funds amounting to Rs. 559.757 million from Higher Education Commission (HEC), Islamabad for twenty-one (21) Research & Development Projects and incurred an expenditure of Rs. 456.525 million during financial years 2017-18 to 2020-21, as per following details:

(Amount in Rupees)

S.No.	Category	Project No.	Date	Received	Expense	Balance
1	NRPU-HEC	NRPU-1078	13.06.2019	1,616,354	824,690	791,664
2	NRPU-HEC	NRPU-9980	01.07.2018	6,005,991	5,708,543	297,448
3	NRPU-HEC	NRPU-10035	01.01.2018	9,737,822	8,885,878	851,944
4	NRPU-HEC	NRPU-10120	01.01.2018	7,725,679	7,339,637	386,042
5	NRPU-HEC	NRPU-10702	01.06.2018	6,909,583	6,732,507	177,076
6	NRPU-HEC	NRPU-9944	01.06.2018	8,176,903	7,701,525	475,378
7	NRPU-HEC	NRPU-5232	22.02.2018	9,463,661	9,140,072	323,589
8	HEC-TDF	TDF-044	01.08.2017	13,996,000	59,997	13,936,003
9	HEC-TDF	TDF02-268	01.05.2018	14,078,201	10,028,712	4,049,489
10	HEC-TDF	TDF02-223	09.05.2018	12,675,000	11,954,330	720,670
11	HEC-SRGP	No21-1954	03.05.2018	265,000	227,011	37,989
12	HEC-SRGP	No.1322	16.10.2018	305,000	150,000	155,000
13	HEC-SRGP	No21-2151	19.09.2018	166,835	164,900	1,935
14	HEC-SRGP	No.2228	22.10.2018	254,000	138,860	115,140
15	HEC-SRGP	No.2247	29.01.2019	273,994	206,694	67,300
16	HEC-SRGP	No21-2382	29.01.2019	204,981	189,581	15,400
17	HEC-SRGP	No21-2349	23.01.2019	356,697	355,442	1,255
18	HEC-SRGP	No21-2464	21.03.2019	294,000	194,300	99,700
19	HEC-SRGP	No.2610	05.06.2020	164,000	-	164,000
20	HEC-NCCS	HEC-NCCS	29.02.2018	326,432,431	253,881,024	72,551,407
21	HEC-NCRA	HEC-NCRA	01.03.2018	140,654,650	132,641,271	8,013,379
Total				559,756,782	456,524,974	103,231,808

Audit observed that the management retained unspent balances amounting to Rs. 103.232 million of R&D Projects.

Audit is of the view that retention of unspent balances of R&D Projects was irregular and unauthorized.

Audit recommends refund of the unspent balances of R&D Projects to HEC at the earliest.

10.5.2 Irregular accumulation and non-utilization Specific Grants - Rs. 534.584 million

Para 12 of GFR (Vol-I) states that a controlling officer must see not only that the total expenditure is kept within the limits of the authorized appropriation but also that the fund allotted to spending units are expended in the public interest and upon objects for which the money was provided.

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

The audited financial statements of AIR University, Islamabad showed closing balances of 'Specific Grants' received from Higher Education Commission (HEC), Islamabad during financial years 2017-18 to 2020-21, as per following details:

(Amount in Rupees)					
S. No.	Specific Grants	30.06.2018	30.06.2019	30.06.2020	30.06.2021
1.	Scholarship Grant	3,935,948	0	24,258,926	37,764,880
2.	HEC Research Grants	83,102,423	161,049,711	151,783,833	311,084,913
3.	HEC Travel Grant - Faculty	393,113	0	0	0
4.	HEC-IPFP Grant	1,799,287	2,124,567	2,292,390	2,036,733
5.	HEC Project Grants	0	0	196,955,999	183,697,725
Total Closing Balances		89,230,771	163,174,278	375,291,148	534,584,251

Audit observed as under:

- i. The funds, drawn from assignment account and transferred to Air University, were not expended in the public interest and upon objects for which the money was provided.

- ii. Funds drawn were being accumulated and were retained in bank account in violation of provisions of Federal Treasury Rules.

Audit is of the view that annual increasing trend in closing balances of the ‘Specific Grants’ provided by HEC show that funds were merely drawn to park in bank accounts without any immediate need.

Audit is also of the view that accumulation and non-utilization of ‘Specific Grants’, resulted in increasing closing balances which was irregular and unauthorized.

Audit recommends deposit of unutilized ‘Specific Grants’ into Federal Consolidated Fund (FCF) immediately.

10.5.3 Irregular expenditure on hiring of visiting faculty - Rs. 88.419 million

In terms of Section 33(1)(b) of the Air University Ordinance, 2002 Statutes may be made to regulate or prescribe service, pension and fringe benefits for the University employees including those in its constituent units and terms and conditions of their service.

Air University, Islamabad incurred an expenditure of Rs. 88.149 million on hiring of ‘visiting faculty’ during the financial years 2018-19 to 2020-21, as per following detail:

S. No.	Year	Amount (Rs.)
1	2018-19	25,593,350
2	2019-20	24,171,400
3	2020-21	38,384,050
Total		88,148,800

Audit observed that the University hired ‘visiting faculty’ without framing of Service Statutes.

Audit is of the view that hiring of vising faculty was irregular.

Audit recommends visiting faculty be hired after framing and approval of Service Statutes for University Employees.

National University of Modern Languages

10.5.4 Non-deposit of departmental receipt into University Fund and unauthorized utilization by Regional Campuses without approval of the Board –Rs. 439.499 million

According to Section 24(1) of National University of Modern Languages Ordinance 2000 “The University shall have a fund to which shall be credited all direct donations, trusts, bequests, endowments, grants, proportionate grant from the Federal Government, assistance from international agencies, contributions, shares of fee, and income from any other sources and which shall be under the control of Board.”

According to Section 24(3) *ibid* “All expenditure of University shall be met within sanctioned budget of University or as approved by the Board.”

Section 25(2) *ibid* further states that “No expenditure shall be made from the funds of the University if it is not included in the approved budget of the University nor a bill or its payment has been audited by the University Auditor in conformity with the Statutes, the Regulation and the Rules.”

National University of Modern Languages Islamabad established the following seven campuses in Pakistan during 2000 onwards. These campuses collected total receipt of Rs.455.491 million during financial year 2020-21 as under:

(Amount in Rs)			
Name of Regional Campus	Bank Account No.	Total receipt for FY 2020-21	Expenditure during FY 2020-21
Karachi	0200001140 Askari Bank North Nazimabad Branch, Karachi	28,858,989	28,364,295
Lahore	0019005198520030 ABL Kashmir Road Branch, Lahore	137,428,090	136,461,041
Peshawar	1650501301 Askari Bank, University Road Branch, Peshawar	90,835,645	90,305,188
Hyderabad	1650500995 Market Chowk Branch, Hyderabad	29,134,180	22,846,924

Faisalabad	4156073902 NBP Faisal Garden Branch, Faisalabad.	55,609,491	49,173,601
Multan	100008150 Bosan Road Branch, Multan	86,048,933	85,164,947
Quetta	0360010648 Askari Bank IBB MA Jinnah Road Branch, Quetta	27576496	27183621
Total		455,491,824	439,499,617

Audit observed as under:-

- i. The departmental receipt amounting to Rs.455.491 million realized by the above seven Regional Campuses was not deposited into University Fund as required under NUML Ordinance,2000.
- ii. The budget estimates of receipt amounting to Rs. 455.491 million and expenditure of Rs. 439.499 million (incurred out of receipt) by the Regional Campuses were neither prepared nor got approved from the Board of Governors.
- iii. The total receipt of Rs.455.491 million realized by Regional Campuses and expenditure of Rs.439.499 million incurred was not included in the Annual Statement of Accounts submitted to the HEC.
- iv. The total expenditure of Rs.439.499 million incurred by the Regional Campuses was not pre-audited by the University Auditors as required under the NUML Ordinance, 2000.

Audit is of the view that non-deposit of departmental receipt into University Fund and its utilization by the Regional Campuses without approval of the BoG was unauthorized.

The management replied as under:

- i. The receipt of all regional campuses i-e Rs.455.491 million was received in the respective accounts of regional campuses which was incorporated in the main budget of the university in consolidated form.

- ii. The budget estimates of receipt amounting to Rs.455.491 million and expenditure of Rs.439.499 million was incorporated in the main budget being approved by the Finance & Planning Committee which was subsequently approved by the BoG.
- iii. The statement of receipt and expenditure submitted to HEC accordingly, a total receipt of Rs.455.491 million which was being realized by Regional Campuses and expenditure amounting to Rs.439.499 million incurred was also included in the main statement which was submitted to HEC.
- iv. Routine and day by day nominal expenditure being made by concerned RD which is being authorized by the competent authority. However, for major and beyond limit expenditure approval is being got from the competent authority.

The reply is not correct as the breakup of budget estimates and actual receipt & expenditure of Regional Campuses for FY 2020-21, submitted to the BoG, was not provided to Audit.

Audit recommends inquiry to fix the responsibility against the persons concerned for the above said lapses besides provision of all relevant record to the Audit.

10.5.5 Irregular expenditure without obtaining Technical Sanctions- Rs.76.713 million

Rule-78 of General Financial Rules provides that “Except in cases covered by any special rules or orders of Government, no work should be commenced or liability incurred in connection within until a properly detailed design and estimate has been sanctioned; and (iv) the work must not be started/ executed without technical sanction.

Rule-193 (4)(ii) *ibid* further states that “all estimates for such works and repairs to be carried out locally should be submitted for prior scrutiny to the Chief Engineer, Pakistan Public Works Department”.

National University of Modern Languages Islamabad incurred expenditure of Rs.76.713 million on execution of civil works and repairs of office building during financial year 2020-21 as detailed in Annexure-I and summarized below:

Head of account	Total expenditure (Rs.)
Civil Works	74,199,400
Repair of Office Building	2,514,558
Total	76,713.958

Audit observed that the expenditure of Rs.76.713 million was incurred without obtaining Technical Sanctions by an authorized/competent engineer of Pak.PWD.

Audit is of the view that Technical Sanction can only be accorded by an authorized Engineer of the Public Works Department who has the competency to check the authenticity of the drawing designs and detailed estimates of civil work/building.

The management replied that Rs. 76.713 million incurred on civil works for uplifting of university buildings and hostels giving the better environment to faculty, staff and students after approval of competent authority. Furthermore, NUML University, Islamabad is autonomous body, therefore, obtaining of technical sanction from Pak PWD is not required at this level. Technical Sanction of civil work and repair of office building has been obtained by the competent authority (Rector NUML) as per SOP's Civil Work of university under para 4.

The reply is not convincing as the management of NUML is not empowered to grant Technical Sanction by over riding the General Financial Rules.

Audit recommends fixing of responsibility for non-obtaining of Technical Sanction from the Pak.PWD besides observing the rules in future.

10.5.6 Unauthorized expenditure on account of rent of office building of Regional Campuses without completion of codal formalities-Rs. 67.281 million

According to Finance Division's OM No.F.8(69)R.14/83/2001-452 dated 18.10.2001 "In future cases of initial hiring as well as subsequent increase in rent beyond the prescribed limit should be forwarded to Finance Division (Regulation Wing) with the approval of Secretary Incharge of the Ministry/Division concerned through respective F.A Organization supported by the following documents:-

- i. Consent of the owner.
- ii. Statement of space entitlement along with details of sanctioned strength of officers/officials duly approved by Works Division as per letter No.10(11)/71-WIII dated 17.08.1971.
- iii. Hiring particulars on the Standard Format duly signed by Grade-20 officer or equivalent with complete entries.
- iv. Assessment Certificate issued by Pak.PWD in accordance with specifications of the premises.
- v. Authentic copy of map of the premises in question.

National University of Modern Languages, Islamabad incurred expenditure of Rs.67.281 million on rent of office buildings of Regional Campuses during financial year 2020-21 as under:

S. No.	Regional Campus	Agreement Period	Payment during 2020-21 (Rs.)
1	Faisalabad	01-07-2020 to 30-09-2025	9,317,176
2	Quetta	01-06-2020 to 31-12-2026	582,469
3	Hyderabad	01-07-2020 to 05-03-2021	3,849,800
4	Lahore	01-09-2020 to 31-08-2023	30,047,064
5	Multan	01-01-2020 to 31-12-2024	10,146,210
6	Peshawar	27.10.2014 to 30.11.2024 (after subsequent extensions from time to time)	13,338,880
Total Rs.			67,281,599

Audit observed as under:

The expenditure Rs.67.281 million was incurred on rent of office buildings of above said Regional Campuses without obtaining Rent Assessment Certificate from Pak.PWD, authentic copies of map, statements of space entitlement along with details of sanctioned strength of officers/officials. A residential building was hired for Regional Campus Peshawar through sublet agreement executed with the Sarhad University irregularly.

The concerned Campus Incharge was not empowered to sanction the expenditure. The expenditure of Rs.67.281 million was incurred without obtaining sanction of the Rector NUML/competent authority.

Audit is of the view that the expenditure incurred on rent of office buildings amounting to Rs.67.281 million without completion of codal formalities and obtaining sanction of competent authority was unauthorized.

The management replied that in the letter of Finance Division (Regulation wing) No. F.8(69) R.14/83/2001-452 dated October 18,2001 which has been referred for citing violation, universities or HEC does not form part of distribution list. Moreover, NUML is an autonomous body. Presently out of 7x NUML Regional campuses, 3x campuses i.e. Faisalabad, Multan and Peshawar are running in private buildings. Other 4x campuses i.e. Lahore, Karachi, Hyderabad and Quetta are established in Government buildings. All rent agreements are being carried out with Government departments and private owners after obtaining approval of the Rector.

The reply is not cogent as the buildings were hired without rent assessment from Pak.PWD / Technical Agency. The ownership documents, consent of the owners, approved map of the buildings were not provided to Audit.

Audit recommends inquiry into the matter regarding irregular hiring of residential building for Regional Campus Peshawar through sublet lease agreement with Sarhad University without having ownership.

10.5.7 Irregular expenditure on civil works without calling open tender-Rs.33.504 million

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

National University of Modern Languages, Islamabad incurred expenditure of Rs.33,504,789/- on civil works during financial year 2020-21.

Audit observed as under:

- i. The expenditure of Rs.33.504 million was incurred without calling tender as required under PPRA Rules-2004.
- ii. The sanctions to expenditure were split up to avoid calling of open tender.
- iii. There was rush of expenditure in the last quarter of financial year i.e. April to June, 2021 in violation of General Financial Rules.

Audit is of the view that incurring of expenditure of Rs.33.291 million without calling open tender in violation of PPRA Rules, 2004 was irregular.

The management replied that due to last quarter of the financial year, urgent repair / maintenance and renovation works were carried out through quotations so that these works can be completed before the closure of the financial year as well as start of summer semester. Moreover, as per PPRA Rules 42 (a) “Alternative method of procurements” and Rules 42 para (b) “request for quotations” allows department to execute the works within five hundred thousand limit. NUML executed these works within quotations limits. Furthermore, Chairman BOG being Competent Authority accorded approval for increase of expenditure upto 5 lacs through quotations. SOP under Para 4 c. However, it was assured to get the work from sales income tax registered firms through open competition.

The reply is not cogent as the entire expenditure was incurred by splitting up of sanctions to expenditure to avoid open tender.

Audit recommends fixing of responsibility against the persons concerned for the said lapses besides discontinuation of practice in future.

10.5.8 Unauthorized subletting of residential building by Sarhad University Peshawar to NUML Regional Campus and receipt of rent without ownership - Rs. 15.692 million

As per Clause-6.3 of the agreement signed between the NUML Regional Campus, Peshawar and Sarhad University of Science and Information Technology Peshawar on 27.10.2014 for hiring of office building No.36-B Chinara Road, University Town, Peshawar “if such situation arise on December, 1st, 2014 that this sublet agreement becomes non-operative by Federal / Provincial Government, Town Municipal Committee or any other competent authority, then both the Lessor and Tenant are bound pay back the amount which they received accordingly.

The Town Municipal Administration Peshawar vide letter No.2793/TMO/TMA/T-III, Peshawar-II dated 11.11.2016 issued notice for cancellation of allotment to Mr. Mukarram Khan owner of the building due to the reasons that “the plot and the building meant for residential purpose is being used against the original terms and conditions of the allotment meant for residential house”

During financial year 2020-21 the management of Regional Campus Peshawar made advance payment of rent amounting to Rs.15,692,809 to the Sarhad University for the period w.e.f. 01-12-2020 to 30-11-2021.

Audit observed as under:-

- i. No ownership document of the building was available with the Sarhad University Peshawar. As per Town Municipal Administration Peshawar letter dated 11.11.2016 the residential building was owned by Mr. Mukarram Khan, instead of Sarhad University. Therefore, signing of sublet lease agreement of a residential building for office purpose by Sarhad University w.e.f 27th October, 2014 to 30th November, 2024 (after subsequent extension) and receipt of rent was unauthorized.

- ii. During financial year 2020-21 the payment of rent amounting to Rs. 15.692 million was made by the NUML Regional Campus to the Sarhad University. The further payment of rent by the Sarhad University to the bonafide owner was not on record.
- iii. The income tax amounting to Rs.2,353,921/- deducted by the NUML Regional Campus was not deposited with the FBR.

Audit is of the view that in the absence of ownership documents the execution of sublet lease agreement by the Sarhad University, Peshawar and receipt of rent of Rs.15.692 million was unauthorized.

The management did not reply.

Audit recommends inquiry to fix the responsibility against the persons concerned for the said lapses. The matter may also be taken up with Sarhad University for unauthorized execution of sublet lease agreement with the NUML for renting out residential building for office purpose and transfer of actual amount of rent to the owner of building.

10.5.9 Non-deduction of income tax from owners of office buildings-Rs.9.358 million

According to Section 155 of Income Tax Ordinance, 2001 “Any payment made on account of rent of immovable property (in case of individual or AOP)” the income tax recoverable will be as per following rates:

Where the gross amount of rent exceeds Rs.2,000,000	Rs.155000 plus 25 percent of the gross amount exceeding Rs.2,000,000

The management of NUML Regional Campus, Lahore and Multan made payments of rent office buildings amounting to Rs. 40.193 million to the owners of the buildings during FY 2020-21 as under:

Name of Regional Campus	Name of owner	Location of Building	Total amount of rent paid	Income tax recoverable
Multan	Khawaja Muhammad Younas	26-A Officer Colony Bosan Road Multan	10,146,210	2,191,552

Lahore	Aiwan-e-Iqbal Fund	Block-3 Second Floor Aiwan-e-Iqbal Lahore	30,047,064	7,166,766
Total Rs.			40,193,274	9,358,318

The income tax amounting to Rs.9.358 million was required to be deducted from the total claims of rent of office buildings amounting to Rs.40.193 million.

Audit observed that income tax amounting to Rs.9.358 million was not deducted from the claims of the rent of office buildings paid to the owners.

Audit is of the view that due to non-deduction of income tax the public exchequer was put to loss of Rs.9.358 million on this account.

The management replied that regional campus Lahore is working in the Government owned building i-e Ministry of Interior Building is exempted from tax (an exemption certificate is enclosed). Tax of Multan campus building was being deposited by the owner of the building.

The reply is not cogent as no evidence regarding deposit of income tax by the owner of building of Regional Campus Multan was provided to Audit. The payment of rent of Government owned building was not justified.

Audit recommends recovery of income tax from the owner of building of Regional Campus Multan.

10.5.10 Loss due to excess payment of work done to contractors-Rs.1.860 million

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

According to Rule-182 *ibid* “a schedule of rates for each kind of work commonly executed should be maintained in each locality and kept up to date. The rates entered in the estimates should generally agree with the scheduled rates but

where, from any cause, these are considered insufficient, or in excess, a detailed statement must be given in the report accompanying the estimate, showing the manner in which the rates, used in the estimate are arrived at.”

National University of Modern Languages Islamabad incurred expenditure of Rs.29,632,360/- on execution of civil works by floating open tender during FY 2020-21as under:

S. No.	Name of project/civil work	Approved estimated Cost	Approved tender cost	Actual payment made to contractor	Difference/ excess payment of work done
1	Installation of Solar System Library	5,000,000	4,568,980	5,246,503	677,523
2	Repair of Hostel Main Campus	3,987,886	3,374,750	3,772,836	398,086
3	Reception Lobby Salam Block	1,471,075	1,480,575	1,511,192	30,617
4	Up-Gradation/Up-Lifting of Boundary Wall	2,012,900	1,937,010	2,192,160	255,150
5	Construction of Futsal Volley Ball & Basket Ball Court	15,005,780	15234,668	15,567,859	333,191
6	Renovation of Finance Branch	934,411	1,176,520	1,341,810	165,590
Total Rs.		28,412,052	27,772,503	29,632,360	1,860,157

Against total estimates of Rs.28.412 million, the bids amounting to Rs.27.772 million were received against which the actual payments of Rs.29.632 million were made to the contractors.

Audit observed as under:

- i. There was excess payment of work done amounting to Rs.1.860 million to contractors beyond approved tender cost.
- ii. No technical sanction was obtained from the Pak.PWD. The estimates prepared by the concerned Engineer of NUML were without detailed drawings, applying schedule rates and carrying out analysis of market rates. The faulty estimates resulted in excess expenditure beyond approved estimates.

Audit is of the view that due to excess payment to contractors the NUML fund suffered financial loss on this account.

The management replied that the scope of work was increased due to Solar System at Library: Initially, solar capacity was measured (50 KW) before installation of solar system at Library. However, during installation of solar system, solar capacity was enhanced as per site requirement / need. As the solar is cheaper (source / cost) than the wapda power, therefore, 15% of total tender cost was increased to meet the current requirement. Other projects cost were also increased in order to meet the current requirement of site. Moreover, as per PPRA rules allows / permits to increase the tendering limit upto 15% which was done in this case. In this context NUML did not suffer any financial loss rather saved the extra cost of electricity.

The reply is not cogent the payment was made in violation of agreement and the provision of tender document which caused extra burden on University Fund. There was no clue regarding change of the scope of work as no deviation letter was issued to the contractor.

Audit recommends recovery of excess payment from the contractors besides taking appropriate action against the persons concerned for the said lapses.

10.5.11 Irregular creation of posts without obtaining relaxation of ban from Finance Division

According to Finance Division's OM No.7 (1)Exp.IV/2016-430 dated 06-08-2020 "There shall be complete ban on creation of new posts except those required for development projects and approved by the competent authority".

The Board of Governors of National University of Modern Languages, Islamabad in its meeting held on 29-09-2020 approved the creation of following posts:

Name of post created	Total No. of post
Pro-Rector (BPS-21)	03
Creation of Rector's Secretariat to be headed by PSO(BPS-19/20)	01
Director HR and Director Strategic Planning &IR in PBS-19/20	02

During discussion in BoG meeting, Dr. Nawaz Ahmad from Ministry of Finance stated that “under the Austerity Measures there was a ban on the creation of new posts. Hence, an approval from the concerned Ministry may be sought.”

Audit observed that the above posts were created during ban period and without obtaining relaxation of ban from the Ministry of Finance. The advice of the representative Ministry of Finance was set aside while taking the decision.

Audit is of the view that creation of posts without obtaining relaxation of ban from the Ministry of Finance was irregular.

The management replied that the University since its established in year 2000, has expanded & a significant development has also took place in term of Faculty/Staff & Students as well as infrastructure. A comprehensive review of the existing establishment was made & a need of re-structuring of the existing establishment was felt to run the University affairs smoothly. Creation of posts deemed necessary which was placed before the BOG, and after thorough discussion, BOG approved the re-structuring of the University and creation of following necessary posts:

- i. Pro-Rector (BPS-21)
- ii. PSO (BPS-19/20)
- iii. Director HR (BPS-19/20)
- iv. Director Strategic Planning & IR (BPS-19/20)

As per NUML Ordinance Clause 4. (2) “The University shall be a fully autonomous body with freedom to govern its academic and administrative functions in order to achieve its objectives” and vide clause 4 (2)(m) university may create posts for teaching, research, administration and other related purposes and to appoint persons thereto. It is also highlighted the NUML Board of Governors is empower to formulate, approve policies, plans, rules, regulations, review and approve creation of any academic and administrative post as it may consider necessary NUML Ordinance Clause 13 (6)(b)(c) & (g).

The reply is not cogent as the University follows Government rules and in receipt of recurring grant from the Government. Therefore, it was obligatory to get relaxation of ban from the Finance Division.

Audit recommends getting ex-post facto approval for relaxation of ban from the Finance Division.

10.5.12 Irregular appointment of Pro-Rector Research and Strategic Initiative without observing eligibility criteria

According to case file No. ML-10-4/2000-Admn dated 28-10-2020, the Chairman BoG of the National University of Modern Languages approved the following eligibility criteria for appointment of Pro-Rectors:

Name of post	Eligibility criteria
Pro-Rector Research and Strategic Initiative	a) PhD from recognized university. b) Minimum 15 years of progressive experience at various positions in the field of research and research management, knowledge management, public management, policy making planning restructuring and HRM. c) Minimum 10 research publications in HEC recognized journals. d) Not more than sixty five years of age on the last date fixed for submission of applications.

National University of Modern Languages Islamabad floated an advertisement on 31-11-2020 in newspapers for appointment of Pro- Rector Research and Strategic Initiative. Thereafter, the NUML appointed Dr.Zubair Iqbal Ghouri as Pro-Rector Research and Strategic Initiative vide offer letter No.ML.1-5/2012-Admn/7318 dated 07-12-2020. Prior to his appointment as Pro-Rector, the job experience of the officer was as under:

Designation / Post	From	To	Regular/Contract	Organization
Assistant Director	1998	2000	Regular	Ministry of Defence
Section Officer	2000	2005	Regular	Government of Punjab
Director (acting) Deputy Director, Assistant Director	2005	2016	Regular	Government of Pakistan
Head of Department	2015	2016	Contract	Bahira University
Member	2016	2017	Contract	Planning Commission
CEO	2017	2018	Contract	Lahore Knowledge Park Company
Director ORIC	2019	2020	Contract	NUML, Islamabad

Audit observed as under:

- i. The officer possessed Ph.D in conflict & Media instead of relevant field. Therefore, the officer did not meet the eligibility criteria.
- ii. Against required experience of minimum 15 years, the officer served in non-research organizations and did not possess required experience in the relevant field as given in the above table.
- iii. The appointment was made without having approved recruitment rules from the Government.

Audit is of the view that the appointment of the officer made without observing eligibility criteria was irregular.

The management replied that the post of Pro-Rector R&SI was advertised on 13th Nov 2020. Dr. Muhammad Zubair Iqbal appeared before the Selection Board along with other shortlisted candidates and selected being most suitable for the post of Pro-Rector R&SI. He is PhD in Conflict and Media Studies from University of Ulster, UK and he has served in following capacities in various organizations:

- i. Director, Office of Research and Innovation & Commercialization at NUML (2 Year)
- ii. CEO, Lahore Knowledge Park Company (1 year)
- iii. Member Planning Commission (1 year)
- iv. Head of Department Bahria University (2 years)
- v. Assistant/Deputy Director GOP (18 years)

The observation, minimum 15 years, “the officers served in non-research organization”, is based on restricted view of the overall eligibility criteria. Its mentioned in the eligibility criteria the experience related to research is only one field, other fields of experience include knowledge management, public management, policy making, planning, restructuring and HRM. The University wanted the best candidates to have experience in all the above mentioned areas and not in research only. Experience of Dr. Muhammad Zubair Iqbal in various organizations as listed, clearly indicates that he has got sufficient scope of

experience in all the relevant areas mentioned in eligibility criteria. He has also worked as Lead Trainer for Senior and middle level Officers for various organizations like Foreign Service Academy, Information Service Academy, National Institute of Management Islamabad / Peshawar, National Police Academy, Provincial Services Academy, Civil Services Academy Lahore, Ufone Pakistan. In addition, his Ph.D duration will also be calculated towards research experience vide HEC letter No.DG/QA/HEC/2008/64 dated 24th April 2008, enabling him eligible for the said post.

The reply is not convincing as the officer possessing Ph.D in irrelevant field was appointed without having experience in research organizations rather the major portion of experience was in Secretariat job. Nothing was explained about the approval of recruitment rules from the Government.

Audit recommends fixing of responsibility against the persons concerned for the above lapses and undue favour extended to the above said officer.

National Defence University

10.5.13 Unauthorized expenditure on Civil Works -Rs.7.408 million

Rule-192 of General Financial Rules states that “when works allotted to a civil department other than the Public Works Department are executed departmentally, whether direct or through contractors, the form and procedure relating to expenditure on such works should be prescribed by departmental regulations framed in consultation with the Accountant-General generally on the principles underlying the financial and accounting rules prescribed for similar works carried out by the Public Works Department”.

Rule-193 (4)(ii) *ibid* further states that “all estimates for such works and repairs to be carried out locally should be submitted for prior scrutiny to the Chief Engineer, Pakistan Public Works Department”.

Para 208 of Central Public Works Account (CPWA) Code states that payments of all work done otherwise than by daily labour and for all supplies are

made on the basis of measurements recorded in Measurement Books (MBs) in Form 23 in accordance with rules.

Para 209 of CPWA Code states that “all measurement should commence date wise with full details of works done in the MBs”.

National Defence University, Islamabad uploaded a tender on PPRA website on 04.06.2020 for renovation and furnishing of Faculty of Contemporary Studies (FCS) Campus. The total expenditure of Rs.7,408,953/- was incurred on civil works during financial year 2020-21.

Audit observed as under:

- i. The expenditure amounting to Rs.7.408 million was incurred on civil works/repair of buildings which was neither carried out through Pak.PWD nor was incurred departmentally by making departmental regulations as required under General Financial Rules.
- ii. Technical staff /engineers for execution and monitoring of civil works was not available on the sanctioned strength of the University, therefore, it was not eligible to execute these works.
- iii. The expenditure of Rs.7.408 million was incurred without obtaining Technical Sanctions by an authorized/competent engineer of Pak.PWD.
- iv. Measurement Books were not maintained in support of the works carried out. The measurement was not taken date wise along with step by step full details of work. In the absence of accurate measurement details, complete in all respect as prescribed by rules, the management had no tool to identify the actual value of work done and amount paid thereof. Therefore, the payments made without identifying actual value of work done was doubtful in nature.

Audit is of the view that in the absence of approved procedure for conducting the civil works the expenditure incurred on civil works is unauthorized.

Due to non-maintenance of Measurement Books the actual value of work done and the payment made for the civil works is doubtful.

The management replied as under:

- i. The University repair does not fall under the Pak. PWD, the university maintenances is being supervised by Military engineer service department and a committee was constituted to supervise the said repair.
- ii. The Military Engineering Services (MES) provided the technical staff and committee constituted for supervision of the said repair/ renovations.
- iii. As University is an autonomous body therefore it does not fall under the Pak. PWD nor is the authorization of the PWD required. The authorization was provided by the University own Competent Authority (Headed by President NDU).
- iv. As Per University act chapter III clause 3.5 state that university is academically, financially and administratively autonomies.
- v. The University is autonomous body has its own Military Engineer Service Department and Competent Authority head by President NDU
- vi. MBs are required where there is new construction, as this was renovation of the said property so MB Book is not required and the measurement were taken of the places which were renovated and compared with bill provided after proper checking and measurement by the committee constituted, after the approval of the committee the bill were processed for payment.

The reply is not cogent as the civil work was carried out departmentally without having approved regulations and authority to issue Technical Sanctions. The MES was never approached for provision of staff to supervise the work.

Audit recommends fixing of responsibility against persons concerned for the lapses. Departmental regulations may be framed and got approved from the

BoG before carrying out civil works. The expenditure may be got regularized from the Finance Division.

COMSATS University, Islamabad

10.5.14 Unauthorized transfer of funds from research project account – Rs.56.500 million

As Per Para-12 of GFR Vol-I a Controlling officer must see not only that the total expenditure is kept within the limits of the authorized appropriation but also that the fund allotted to spending units are expended in the public interest and upon objects for which the money was provided. In order to maintain a proper control, he should arrange to be kept informed, not only of what has actually been spent from an appropriation but also what commitments and liabilities have been and will be incurred against it

The Central Development Working Party (CDWP) in its meeting held on 09.05.2017 of Higher Education Commission approved a PC-1 titled “National Centre of Artificial Intelligence (NCAI) with a Capital Cost of Rs. 1,098.387 million for six partner institutions lead by NUST, Islamabad for a period of 36 months. The administrative approval was issued on 12.02.2018.

The management of the COMSAT, Islamabad transfer funds from National Centre of Artificial Intelligence (NCAI) project to its recurring account. Details are as under:

S No.	Transferred to	Cheque No.	Date	Amount
1.	CIIT-IDIC A/c No.3532	36907661	30.05.2019	5,500,000
2.	CIIT- A/c No.284-6	42540503	14.10.2020	1,000,000
3.	CIIT- A/c No.284-6	42540527	13.01.2021	5,000,000
4.	CIIT- A/c No.284-6	51559696	23.06.2022	45,000,000
Total				56,500,000

Audit observed that funds were transferred unauthorizedly to the COMSAT recurring accounts instead of utilization for the purpose of which the funds were appropriated.

Audit is of the view that the transfer of funds from project account to the recurring account was irregular.

The management was requested to reply the Audit Observations vide letter dated 14.10.2022 but they did not reply till finalization of this report.

Audit recommended to probe the matter besides fixing of responsibility.

10.5.15 Irregular expenditure on foreign payments under Research Projects (USD 63,115 & Euro 34,711) – Rs.17.062 million

As per National Research Program for Universities (NRPU) Policy issued by HEC, Principal Investigator (PI) will not open any LC for foreign payments from NRPU released grant.

The management of COMSATS University Islamabad incurred expenditure of Rs.17,061,821 (USD 63,115 & Euro 34,711) on research projects. Details are as under:

Sr. No	Project Title	Name of Vendor	Equipment	Amount in foreign Currency	Amount in Rs.
1	Non-Thermal Plasma for Ecological Farming	Goatec Solution Pte. ltd	Microwave Generation Sustum with Accessories	USD 51,759	8,161,821
2	CIIT-Development and Fabrication of Single Solid State White light Emitting Device/LED (LIFI)	M/s Photon System Inc USA	Deep UV Laser (224NM)	USD 11,356	1,900,000
3	Energy Capability enhancement of Solid oxide fuel cells (SOFC) realization of a complete prototype sofc for commercialize purposes	M/s SOFC Tech, Switzerland	Flanges Setup and its Ceramic processing	Euro 34,711	7,000,000
Total Rs.					17,061,821

Audit observed that the expenditure was made in contravention to the (NRPU) Policy.

Audit is of the view that opening of LC and foreign expenditure is not only violation of (NRPU) Policy but also caused outflow of foreign reserves.

The management was requested to reply the Audit Observations vide letter dated 14.10.2022 but they did not reply till finalization of this report.

Audit recommended that inquiry may be held to fix the responsibility.

10.5.16 Un-authorized opening of bank accounts without approval and retention of balances – Rs. 178.289 million

As per Section 23(2) of Public Financial Management Act 2019, no authority shall transfer public moneys for investment or deposit from government account to other bank account without prior approval from the Federal Government.

The management of COMSATS University Islamabad (CUI) was maintaining following bank accounts, in addition to the bank account maintained under CUI and maintaining balances of Rs. 178,289,251 during 2021-22. Details are as under:

Sr. No.	Account No.	Account title	Balances As per Cash Book	Balances As per Bank Statement
1	ABL-571-3-CUI	Payment A/c	3,170,945	15,470,222
2	HBL-296901-CUI	Payment A/c	21,264,116	26,407,794
3	NBP (TRAMRI)-50-9	Payment A/c	48,923,139	49,057,723
4	ABL-509-1-CUI	Receipt A/c	15,264,414	15,264,414
5	HBL-284801-CUI	Receipt (Sav)	1,399,525	6,669,316
6	ABL-C-511-2	Security Deposit	448,256	448,256
7	HBL-13450-1-CUI	China Study Center	5,542,966	5,542,966
8	HBL-1544-03-CUI	PM Fee R.Sch	5,173,238	5,173,238
9	HBL-1680-03-CUI	CIIT Hajj / Umrah	6,863,594	6,704,594
10	HBL-905-01-CUI	SSBC	6,666,316	6,666,316
11	ABL-1670006-7	Students Sch. A/c	122,418	4,956,268
12	HBL-282-03	Other Receipt A/c	9,184,299	4,235,125
13	NBP-CUI 31-6476-7050	FC A/c	31,544,237	31,693,019
Total Rs.			155,567,463	178,289,251

Audit observed that the bank accounts were opened without any provision in the Rules and without obtaining the approval of the Finance Division and the management did not provide bank statements various bank accounts as mentioned above.

Audit further observed that the management did not reconciled bank accounts with cash book and differences appeared in both the documents and cash book of two accounts were also not maintained.

Audit is of the view that retention of public money in commercial bank accounts in violation of instructions of the Finance Division and PFM Act, held irregular and unauthorized.

The management was requested to reply the Audit Observations vide letter dated 14.10.2022 but they did not reply till finalization of this report.

Audit recommended to probe the matter.

10.5.17 Hiring of janitorial services without competition – Rs.24.419 million

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

The management of COMSATS University Islamabad hired janitorial services from M/s. Outriders Pvt. Ltd. Islamabad and incurred expenditure of Rs.24,419,467 during financial year 2021-22.

Audit observed that the management hired services of janitorial without open competition.

Audit is of the view that hiring services of janitorial without open competition is violation of PPRA rules.

The management was requested to reply the Audit Observations vide letter dated 14.10.2022 but they did not reply till finalization of this report.

Audit recommends to stop the practice besides fixing of responsibility.

10.5.18 Hiring of security services without competition – Rs.20.970 million

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

The management of COMSATS University Islamabad hired security services from M/s. Zims Security (Pvt.) Ltd. Islamabad and incurred expenditure of Rs.20,969,825 during financial year 2021-22.

Audit observed that the management hired security services without open competition.

Audit is of the view that hiring of security services without open competition is violation of PPRA rules.

The management was requested to reply the Audit Observations vide letter dated 14.10.2022 but they did not reply till finalization of this report.

Audit recommends to stop the practice besides fixing of responsibility.

10.5.19 Irregular appointment of 148 faculty members on TTS

Clause 6 of the COMSATS Institute of Information Technology, Tenure Track System Statutes 2009 states that for appointments to various faculty vacancies, applications shall be invited through due publicity in national press.

Comsats University Islamabad appointed 297 faculty members.

Audit observed that out of 297 members 179 were appointed without advertisement in national press, and prior approval of Selection Board and Board approval, out of which 148 are still working in Comsats University Islamabad.

Audit is of the view that appointment without advertisement and approval of the Selection Board was irregular.

The management did not reply till finalization of this report.

Audit recommends to stop the practice besides fixing of responsibility.

Federal Urdu University, Islamabad

10.5.20 Irregular expenditure on hiring of residential buildings - Rs. 63.398 million

Para 2(i) of Ministry of Housing and Works O.M. No. F.2(3)/2003-Policy dated 31.07.2004 states that the employee of the Ministries/Divisions/Departments will locate a house according to their entitlement and submit an application for permission to occupy the house to their offices alongwith following documents:

- a) Consent of the owner to rent out his house alongwith copy of map of the house.
- b) Copies of ownership documents and NIC of the owner.
- c) An affidavit from the employee that his spouse is not a Federal Government Servant and, if so, is not drawing house rent allowance and has not been provided any government residential accommodation.
- d) An undertaking from the Federal Government Employee that he shall pay the difference of rent if any, directly to the owner without involvement of his office.

Para 2(iv) of Ministry of Housing and Works O.M. No. F.2(3)/2003-Policy dated 31.07.2004 states that each Ministry/Division/Department will constitute an Assessment Committee comprising three officers headed by and BPS-19 officer to assess the rent of the house and submit assessment report keeping in view the rental ceiling of the allottee and covered area according to specification as prescribed in the Accommodation Allocation Rules, 2002.

Para 2(vi) of Ministry of Housing and Works O.M. No. F.2(3)/2003-Policy dated 31.07.2004 states that a formal lease agreement on the prescribed form will be signed between the owner of the house and designated officer of the concerned office.

The management of Federal Urdu University of Arts, Science and Technology, Islamabad incurred an expenditure of Rs. 63.398 million on payment of rent of three-hundred-eight (308) residential buildings (house hiring) during 2020-21.

Audit observed that:

- i. No assessment of rent/area of the houses hired were made by the Assessment Committee.
- ii. Agreement(s) on the prescribed form were not signed between the owner(s) of the house and designated officer of the University.
- iii. Expenditure was sanctioned by the Incharge Campus, Islamabad without having been delegated power to sanction the expenditure.
- iv. In most of the cases, documents required vide Para 2(i) of Ministry of Housing and Works O.M. No. F.2(3)/2003-Policy dated 31.07.2004 were not obtained by the management.

Audit is of the view that expenditure on payment of rent of residential buildings (house hiring) was irregular and unauthorized.

Audit recommends that irregular practice be stopped forthwith and expenditure be incurred only after fulfilling the codal formalities besides regularization of the expenditure.

10.5.21 Irregular expenditure on hiring of visiting / part-time faculty - Rs. 41.151 million

As per University Code, the minimum work-load of the University teachers per week periods shall be as under:

SCIENCE

	Contact Hours (Theory)	Contact Hours (Practical)	Total
Professor	03	05	08
Associate Professor	04	08	12
Assistant Professor	06	10	16
Lecturer	06	12	18

ARTS

	Contact Hours (Theory)
Professor	09
Associate Professor	12
Assistant Professor	15
Lecturer	18

The management of FUUAST, Islamabad incurred an expenditure of Rs. 41.151 million on hiring of visiting / part-time faculty during 2020-21, as follows:

S. No.	Department(s)	Visiting		Regular		Contract		Total	
		No.	Amount	No.	Amount	No.	Amount	No.	Amount
1	Business Admn	132	10,226,004	20	1,458,676	3	293,280	155	11,977,960
2	Computer Sciences	103	7,873,966	19	2,044,773	1	41,600	123	9,960,339
3	Commerce	109	7,398,382	10	618,930	5	479,440	124	8,496,752
4	Applied Physics	72	5,551,629	10	1,344,340	1	62,400	83	6,958,369
5	Urdu	16	1,300,010	0	0	0	0	16	1,300,010
6	Economics	17	856,705	5	145,800	0	0	22	1,002,505
7	Electrical Eng.	11	589,180	6	207,600	0	0	17	796,780
8	Law	9	506,265	0	0	0	0	9	506,265
9	Applied Physics/EE	0	0	1	89,210	0	0	1	89,210
10	Islamic Studies	1	62,400	0	0	0	0	1	62,400
GRAND TOTAL		470	34,364,541	71	5,909,329	10	876,720	551	41,150,590

Audit observed that:

1. Visiting / part-time (course-based) faculty was hired without observing the teaching work-load as prescribed in the University Code.
2. Faculty appointed on regular basis / contract basis was also paid for the courses / periods as part-time teachers.

Audit is of the view that hiring of visiting / part-time faculty in violation of provisions of University Code and expenditure incurred on the same was irregular and unauthorized.

Audit recommends discontinuation of irregular practice and observance of work-load of the University teachers as prescribed in the University Code besides regularization of the expenditure.

10.5.22 Irregular payment of Special Allowance-2013 - Rs. 11.226 million

Finance Division vide O.M. No.F.10(2) R-3/2012 dated 06.03.2013 conveyed approval of the Prime Minister to the grant of Special Allowance @ 20% of running Basic Pay with effect from 01.03.2013 to all the officers and staff working in the Federal Ministries/Divisions only.

The management of Federal Urdu University of Arts, Science and Technology, Islamabad paid Rs. 11,225,744 as Special Allowance-2013 @ 20% of Basic Pay to the employees during the financial year 2020-21.

Audit observed that Special Allowance-2013 was paid to the University employees in violation of the instructions of the Finance Division.

Audit is of the view that payment of Special Allowance-2013 to the University employees in violation of the instructions of the Finance Division was irregular and unauthorized.

Audit recommends discontinuation of irregular payment besides recovery.

10.5.23 Non-investment of Pension Fund - Rs. 393.497 million

Rule-8 of Pension Rules, 2004 of FUUAST, Islamabad states that if the accounts in the Pension Fund are surplus to the requirements for the purpose of pension, the surplus fund may, with the prior approval of the Vice Chancellor, be invested in such manner as may be necessary.

The management of Federal Urdu University of Arts, Science and Technology, Islamabad maintained a Bank Account bearing No. 17427900240301 (Daily Progressive Account) with HBL, H-9 Branch, Islamabad for the purpose of Pension Fund having accumulated closing balance of Rs. 393,496,993 as on 30.06.2021.

Audit observed that:

- i. Neither working balances/surplus funds of Pension Fund was determined nor was invested in profitable instruments.
- ii. The savings from various components of University Funds in addition to the allocation made for the pensionary benefits were also diverted to Pension Fund.

Audit is of the view that the University suffered loss due to non-investment of Pension funds and diversion of savings to the Pension fund.

Audit recommends that the responsibility be fixed for the irregularity besides taking corrective measures.

10.5.24 Excessive crediting interest to the subscribers' GP Fund accounts - Rs. 32.648 million

Rule-7 of Employees Contributory Provident Fund Rules, 2004 of FUUAST, Islamabad states that the provident fund shall be invested either in the

Saving Certificates and or any gilt-edged securities at the discretion of the University and subject to such rules as may be prescribed in this behalf.

Federal Urdu University of Arts, Science and Technology, Islamabad maintained a Bank Account bearing No. 17427900130801 (Daily Progressive Account) with HBL, H-9 Branch, Islamabad for the purpose of GP Fund having accumulated closing balance of Rs. 61,549,670 as on 30.06.2021.

Audit observed as under:

- i. Accumulated balance of Rs. 61,549,670 was available in the bank account maintained for GP Fund against the created liabilities of subscribers' GP Fund amounting to Rs. 94,197,768 resulting into deficit of Rs. 32,648,098.
- ii. The management did not invest the employees' GP Fund in profitable instruments rather it was retained in a Daily Progressive Account which resulted that the interest amount was not backed by sufficient / equal amount of earned.

Audit is of the view that 'interest' credited to the GP Fund accounts was not supported by the equal amount of interest earned from the deposit of GP Fund made in a Daily Progressive Account and was held unauthorized.

Audit recommends that responsibility be fixed for crediting the excessive interest to the subscribers' GP Fund accounts.

10.5.25 Irregular appointments on Ad-hoc Basis - Rs. 27.225 million

As per University Code (Chapter I) Sr. 14, in terms of Section 4(iv) and 26 of FUUAST Ordinance, 2002 when the Vice-Chancellor deems it necessary to immediately fill a vacancy in the interest of the University, while the nomination / appointment by the Selection Committee may be delayed or not expedited, he will fill the vacancy on ad-hoc basis for a period not exceeding six months. These vacancies must be advertised within four months from the date specified. The same procedure will be followed for filling the vacancy as is prescribed for the initial appointment.

The Federal Urdu University of Arts, Science and Technology, Islamabad incurred an expenditure of Rs. 27.225 million on payment of salaries of eighteen (18) faculty members appointed on ah-hoc basis during 2020-21.

Audit observed that:

1. The regular teaching faculty, on improving their qualification, was appointed on ad-hoc basis in the next Pay Scales in violation of rules/regulations prescribed in the University Code.
2. The faculty appointed (in next higher scale) on ad-hoc basis were given the benefits which were admissible in case of regular promotion.
3. Extension / renewal in ad-hoc appointment(s) were given beyond the permissible limit of six months.
4. The management allowed house hiring facility of next higher scales to the person(s) appointed on ad-hoc basis.

Audit is of the view that appointments on ah-hoc basis made in violation of rules/regulations prescribed in the University Code, grant of benefits as admissible in case of promotion and extensions/renewals in ad-hoc appointment(s) was irregular and unauthorized.

Audit recommends discontinuation of irregular practice and appointments by promotions be made in accordance with University's rules/regulations.

10.5.26 Irregular appointments on Contract Basis (Fixed Pay / Semester Basis) - Rs. 31.750 million

As per University Code (Chapter I) Sr. 15, in terms of Section 4(iv) and 26 of FUUAST Ordinance, 2002 limited term posts not exceeding six months may be filled by the Chairman Selection Committee at its discretion. The same procedure will be followed for filling the vacancy as is prescribed for the initial appointment.

The management of Federal Urdu University of Arts, Science and Technology, Islamabad incurred an expenditure of Rs. 31.750 million on payment of salaries of fifty-seven (57) faculty members appointed on fixed-pay/semester basis during 2020-21.

Audit observed that:

1. Limited term / fixed-pay / semester basis appointments were made without following the procedure prescribed for filling the vacancy as in case of initial appointment(s).
2. Extension / renewal in limited term / fixed-pay / semester basis appointments were given beyond the permissible limit of six months.

Audit is of the view that appointments on limited term / fixed-pay / semester basis appointments made in violation of rules/regulations prescribed in the University Code and extensions/renewals was irregular and unauthorized.

Audit recommends stoppage of irregular practice forthwith besides regularization of expenditure.

10.5.27 Irregular payment of Medical Allowance over and above the prescribed rates - Rs. 16.287 million

Finance Division O.M No. F-16(1)-Reg-6/2010-778 dated 05.07.2010 states that Medical Allowance is allowed to civil servant in BPS-1 to BPS-15 @ Rs.1,000 p.m. and from BPS-16 to BPS-22 @ 15% of the existing basic pay in Basic Pay Scales, 2008 w.e.f. 01.07.2010. Moreover, Finance Division vide O.M No. F1(3)-Imp/2015-630 dated 07.07.2015 enhanced the rate of Medical Allowance of the employees of BPS-1 to BPS-15 as Rs. 1,500 p.m. and for the employees of BPS-16 to BPS-22 increased by 25% of the allowance already being drawn.

Islamabad High Court in W.P. No. 768/2011 gave its verdict on 11.11.2016 that Rule 12 of the Rules of Business, 1973, inter-alia requires that every order made by a Division, autonomous or otherwise, functioning under the control of federal government; varying terms and conditions of service of government servants having financial implications would be subject to previous consultation with the Finance Division.

The management of FUUAST, Islamabad paid Rs. 16.287 million as Medical Allowance to its employees during 2020-21.

Audit observed that the University management paid Medical Allowance at enhanced rate(s) without approval of the Finance Division.

Audit is of the view that the payment of Medical Allowance in excess of rates approved by the Finance Division was irregular and unauthorized.

Audit recommends discontinuation of irregular payment besides recovery of the overpayment.

10.5.28 Irregular hiring services of panel hospitals without calling open tender - Rs. 13.637 million

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

Federal Urdu University of Arts, Science & Technology, Islamabad hired the services of two panel hospitals and paid medical charges amounting to Rs.13,637,822 to these hospitals for treatment of employees during financial year 2021-22 as under:

S.No.	Name of hospital	Cheque Number	Date	Amount
1	M/S PAF Hospital, Islamabad	4208661	27/08/2021	717,798
2	M/S Ahmed Medical Complex, Rawalpindi	4208689	14/09/2021	261,395
3	M/S PAF Hospital, Islamabad	4208690	14/09/2021	477,235
4	M/S PAF Hospital, Islamabad	4208691	14/09/2021	1,790,133
5	M/S PAF Hospital, Islamabad	0000033	30/11/2021	1,586,303
6	M/S PAF Hospital, Islamabad	0000086	24/12/2021	3,017,550
7	M/S Ahmed Medical Complex, Rawalpindi	0000087	24/12/2021	1,434,975
8	M/S PAF Hospital, Islamabad	0000196	16/02/2022	874,277
9	M/S Ahmed Medical Complex, Rawalpindi	0000392	16/02/2022	497,117
10	M/S PAF Hospital, Islamabad	0000277	30/03/2022	866,358
11	M/S PAF Hospital, Islamabad	0000347	25/04/2022	1,061,493
12	M/S PAF Hospital, Islamabad	0000348	25/04/2022	1,053,188
Total Rs.				13,637,822

Audit observed the services of panel hospitals were hired without open competition.

Audit is of the view that hiring the services of panel hospitals without open competition was irregular and unauthorized.

Audit recommends fixing of responsibility for the irregularity.

10.5.29 Irregular appointment of staff on contract basis and subsequent renewal of contracts thereof

In terms of Section 4(v) of University Code made under Section 26(1)(d) of FUUAST Ordinance, 2002 “when the Vice-Chancellor deems it necessary to immediately fill a vacancy in the interest of the University while the appointment by the Selection Committee may be delayed / may not be expedited or may be filled only by contractual appointment instead of regular permanent appointment through advertisement, if desired, Vice-Chancellor may make contractual appointments for a period not exceeding one year. Further extension will be given as per the rules.”

As per University Code (Chapter-I), Sr. 5(iv) “the Senate is the authority competent to make appointments in Grade 17 and above (both regular and contractual), whereas appointments in Grade 16 and below will be made with the approval of the Syndicate.”

Establishment Division’s O.M. No. 10/52/95-R.2 dated 18.07.1996 as amended from time to time states that the period of contract should not exceed two years and the post should be advertised.

Federal Urdu University of Arts, Science and Technology, Islamabad appointed 49 employees on contract basis. As per list, two (02) persons were appointed during 2006, three (03) during 2009, two (02) during 2010, two (02) during 2011, four (04) during, 2012, one (01) during 2013 and two (02) during 2015. The remaining thirty-three (33) persons were appointed during the year 2016 to 2021.

Audit observed that:

- i. Appointments on contract basis were made without approval of the competent authority and open competition.
- ii. Out of forty-nine (49), sixteen (16) employees were working for a period ranging from 06-15 years and remaining 33 were working for last 01-05 years and the management renewed their contracts from

time to time beyond the maximum period of one year in violation of rules.

Audit is of the view that appointments on contract basis and subsequent renewal of contracts beyond maximum period of one year in violation of rules is irregular.

Audit recommends fixing of responsibility on persons at fault for the irregularity besides regularization of contract appointments made beyond period of one year from the competent authority/forum.

Federal Urdu University, Karachi

10.5.30 Non-Production of record

The Honorable Supreme Court of Pakistan in its judgment dated 08.07.2013 declared and directed in Para 27(b) that the Auditor General, in order for him to fulfill his duties under Articles 169 and 170 of the Constitution, is not only authorized but also obliged to seek access to any and all records actually maintained by all Federal and Provincial Governments, as well as all entities established by or under the control of the Federal and Provincial Government, regardless of the designation of such records as secret or otherwise.

Section 14(2) of the Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 states that the officer in-charge of any office or department shall afford all facilities and provide record for audit inspection and comply with requests for information in as complete a form as possible and with all reasonable expedition.

Section 14(3) of the Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 states that any person or authority hindering the auditorial functions of the Auditor General regarding inspection of accounts shall be subject to disciplinary action.

The management of Federal Urdu University of Arts, Science and Technology, Karachi was requested to provide the record for the financial years

2021-22, despite repeated requests the management did not provide the following record:

1. Minutes of meetings of Senate and Syndicate
2. Composition of Executive/Academic Council.
3. Detail of Executive/Academic Council meetings along with agenda items and minutes of meetings held so far during the period under Audit.
4. Detail of Technical Committees and its recommendations.
5. Audited Financial Statements.
6. Details Daily Paid Employees / Contract Employees.
7. Detail of all appointments during period under Audit.
8. Fee Structure along with its approval.
9. Health Policy and selection of Hospitals on Panel.
10. Physical verification report of stores and stock for the period under audit
11. Detail of Court Cases.
12. Detail of research projects
13. Singer Agreement for employee benefits
14. Evening shift work load and planning for visiting faculty

Audit is of the view that in absence of record the authenticity of the University accounts could not be ascertained.

The management was requested to reply the Audit Observations vide letter dated 18.11.2022 but they did not reply till finalization of this report.

Audit recommended inquiry to fix the responsibility besides provision of record.

10.5.31 Irregular working of Employees on Ad-hoc basis – Rs.62.946 million

As per Para-2(d) of ESTA Code related to Recruitment Policy for the Federal Services/ Autonomous Bodies/Corporations Ad-hoc appointments have been discontinued.

Federal Urdu University of Arts, Sciences & Technology, Karachi appointed assistant professors, lecturer and assistant engineer against the sanctioned posts on ad-hoc basis as per Syndicate meeting dated 09.02.2011.

Audit observed that Ad-hoc appointments were made without provisions in rules.

Audit further observed that there is no provision of HEC regarding appointment on Ad-hoc basis.

Audit is of the view that Ad-hoc appointments were made in contravention to the provisions of ESTA Code.

The management was requested to reply the Audit Observations vide letter dated 18.11.2022 but they did not reply till finalization of this report.

Audit recommended to probe the matter.

Shaikh Zayed Islamic Centre (SZIC), Karachi

10.5.32 Loss due to non-recovery of electricity and gas charges – Rs. 31.220 million

According to Para 10 of GFR Vol-1, every officer incurring or authorizing expenditure from public funds should be guided by high standards of financial propriety and every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public moneys as a person of ordinary prudence would exercise in respect of expenditure of his own money.

The management of Shaikh Zayed Islamic Centre (SZIC), Karachi paid Rs. 26.174 million as electricity charges and Rs. 7.992 million as gas charges for residential area during 2017-21.

Audit observed that against total payment of Rs. 34.167 million during July 2017 to June, 2021 only Rs. 2.947 million was recovered from the occupants which resulted in loss of Rs. 31.22 million.

Audit is of the view that non-recovery of electricity and gas charges was unauthorized.

The irregularity was pointed out during audit vide OS-09 dated 28.02.2022, but no reply was received till the close of audit.

Audit recommends that electricity and gas charges may be recovered from the occupants and deposited into the government treasury.

10.5.33 Outstanding utilities and house rent dues against overstayed allottees after retirement – Rs.5.248 million

Para-28 of G.F.R. Vol-I states that, 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.

The Shaikh Zayed Islamic Centre (SZIC), Karachi allocated a total of 22 house / banglows. Out of 22 houses 04 were occupied by retired government servants.

Audit observed that following 04 retired officials of SZIC were still residing in SZIC residential area after retirement but were not paying their utility charges and rent since their retirement. Detail of outstanding arrears is as under:

S.#	Name & Designation of Retired Officials M/s.	Date of Retirement	Outstanding Period	Outstanding Utilities and House Rent charges				
				Gas Charges	Electricity Charges	Water Charges	House Rent Charges	Total recovery due
1.	Umar Hayat Asim, Associate Professor (B-20)	02.09.2018	02.09.2018 to 28.02.2022	4,200	252,000	8,400	1,260,000	1524600
2.	Jahan Ara Lutfi, Assistant Professor (B-19)	31.12.2017	01.01.2018 to 28.02.2022	5,000	300,000	10,000	1,500,000	1,815,000
3.	Muhammad Azmat (B-08)	19.12.2016	01.01.2017 to 28.02.2022	3,100	186,000	6,200	744,000	939,000
4.	Abdul Saleem, Mali (B-6)	17.10.2016	01.11.2016	3,200	192,000	6,400	768,000	969,600
Total				15,500	930,000	31,000	4,272,000	5,248,200

Audit is of the view that due to non-recovery of dues, Shaikh Zayed Islamic Centre (SZIC), Karachi sustained a huge loss of Rs. 5,248,200 in shape of outstanding monthly utilities and rental charges.

The irregularity was pointed out during audit vide OS-21 dated 02.03.2022, but no reply was received till the close of audit.

Audit recommends that outstaying dues may immediately be recovered from the defaulters besides, efforts be made to vacate the houses from the retired officials.

Karakoram International University Gilgit

10.5.34 Non-recovery/adjustments of long outstanding advances by Finance Dept-Rs.16.442 million

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

The management of Karakoram International University, Gilgit provided a list of temporary advances of Rs. 16,422,520/- paid to the officers/officials on various occasions. Summary of outstanding advances against 80 employees. Annexure-2.

Audit observed as under:

- i. Reasons for grant of temporary advances are not known to Audit.
- ii. The said officers/officials have not submitted adjustment accounts of the temporary advances of Rs. 16.442 million till July, 2022.
- iii. No action or recovery was initiated against the said officers/officials by the Finance Dept of Karakoram International University.

Audit is of the view that undue favor was extended by the management due to non-recovery of outstanding advances.

The management did not reply till finalization of report.

Audit recommends that outstanding advances be recovered at the earliest.

10.5.35 Unauthorized operation of 63 bank accounts after the implementation of TSA rules, 2020 – Rs. 688.506 million

Rule-4(10) of the Treasury Single Account rules, 2020 states that no Government office shall open, operate or maintain a bank account for any purpose, except in accordance with the Act and these rules.

Section-30(2)(d) of Public Finance Management Act, 2019 states that all the Ministries and Divisions, attached departments and subordinate offices shall ensure placement of all public moneys into the treasury single account.

The management of Karakoram International University, Gilgit and its subordinate departments were maintaining 63 bank accounts.

Audit observed as under:

- i. The approval of Finance Division for opening of bank accounts was not obtained.
- ii. The bank accounts are still operational after implementation of PFM Act.

Audit is of the view that bank accounts other than TSA should have been closed as per Rule-4(10) of the Treasury single Accounts Rules, 2020.

The management did not reply till finalization of report.

Audit recommends to obtain approval of Finance Division or closure of bank accounts.

10.5.36 Undue favor to banks by irregular retention of project funds - Rs. 16.906 million

Para 12.3 of the Manual of Development Projects states that “The project closure involves handing over the deliverables to the authorities concerned, closing of the supplier’s contracts, and closure of bank account, releasing security money, staff and equipment and informing stakeholders about the closure of the project as per the last approved PC-I. The project closure can be best understood by dividing the closure into operational closure and financial closure”.

The management of KIU, Gilgit maintained 42 project bank accounts during 2021-22 out of which 17 bank accounts were not operational due to completion and closure of projects. Details are as under:

S.#	Account Name	Grant Name	Balance as on 30-06-2022	Purpose of Account
1	HBL 272003 Relief Fund	Own Sources	253,050.00	KIU Relief Fund for Employees
2	NBP PLS 256198 PM Special	PM Special Grant	2,409,564.34	PM Special Grant
3	HBL 01077900815501 ICIMOD	KIU-ICIMOD	92,492.00	ICIMOD Project Account
4	HBL PLS 7900811001 PSF	Assmnt of Maize/Lugume	58,805.97	PSF Project Account
5	HBL PLS 01077900888801 TR	Thematic Research (ISAT)	314,517.65	Thematic Research Project
6	HBL PLS 930501 Int. Confer	Own Sources	379,131.26	International Conference Account
7	HBL PLS 077900911901 PARC	KIU – PARC	163,785.44	PARC Project
8	BAF PLS 02900149 SEED Pro	EV-K2-CNR SEEDP	5,457,725.31	SEED Project
9	BAF 01191003767004 LDP	BC Language Documt./Prese	2,457,907.00	Language Documentation Preservation Project
10	BAF 1004147320 KIU NORHED	KIU NORHED	1,519,394.06	NORHED Project
11	NBP PLS 133558 WWF ICIMOD	KIU-WWF-ICIMOD	5,680.00	WWF ICIMOD Project
12	NBP PLS 41562715 Eco Frie	Safe & Eco Friendly Project	109,862.04	Safe & Eco Friendly Project
13	NBP PLS 3151681550 CPEC D	CPEC Tourism Development	8,239.36	CPEC Tourism Development Project
14	NBP PLS 3151825396 Safi	Technology Development Fund	3,333,950.00	Technology Development Project
15	NBP PLS 3152379064 Climate	Climate Change Impact	341,945.41	Climate Change Impact Project
Total			16,906,049.84	

Audit observed as under;

- i. The amount of Rs. 16.906 million was retained in bank accounts since long and further detail was not provided to audit.
- ii. Neither the amount was deposited in Federal Treasury nor refunded to the implementing partners.

Audit is of the view that retention of projects fund in bank accounts is not only blockage of public fund but also extended undue favour to the Banks.

The management did not reply till finalization of report.

Audit recommends recovery and deposit the same to Federal Treasury or refunded to the implementing partners under intimation to Audit.

COMSATS University, Lahore Campus

10.5.37 Irregular appointment of faculty 72 members

Clause 6 of the COMSATS Institute of Information Technology, Tenure Track System statues 2009 states that for appointments to various faculty vacancies, application shall be invited through due publicity in the national press.

Annexure I of the guidelines for appointment on TTS issued vide letter No. Ref.DG.QA/HEC/TTS-105/05/09-86 dated 14.06.2018 states that for endorsement from the HEC minute for the Selection Board and Minutes of BOG/Senate is perquisites.

COMSATS University Lahore Campus appointed seventy-two (72) faculty members on Tenure Track System (TTS). Details are enclosed.

Audit observed that:

- i. Seventy-two (72) faculty members were appointed without advertisement in the national press and prior to the approval of Selection Board and BOG.
- ii. The appointments were made directly without sending the dossier of each candidate to an independent Technical Review Panel (TRP).

Audit is of the view that the appointment were made in violation of rules and instructions of the HEC.

Audit recommends to investigate the matter.

10.5.38 Less recovery of house rent allowance and non-recovery of 5% maintenance charges - Rs. 8.234 million

Fundamental Rules 45 and 45-A state that Government servant allocated Government Accommodation shall not be eligible for house rent allowance.

Rule 26 (1) of Accommodation Allocation Rules 2002 state that “unless entitled to rent free accommodation the allottee of an accommodation shall be charged normal rent at the rate of five percent of the emoluments as defined in clause (e) of rule 2.

Notification No. CUI-TD/Bud (21)/695, dated 03.06.2021 regarding decision of Syndicate/Senate of CUI, Islamabad further states that the occupants will be offered option either to continue in the campus provided residence in lieu of monthly House Rent Allowance or vacate the residence.

The Management of COMSATS University Islamabad, Lahore Campus allotted campus accommodation to its 28 employees and also paid House Rent Allowance.

Audit observed that:

- i. The management paid house rent allowance @ 45% of the running basic pay to the employees who were allotted Campus accommodation amounting to Rs.12,224,846/- and recovered Rs.5,403,749/-(shortfall of Rs.6,821,097/-).
- ii. The management did not deduct 5% house maintenance charges amounting to Rs. 1.413 million as required under rules.
- iii. The management also did not implement the above directions of the Syndicate/Senate of COMSATS University, Islamabad for full recovery of house rent allowance.

Audit is of the view that the Government sustained a loss of Rs.8.234 Million due to less deduction of house rent allowance as well as non-deduction of house maintenance charges.

Audit recommends to investigate the matter.

**10.5.39 Non recovery of Government dues from the guarantors of scholars
- Rs. 30.867 million**

Clause 12 of terms & conditions of undertaking for study abroad states that after completion of higher studies the scholar shall neither overstay abroad nor shall submit request(s) to the CUI authorities seeking any permission concerning thereof.

Rule 9 of Employees Service Rules 2009 also states that study leave may be granted once in entire service to an employee for pursuing advanced training/degree Programme, to the following extent:

Total Service Rendered in the Institute	Nature of Study Leave	Duration.
Less than 24 months	Without Pay	3 years.
24-83 months	On half average pay	3 years.
84 months and above	On average pay	3 years.

The above indicated period of study leave may be further extended up to another two years without pay if the leave granting authority is satisfied that the extension of leave is absolutely necessary for the successful completion of the degree training objectives.

The employee seeking study leave shall have to execute a surety bond to return and serve the Institute in an appropriate position, of which the Institute shall be the sole judge, for a period of three years, if the study leave is up to two years, or for five years if the study leave is more than two years.

In case of default, the employee shall be bound to refund all monies paid to him /her during the study leave, in addition to the payment of Rupees 2.5 Million as liquidated damages, recoverable either from the employee concerned or from his/her personal guarantors.

Management of Comsats Lahore granted ex Pakistan leave / scholarships to pursue higher studies i.e. M.Phil., PhD etc. during the previous year but did not recover the Government dues from the defaulters who did not turn back. The detail is given below.

S. N O	Name of Officer	Department	Duration of Leave	Description of Study	Living Allowance Rs.	Tuition Fee Rs.	Air Freight cost Rs.	Total	Name of Guarantor
1	Dr. Rabia Nazir	Lecturer RCBM	23-10-2013 to 31-03-2018 & 21-10-2018 to 26-2-2021	PhD Oxford UK	4,381,482	9,951,887	158,440	14,491,809	Not Given
2	Sami Ullah	Lecturer M. Sciences	1-10-2016 to 24-2-2020	PhD	386,247	3,445,597	-	3,831,844	Azmat ullah Chema
3	Ali Imran Sandhu	Lecturer Electrical and Computer Engineering	1-9-2006 to 30-9-2010 & 16-6-2013 to 27-09-2021	PhD	\$1200@236 * Euro 19335 @ 239 = 4,904,265	7,500,000	138,820	12,543,085	Ms. Khadija Iqbal
Total					9,671,994	20,897,484	297,260	30,866,738	

**Conversion Rates dated 20-09-2022*

Audit observed that:

- i. The scholars did not return back to join their duties.
- ii. Management failed to recover the Government dues from the defaulters / guarantors till date.

Audit is of the view that management deprived the Government from its due revenue due to failure on its part.

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

10.5.40 Irregular/unauthorised procurement on account of store items for lab from Single Bidder - Rs. 43.008 million

Para 2(c) (x to xii) of annexure 4 to a summary for the Economic Coordination Committee of the Cabinet No NG (11)-12 (64)/14-LNG- Interim –Pt dated 25th Feb-2014 states that “the Secretary Law emphasized that in a case where there is a single bidder the same should be more calculative, vigilant and diligent

as there are more chances of higher and non-competitive price. It is therefore imperative that the quote by the single bidder needs to be examined rationally keeping in view the precedents, market conditions, international best practices and interest of the people.”

Management of Comsats Lahore Campus purchased store for lab and other department Rs. 43,008,687/- during financial year 2021-22. The detail is given below.

Sr. No.	Tender No.	Name of Vendor/Bidder	Name of Items	Cheque No/Date	Amount (Rs.)
1	3315	M/S Afro Asian International (Pvt) Ltd	Lab Trainer for Communication System	00018616 11/2/2021	2,591,120
2	3475	ORIENT	Multimedia Projector with installation	00019465 20/6/2022	1,207,160
3	3429	Atlantic Chemical & Engineering Services	Refrigerator	00000046 3/9/2022	467,977
4	3352	M/S Shah & Sons	Ultra Low Freezer	00000018 20/12/2021	23,00,000
5	3428	M/S Osmonics Corporation	Lab Equipment & Consumable items	00000019 01/07/2022	21,85,000
6	3348	M/S ILM Enterprises	Dynamic Mechanical Analyzer (DMA)	37490673 14/2/2022	19,602,501
7	3320	Innovative Power Engineering	5 axis CNC machining center	-----	4,633,596
8	3320	Systec technologies	Lab Equipment (Clean Synthesis & Packing Unit)	37590665 1/20/2022	13,862,823
9	3320	M/S Glow Pak International	Lab Equipment (FDM Printer & Vacuum Sealing Machine)	37590675 24.5.22	29,80,000
10	3320	M/S Mod scientific Traders	Lab Equipment (Hotplate)	94938512 7/5/2021	643,510
TOTAL					43,008,687

Audit observed that:

- i. The above firms were awarded contracts on single bidder basis.
- ii. Management did not survey the market to assess the rates offered by the single bidders prior to purchase.

The management did not prepare a CST (market rates) to assess the reasonability of prices quoted by the single bidders. The quality comparison was also not done.

Management did not prepare evaluation criteria to evaluate bids.

Audit is of the view that management deprived of the Government of benefits & privileges of open competition.

Audit recommends to:

Investigate the matter for fixing responsibility.

Get the irregularity regularized from the Competent Authority.

10.5.41 Irregular opening of 13 Bank accounts and retention of Cash Balance - Rs. 104.706 million

Rule 4(1) of Cash Management and Treasury Single Account Rules 2020 states that “no Government office shall open, operate or maintain a bank account for any purpose, except in accordance with the Act and these rules.”

Rule 4(3) of Cash Management and Treasury Single Account Rules 2020 further states that “subject to sub-rule (5), any approval granted by Finance Division prior to commencement of these rules, for opening of bank accounts in scheduled banks by Government offices stand revoked on commencement of these rules and the SBP shall instruct all scheduled banks not to open account of any Government office. The accounts already opened shall be closed and balance therein shall be transferred to the Federal Consolidated Fund using treasury challan provided in Form 32A of the Federal Treasury Rules.”

Management of Comsats Lahore Campus maintained 13 bank accounts and an amount of Rs. 104.706 million was lying as balance as on 30th June 2022. The details are given below.

Sr.No	Title A/c	Account No	Balance 30-June 2022
1.	CIIT Horticulture A/c	2305-70000513-01	46,082

2.	CIIT Hostel A/c	2305-70000514-01	8,794,544
3.	CIIT Caution Money A/c	2305-70000515-01	8,449,371
4.	CIIT Vendors Securities	2305-70000516-01	29,440,198
5.	CIIT Hostel Security A/c	2305-70000517-01	16,592,444
6.	CIIT Payment A/c	2305-70000700-03	24,418,902
7.	CIIT Lahore Debating Society	2305-79022563-03	279,374
8.	CIIT Oric	2305-70000773-03	4,080,754
9.	CIIT GYM A/C	2305-79038271-03	1,364,242
10.	CIIT Alumni	2305-79021281-03	44,978
11.	CIIT CPD A/c	2305-70000826-03	62,781
12.	CIIT Physics Testing Services	2305-79028153-03	168,644
13.	CIIT Collection A/c	2305-70000511-01	10,963,650
Total			104,705,964

Audit observed that:

- i. The bank accounts were opened without approval of Finance Division.
- ii. An amount of Rs.104.706 million was lying as closing balance as on 30th June 2022.
- iii. The dormant accounts were not got closed.

Audit is of the view that retention of heavy balances outside the Government Treasury was irregular.

Audit is also of the view that opening of 13 bank accounts without sanction / approval of Finance Division was also irregular.

Audit recommends to: Investigate the matter; Obtain an ex-post facto sanction from the Finance Division.

Sheikh Zayed Islamic Centre, University of Punjab, Lahore.

10.5.42 Unauthorized opening of commercial bank accounts and retention - Rs. 8.699 million

Rule 4(1) of Cash Management and Treasury Single Account Rules, 2020 states that “no Government office shall open, operate or maintain a bank account for any purpose, except in accordance with the Act and these rules.”

Rule 4(3) of Cash Management and Treasury Single Account Rules, 2020 further states that “subject to sub-rule (5), any approval granted by Finance Division

prior to commencement of these rules, for opening of bank accounts in scheduled banks by Government offices stand revoked on commencement of these rules and the SBP shall instruct all scheduled banks not to open account of any Government office. The accounts already opened shall be closed and balance therein shall be transferred to the Federal Consolidated Fund using treasury challan provided in Form 32A of the Federal Treasury Rules.”

Management of Sheikh Zayed Islamic Centre, University of Punjab, Lahore was maintaining 6 Bank accounts apart from one allowed. The details are given below:

Sr. No.	Title of Account	Bank Name and Branch	Account Number	Balance as at 30.6.2021 (Rs.)
1	Recurring Grant	HBL, New Campus, PU, Lahore	1820020600103	117,336.33
2	Pension Contribution Account	HBL, New Campus, PU, Lahore	1820024230803	1,621,781.61
3	House Building Account	HBL, New Campus, PU, Lahore	1820024248903	161,737.98
4	Computer Lab	HBL, New Campus, PU, Lahore	1820028051401	173,891.13
5	Scholar Ship of M.Phil.	HBL, NewS Campus, PU, Lahore	1820035547701	5,876,073.44
6	Sh. Zayed Islamic (Income Account)	HBL, New Campus, PU, Lahore	1820025108801	338,505.86
7	Fee Account	HBL, New	01820025278301	409,929.78
Total				8,699,256.00

Audit observed that:

- i. The above accounts were opened without any approval from the Finance Division.
- ii. An amount of Rs.8.699 million was lying as closing balances at the end of financial year.

Audit is of the view that maintenance of 6 six bank accounts and retention of balance for Rs.8.699 million in the above accounts was irregular and unauthorized.

No reply was given by the department.

Audit recommends to close the accounts as per provision of the rules.

10.5.43 Loss due to non-imposition of liquidity damages - Rs.4.984 million

Clause 47.1 of the special condition of contract states that liquidated damages shall be 0.1% of cost of balance of each day of delay in completion of work subject to maximum of 10% of contract price.

Decision, dated 20-09-2021, of CDC meeting against Agenda Item No.4 “The extension for completion of the scheme titled Construction of Regional Office, Kalat” stated that, “the time of extension up to 20-03-2022 along with the penalty with effect from 15-09-2021 (excluding slack period) as per contract provisions and no further time extension shall be allowed. If the contractor fails to complete the work in extended time period, black listing process against the contractor M/s Haji Allah Wasaya construction company shall be initiated.

It was further decided that, The consultant M/s ESS-I-AAR Architects and Engineers will be served a notice to improve monitoring and supervision in one month and ensure the completion of the work as per revised work schedule otherwise it's agreement shall be terminated and penalty shall be imposed as per agreement provisions.

Management of AIOU approved the project / work “Construction of AIOU Regional office building & Staff Residential complex at Kalat (Balochistan). Administrative approval of the project was accorded at an estimated cost of Rs. 61.47 million vide admin approval dated 07-02-2020 and technical sanction was granted on 08th June, 2020.

Project was awarded to M/s Haji Allah Wasaya on the recommendation of the consultants M/s ESS-I-AAR Architects and Engineers. Work was awarded to the contractor at a cost of Rs. 49.84 million which was 16.85 % below the estimated cost. The project commenced on 15-06-2020 with original completion period of 12 months which was revised till 15-09-2021 and further till 31-03-2022.

Contractor, as per file, completed the work in terms of financial cost amounting to Rs.12.586 million i.e. 25% of the cost and was paid vide 2nd running bill on 14th September, 2021. The work on the project has not been complete till date.

Audit observed that for the project despite delay in completion of the work the contractor was extended undue favour by not imposing the liquidity damages amounting to Rs.4.984 million as per the clause of the agreement. Furthermore, no process for black listing of the contractor was initiated despite non-completion of the project till 31-03-2022

Audit is of the view that non imposition and recovery of liquidity damages from the contractor resulted in a loss of Rs.4.984 million.

Management of AIOU replied that the contractor of the said project submitted the 2nd running work done bill on 16.08.2022 and the same was processed for payment before the referred CDC meeting/decision dated 20.09.2021. It is further added after payment of the 2nd running work done bill, no payment was made to the concerned contractor. As per the decision of the CDC held on 20.09.2021 the liquidity damages and penalty amount will be adjusted from contractor claim/Running bill accordingly.

Management accepted the audit observation that liquidity damages had not been imposed till date.

Audit recommends imposition and recovery of Liquidity damages.

Center for South Asian Studies, University of the Punjab

10.5.44 Unauthorized opening of bank accounts in commercial banks and retention of funds - Rs.11.733 million

Rule 4(1) of Cash Management and Treasury Single Account Rules 2020 states that “no Government office shall open, operate or maintain a bank account for any purpose, except in accordance with the Act and these rules.”

Rule 4(3) of Cash Management and Treasury Single Account Rules 2020 further states that “subject to sub-rule (5), any approval granted by Finance Division prior to commencement of these rules, for opening of bank accounts in scheduled banks by Government offices stand revoked on commencement of these rules and the SBP shall instruct all scheduled banks not to open account of any Government office. The accounts already opened shall be closed and balance therein shall be

transferred to the Federal Consolidated Fund using treasury challan provided in Form 32A of the Federal Treasury Rules.”

Management of the Center for South Asian Studies, Lahore was maintaining different Bank Accounts in respect of recurring grant. Detail is given below.

Sr. No.	Bank Account No.	Name of Bank	Title of Account	Balance as on 30.06.2022
1.	339-9	National Bank	Fee Account	2,166,565
2.	61273-9	Habib Bank	Pension Account	8,772,358
3.	780-68	Habib Bank	Benevolent Fund Account	764,769
4.	301-3	National Bank	Recurring Grant Account	29,051
				11,732,743

Audit observed that:

- i. The management was maintaining three bank accounts, in addition to one authorized but approval of the Federal Government / Finance Division was not obtained.
- ii. Instead of opening the bank accounts in NBP two (02) bank accounts were opened in commercial banks.
- iii. Management did not transfer balances retained in these bank accounts to Federal Consolidated Funds as required under rules stated above.

Audit is of the view that non-closure of bank accounts and non-transfer of balances therein to Federal Consolidated Fund was unauthorized act on the part of management and violation of government instructions.

No reply was furnished by the department.

Audit recommends that the bank account may be closed and the balances therein may be transferred in Federal Consolidated Funds immediately under intimation to audit.

10.5.45 Irregular payment through cash - Rs.12.544 million

Rule 3(x) of Financial rules states that “payment shall ordinary be made by cheque signed by the PAO or any other officer of the Centre authorized by him to

do so. Claims below Rs.50/- may be paid form permanent advance. No cheque shall be issued for claims below.”

Rule 157 of Federal Treasury Rules Vol-I states that “payment of five hundred rupees and above to local bodies firms and private persons may be made through bank order. Cheque shall always be crossed Payee’s Account only - not negotiable”.

Note 2. Payment of [five hundred rupees] and above to corporate or local bodies, firms or private persons may also be made through "Bank Orders".

Management of the Center for South Asian Studies, Lahore made payment to vendors as well as its employees during financial year 2012-13 to 2021-22. Detail is attached.

Audit observed that funds worth Rs.12.544 million were drawn in cash through open cheques for disbursement to individuals instead of payment to them through crossed cheque or through direct credit to their bank accounts.

Audit is of the view that action of the management was irregular / unauthorized and against financial discipline of Federal Government.

No reply was furnished by the department.

Audit recommends that practice may be stopped forthwith.

Centre of Excellence in Solid State Physics, University of the Punjab, Lahore.

10.5.46 Irregular payment on cash basis - Rs. 26.908 million

Para 2.3.2.8 of Accounting Policies & Procedures Manual (APPM) states that “to minimize the risk of fraud and corruption, payment shall be made through direct bank transfer and cheque.”

Rule 157(1) of Federal Treasury Rules Volume -1 states that “cheques drawn in favor of Government officers and departments in settlement of Government dues shall always be crossed “A/c payee only not negotiable”

Management of Centre of Excellence in Solid State Physics, Lahore made cash payments during financial years 2020-21 & 2021-22 under different heads of account. Detail is given in annexure.

Audit observed that management made cash payments for different purposes instead of issuing cross cheques or direct credits to bank accounts of the payees.

Audit is of the view that payments in cash instead of issuing cross cheques was quite irregular, unauthorized and against the Federal Government financial discipline.

Audit is also of the view that the action of the management was not only violation of Government instructions but also may result into financial mishap due to handling of heavy cash manually.

Reply was not furnished by the department.

Audit recommends that:

- i. The practice may be stopped forth with.
- ii. The irregularity may be got condoned from Finance Division.

10.5.47 Unauthorized opening of bank accounts in commercial banks and retention of government funds and receipts - Rs.6.173 million

Rule 4(1) of Cash Management and Treasury Single Account Rules 2020 states that “no Government office shall open, operate or maintain a bank account for any purpose, except in accordance with the Act and these rules.”

Rule 4(3) of Cash Management and Treasury Single Account Rules 2020 further states that “subject to sub-rule (5), any approval granted by Finance Division prior to commencement of these rules, for opening of bank accounts in scheduled banks by Government offices stand revoked on commencement of these rules and the SBP shall instruct all scheduled banks not to open account of any Government office. The accounts already opened shall be closed and balance therein shall be

transferred to the Federal Consolidated Fund using treasury challan provided in Form 32A of the Federal Treasury Rules.”

Management of Centre of Excellence in Solid State Physics, Lahore was maintaining different Bank Accounts in respect of recurring grant. Detail is given below.

Sr. No.	Bank Account No.	Name of Bank	Title of Account	Balance as on 30.06.2022
1.	0182-00066142-03	HBL	Director COE in Solid State Physics (Recurring)	26,458
2.	0182-79003797-03	HBL	Director COE in Solid State Physics, TTS	3,060
3.	0182-79003795-03	HBL	Director COE in Solid State Physics, Fees	142,893
4.	0182-00357987-01	HBL	Director COE in Solid State Physics, Pension	462,972
5.	0182-00072208-03	HBL	Director COE in Solid State Physics, B. F	1,551,368
6.	0182-79004400-03	HBL	Director COE in Solid State Physics,	7,558
7.	0182-79010664-03	HBL	Director COE in Solid State Physics, L.C	1,086,540
8.	0913-241810251	UBL	Director COE in Solid State Physics, (Replica)	1,878,653
9.	0182-00062245-03	HBL	Director COE in Solid State Physics,	23,491
10.	0913-225460654	UBL	Director COE in Solid State Physics, International Conference	35,786
11.	0182-00284546-03	HBL	Director COE in Solid State Physics, H.B.A	954,456
			Total	6,173,235

Audit observed that:

- i. Management was maintaining ten (10) bank accounts in excess of one (01) authorized bank account but approval of the Federal Government / Finance Division was not obtained.
- ii. Instead of opening the bank accounts in NBP the same were opened in commercial banks.
- iii. The management did not surrender the balances lying in above bank accounts to Federal Treasury as required under Cash Management and Treasury Single Account Rules, 2020.

Audit is of the view that opening of bank accounts in commercial banks, without approval of Ministry of Finance and retention of funds is irregular.

Reply was not furnished by the department.

Audit recommends that the bank accounts may be closed and the balances therein may be surrendered to Federal Consolidated Funds immediately under intimation to audit.

10.5.48 Irregular Retention of Funds - Rs. 9.424 million

Section 23(2) of Public Finance Management Act 2020 states that “no authority shall transfer public moneys for investment or deposit from government account (including the assignment accounts) to other bank account without prior approval from the Federal Government.

Rule 4(4) of Cash Management and Treasury Single Account Rules 2020 states that “no authority shall transfer public monies in contravention of subsection (2) of section 23 of the Act”.

Management of Centre of Excellence in Solid State Physics, Lahore granted to its employees Loans & Advances (HBA, MCA etc) from Recurring Grant Account No 0182-00066142-03.

Audit observed that recovery of the same was retained in HBA account no.0182-00284546-03 maintained in HBL Bank.

Audit also observed that an amount of Rs.9.424 million was transferred to HBA account no.0182-00284546-03 during financial year 2020-21 & 2021-22. Detail is given in annexure.

Audit is of the view that management transferred Rs.9.424 million to HBA account instead of depositing the same to Government Treasury, which was irregular and unauthorized.

Reply was not furnished by the department.

Audit recommends that the amount may be deposited into government treasury under intimation to audit.

Pakistan Study Centre Jamshoro, Sindh

10.5.49 Unauthorized opening of bank account and transfer of funds Rs.16.950 million

Section 30 (2) (d) of Public Finance Management Act, 2019 states that “all the Ministries and Divisions, attached departments and subordinate offices shall ensure placement of all public moneys into the treasury single account”

Rule 4(1) of Cash Management and Treasury Single Account Rules 2020 states that “no Government office shall open, operate or maintain a bank account for any purpose, except in accordance with the Act and these rules.”

Rule 4(3) of Cash Management and Treasury Single Account Rules 2020 further states that “subject to sub-rule (5), any approval granted by Finance Division prior to commencement of these rules, for opening of bank accounts in scheduled banks by Government offices stand revoked on commencement of these rules and the SBP shall instruct all scheduled banks not to open account of any Government office. The accounts already opened shall be closed and balance therein shall be transferred to the Federal Consolidated Fund using treasury challan provided in Form 32 A of the Federal Treasury Rules.”

The management of Pakistan Study Centre, Jamshoro opened an Endowment Bank Account in July 2017 in ABL, Jamshoro and transferred the funds of Rs.16.950 million from Recurring Grant Account to the Endowment Account during 2017-2022.

Audit observed that the Endowment Account was opened without approval of Finance Division. Heavy balances were transferred and retained in this bank account without any authority and most of the funds were transferred to this bank account from Recurring Grant.

Audit is of the view that opening of bank account without approval of Federal Government and retention of heavy balances in these accounts was unauthorized.

The irregularity was pointed out through audit memo No.05 dated 16.11.2022, but no reply was received till the close of audit.

Audit recommends that ex-post facto approval for opening of bank account may be obtained from Finance Division besides fixing the responsibility on the persons found at fault.

CHAPTER 11

HOUSING AND WORKS DIVISION

11.1 Introduction

Following functions have been assigned to the Ministry of Housing and Works as per Rules of Business, 1973 amongst the other functions:

- i. Acquisition and development of sites, construction, furnishing and maintenance of Federal Government buildings, except those under the Defence Division.
- ii. Provision of Govt owned office accommodation and residential accommodation for officers and staff of the Federal Government.
- iii. Coordination of Civil Works Budget;
- iv. Execution of Federal Government works.
- v. Provision of Government owned office accommodation and residential accommodation for officers and staff of the Federal Government; acquisition; requisitioning and hiring of residential accommodation and payment of compensation or rent.
- vi. Land and buildings belonging to the Federation wherever situated, and revenues derived therefrom.
- vii. Administration of the Federal Government Lands and Buildings (Recovery of Possession) Ordinance, 1965.
- viii. Matters relating to the National Construction (Domestic) Limited.
- ix. Administrative control of the National Housing Authority.

ATTACHED DEPARTMENTS/ AUTONOMOUS BODIES

1. Estate Office.
2. National housing Authority
3. Office of the Director General, Pakistan Public Works Department.

Sr. No.	Description	Total No.	Audited	Expenditure Audited (FY-2018-19) Rs. in million	Revenue / Receipt Audited (FY 2018-19) Rs. in million
1	Formations	2	1	382.477	-
2	Assignment Accounts (Excluding FAP)	-	-	-	-
3	Authorities / Autonomous Bodies etc. under the PAO	-	-	-	-
4	Foreign Aided Project (FAP)	-	-	-	-

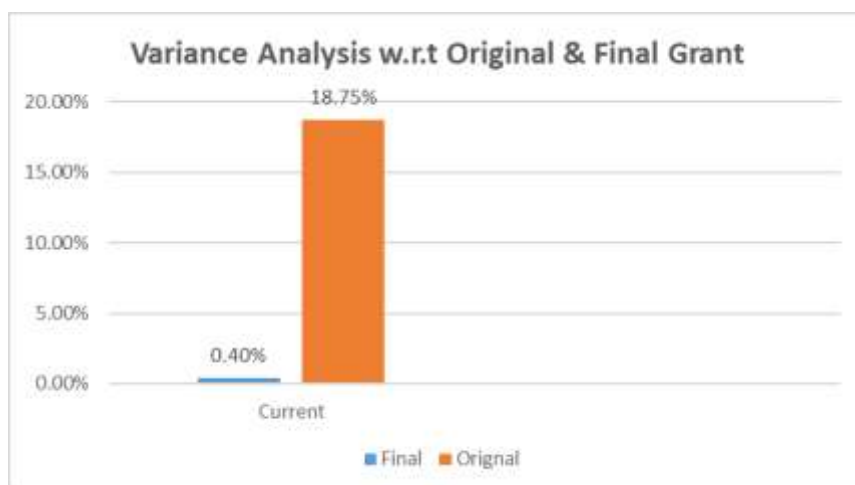
11.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Housing and Works Division for the financial year 2021-22 was Rs.5,997.13 million, out of which the Division expended an amount of Rs.5,997.94 million. Grant-wise detail of current and development expenditure is as under:

(Rupees in million)

Grant No	Type of Grant	Original Grant	Suppl Grant	Surrender (-)	Final Grant	Actual Expenditure	Excess/ (Saving)	% age Excess/ (Saving)
50	Current	5,051.00	923.13	0.00	5,974.13	5,997.94	23.81	0.40%

As shown in the chart below, bifurcating total allocation into current expenditure, it was observed that there was 18.75% excess w.r.t original grant which was finally reduced to 0.40% w.r.t final grant.



11.3 Classified Summary of Audit Observations

Audit observations, amounting to Rs. 2,133.918 million, were raised in this report during the current audit of **Housing And Works Division**. Summary of the audit observations classified by nature is as under:

(Rupees in million)

S. No	Classification	Amount
1	Non-production of record	
2	Reported cases of fraud, embezzlement and Misappropriation	
3	Irregularities	
A	<i>HR/Employees related Irregularities</i>	
B	<i>Procurement related irregularities</i>	
C	<i>Management of account with commercial banks</i>	
D	<i>Recovery</i>	62.918
E	<i>Internal Control</i>	2,071
4	Value for money and service delivery	
5	Others	

11.4 Status of compliance with PAC Directives

Name	Audit Year	Total No. of Audit Paras	No. of Actionable Points Issued	Compliance	Non/Partial Compliance	% of Compliance
Housing and Works	2003-04	10	10	9	1	90%
	2009-10	2	2	0	2	-
	2011-12	3	3	0	3	-
	2015-16	1	1	0	1	-
	2017-18	2	2	0	2	-
	2021-22	7	0	0	1	-
	Total	25	18	9	10	

11.5 AUDIT PARAS

Ministry of Housing and Works

11.5.1 Whereabouts of the Officers Hostel (H.No.304, St.18, E-7), Islamabad not known

As per Schedule at Serial No. 6 of “the Allotment of Semi-Permanent Accommodation in Federal Government Hostel Rules, 2019” the Ministry of Housing and works mentioned Officer Hostel H.No.304, St.18, E-7, Islamabad.

The Ministry of Housing and Works, Islamabad was requested to provide the record relating to Officer Hostel H.No.304, St.18, E-7, Islamabad.

Audit observed that there was no record available in the Ministry regarding the Officer Hostel nor any one claim that the said hostel was ever in possession of the Ministry despite the fact the same was mentioned in the rules published in the Gazette of Pakistan.

Audit is of the view that the said hostel is mentioned at S. No. 6 of the Schedule of Rules but its whereabouts was not known to Ministry.

The management replied that the said hostel was not on the pool of the Ministry.

The management was requested to hold DAC meeting vide letter dated 19.12.2022 but DAC was not convened till finalization of the report.

Audit recommends that the matter may be inquired that how a property was notified in the Gazette of Pakistan which was not in the knowledge of the Ministry.

11.5.2 Unauthorized allotment of Room/Suit at Federal Lodges on permanent basis

Rule 5(1) of “The allotment of semi-Permanent Accommodation in Federal Government Hostel Rules, 2019” states that the person to whom accommodation is allotted in the hostel shall pay the rent and services charges at the rates as determined by the Ministry.

Rule 4(1)(a) “The allotment of Semi-Permanent Accommodation in Federal Government Hostel Rules, 2019” states that maximum duration of allotment for employees of Ministries, Division and Attached Departments posted at respective stations of hostel, for the period of twelve months, extendable for further six months for the Federal Lodges and for the period of eighteen months.

The Ministry of Housing and works allotted following accommodations to National Accountability Bureau officers on permanent basis. Detail are as under:

Sr. No	Name & Designation	Room/Suit No	Date of Occupation
1	Muhammad Zaheer, Staff Officer	FS-1	22.6.2012
2	Fayyaz Ahmad Qureshi, D.G HRM, NAB HQ, Islamabad	FS-3	7.6.2021
3	Mian Muhammad waqar, Director, NAB HQ	FS-4	11.2.2022
4	Muhammad Zeeshan Haider, Dy. Director HRM, NAB, HQ	FS-7	3.2.2022
5	Akhtar Ali, Addl, Director, NAB	R-5	8.1.2022
6	Naeem Tariq Sanghera, Spl Prosecutor NAB, HQ	R-6	3.2.2022
7	Hafiz Mehnaz Abbasi, Special Prosecutor, NAB, HQ.	R-7	1.7.2022
8	Sattar Muhammad Awan, Special Prosecutor, NAB, HQ.	R-8	6.4.2021
9	Adnan Abbas, Additional director , NAB	R-10	2.12.2019
10	Zahid Iqbal, Additional Director, NAB	R-20	24.6.2022

Audit observed that hostels rooms/suits were for temporary stay of federal government employees but were placed at the disposal of NAB since 2012 in violation of the rules.

Audit is of the view that allotment of Family Suit/Rooms on permanent basis to NAB was irregular and unauthorized.

The management was requested to hold DAC meeting vide letter dated 19.12.2022 but DAC was not convened till finalization of the report.

Audit recommends that the family suits/rooms may be vacated.

11.5.3 Non-recovery of long outstanding rent - Rs. 15.649 million

Rule 10 (1) of “The allotment of Semi-Permanent Accommodation in Federal Government Hostel Rules, 2019” states that the rent of accommodation shall be paid in cash by the allottee in advance by fortnightly basis or actual period of stay if the actual period is less than fortnight to the receptionist against signed receipt.

During audit of Ministry of Housing and works it was observed that an amount of Rs. 15.649 million was outstanding against different occupants who left their residence without paying their rent. Details are as under:

Sr. No	Assets/ Properties	Outstanding dues Rs.
1	Shah Abdul Latif Bhattai/ Fed. Lodges B-I(old Block)	5,600,026
2	Shah Abdul Latif Bhattai/ Fed. Lodges B-II (New Block)	183,257
3	Lal Shahbaz Qalander Fed. Lodges-II	5,409,026
4	Fatima Jinnah Hostels	939,565
5	Federal Govt. Chummary Hostel G8-I	98,879

6	Gulshan-e-Jinnah Complex	984,044
7	48-Family suites Complex G5-I	2,434,028
Total		15,648,825

Audit observed that room/suites were rented but rent was not collected in advance on fortnightly basis due to which the government was deprived from receipts of Rs. 15.649 million.

Audit is of the view that non-recovery of outstanding rent from the tenants is a serious lapse on the part of the management and in violation of the rules.

The management was requested to hold DAC meeting vide letter dated 19.12.2022 but DAC was not convened till finalization of the report.

Audit recommends that the outstanding rent may be recovered from the tenants and deposited into the government treasury.

11.5.4 Loss due to less collection of rent from unauthorized occupants - Rs.17.907 million

Rule 13 6(b) “The allotment of Semi-Permanent Accommodation in Federal Government Hostel Rules, 2019” states that in case of trespassing or unauthorized occupation, four time of the normal rent shall be charged for each month for the entire period of unauthorized stay.

The management of Ministry of Housing and work allotted Rooms/ Family suits to following persons. Detail are as under:

Location	Allottee	Room/suits	Date of Occupation	Years/Days	Room Rent/day
Fedral Lodges -I Shah Abdul Latif Bhattai (old Block)	Majid Abbas, Section Officer, Ministry of Communication	R-32	28.02.2022	122 days	20,130
Fedral Lodges -I Shah Abdul Latif Bhattai (New Block)	Sajjid Ahmed Mehar, Asstt: Dir, M/o Commerce	R-75	16.10.2012	10	602,250
Fatima Jinnah Hostel	Ms. Samina Batool, Research Officer, National Council for Social Welfare, Islamabad.	R-2	26.03.2019	3	180,675
	Ms. Muniba Shaheen, Art & Craft Executive, CDA	R-6	29.10.2020	2	120,450
	Ms. Sumera Khalid, Asstt: Director, NCHD	R-22	18.03.2019	3	180,675

	Ms. Nousheen Anwar, Officer, GII NBP, Islamabad.	R-35	13.01.2011	11	662,475
	Ms. Falak Naz, Assistant Manager, NADRA	R-47	03.08.2017	5	301,125
	Ms. Sidra Shah, Network Administrator, M/o Information & Tech.	R-64	02.12.2020	2	120,450
	Ms. Hina Akbar, Front Desk Executive, NEPRA	R-71	28.10.2021	1	60,225
	Ms. Aqsa Liaqat, S.O M/o Finance	R-73	01.03.2014	8	481,800
Federal Government Chummary Hostel	Muhammad Asad Saleem, M/o Energy & Power Division	R-23	16.05.2019	3	180,675
Gulshan-e- Jinnah Hostels, 108 Family suits	Faiz Umer, A.G, FGEHF	7-B	01.07.2019	3	180,675
	Dr. Amber Atta Baloch, M.O, PIMS	10-C	01.02.2015	7	421,575
	M. Ali Khan, FBR	12-D	21.08.2020	2	120,450
Gulshan-e- Jinnah Hostels, 21 Family suits-Complex	Dr. Imran, M.O, PIMS	3	28.07.2015	7	421,575
	Noor Zaman, M/o NIRM	6	28.01.2015	7	421,575
Total					4,476,780

Audit observed that instead of residing by the actual allottees, the suits/rooms were occupied by unauthorized persons as per the data provided by the management.

Audit is of the view that occupation of suits/rooms by unauthorized persons was not covered under rules and non-recovery of four time rent amounting to Rs. 17,907,120 (Rs. 4,476,780 x 4) was a loss to the government.

The management replied that the procedure for cancellation of allotments was under process.

The management has accepted the audit observation.

The management was requested to hold DAC meeting vide letter dated 19.12.2022 but DAC was not convened till finalization of the report.

Audit recommends unauthorized allottee may be ejected and recovery of outstanding rent at the rate of four times of standard rent may be recovered and deposited into the government treasury.

11.5.5 Non-recovery of house rent allowance from Chairman, FST - Rs. 1.430 million

Para 2(ii) of Establishment Division letter No. 9/4/2018/E-5(PAS) dated 04.08.2020 states that rental charges for the Family Suit will be equal to the House Rent Allowance to which the allottee officer is entitled as per his pay scale.

The Ministry of Housing and Works allotted A-4 Family Suit at 48-Family Suit Complex G5/1, Islamabad to Mr. Qazi Khalid Ali, Chairman FST, Islamabad. As per allotment conditions (ii) rental charges for the family suite will be equal to the House Rent Allowance to which the allottee officer is entitled as per his pay scale.

Audit observed that Family suit was allotted w.e.f 24.8.2020 to Mr. Qazi Khalid Ali, Chairman FST, Islamabad and the Chairman was also being paid monthly house rent allowance @ Rs 65,000.

Audit is of view that payment of house rent allowance amounting to Rs. 1.430 million (Rs. 65,000 x 22 Months) up to 30.06.2022 was unauthorized and recoverable.

The management replied that the allotment was made by the Secretary, Establishment Division.

The management was requested to hold DAC meeting vide letter dated 19.12.2022 but DAC was not convened till finalization of the report.

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

11.5.6 Irregular allotment of Room No. 56 Federal Lodges-I, Islamabad.

Rule 4(1) of “The allotment of Semi-Permanent Accommodation in Federal Government Hostel Rules, 2019” states that accommodation shall be allotted on semi-permanent basis to the Federal Government employees holding Substantive posts in BPS-17 and above on regular basis, for the period .

Rule 13 (6)(b) “The allotment of Semi-Permanent Accommodation in Federal Government Hostel Rules, 2019” states that in case of trespassing or unauthorized occupation, four time of the normal rent shall be charged for each month for the entire period of unauthorized stay.

The Ministry of Housing and works allotted Room No 56, Federal Lodges-I, Islamabad vide letter No F.No.R-No.56/FL-I/EIV dated 16.11.2020 to Ms. Saima Ali, News Producers/News Correspondent, PTV, Islamabad from 16.11.2020 to 30.06.2022.

Audit observed that Ms. Saima Ali, News Producer/News Correspondent, PTV, Islamabad was a contract employee of PTV as per PTV letter No. FM/RP/03080100011396 dated 8.12.2020.

Audit is of the view that allotment of a room to contract employee was sheer violation of Federal Government Hostel Rule, 2019.

The management replied that room has been cancelled and notice for vacation has already been issued.

The management was requested to hold DAC meeting vide letter dated 19.12.2022 but DAC was not convened till finalization of the report.

Audit recommends room may be retrieved and outstanding dues be recovered.

11.5.7 Loss due to irregular allotment of Room/Suits in Fatima Jinnah Hostel - Rs. 10.23 million

Rule 4(1) of “The allotment of Semi-Permanent Accommodation in Federal Government Hostel Rules, 2019” states that accommodation shall be allotted on semi-permanent basis to the Federal Government employees holding Substantive posts in BPS-17 and above on regular basis.

Rule 13 (6)(b) “The allotment of Semi-Permanent Accommodation in Federal Government Hostel Rules, 2019” states that in case of trespassing or

unauthorized occupation, four time of the normal rent shall be charged for each month for the entire period of unauthorized stay.

The management of Housing and Works allotted rooms/family suits to following allottees. Details are at Annexure-3.

Audit observed that allotment were made to private employees or employees of lower grade in violation of rules.

Audit is of the view that allotment to private person, contract employees and below 17 was irregular and violation of rules.

The management was requested to hold DAC meeting vide letter dated 19.12.2022 but DAC was not convened till finalization of the report.

Audit recommends rooms/suits may be retrieved and outstanding rent may be recovered.

11.5.8 Whereabouts of record of Annexy Federal Lodge-II not known after 2015

Rule 3 (2) of “The allotment of Semi-Permanent Accommodation in Federal Government Hostel Rules, 2019” states that the comptroller or as case may be the Assistant Comptroller at respective Hostel shall be responsible for maintain proper record of vacation and occupation, payment of rent, service charges etc. and its proper up keeping.

Audit observed that an Annexy in Federal Lodge-II existed adjunct to the Serena Hotel, Islamabad but no record after 2015 was provided despite many request to the Assistant Comptroller.

Audit is of the view that in the absence of record occupation of the annexy and recovery of rent could not be ascertained, and this may also leads to misuse of official premises.

The management replied that record (before 2015) was provided.

The management has accepted the audit observation.

The management was requested to hold DAC meeting vide letter dated 19.12.2022 but DAC was not convened till finalization of the report.

Audit recommend matter may be investigated to fix responsibility.

11.5.9 Non-Implementation of policy regarding official Residential accommodation

The Cabinet considered the Summary dated 30.11.1994 on Re-development of Sector G-6, Islamabad and Martin, Clayton and Jehangir Road Areas, Karachi submitted by Housing and Works Division and approved the proposals contained in Paras 4 (four) and 5 (Five) subject to taking into confidence the existing bona fide occupants of Government houses in Sector G-6 Islamabad.

The Committee agreed in principle to the idea floated by the Housing and Works Division as contained at Para 2(ii) and was of the considered opinion that the Government as a long term measure should not spend any money on the construction of houses instead all the Government employees should be paid rental ceiling and encouraged to build their own houses and for this purpose loans be provided to them both by the Government and the banks. The existing housing stock should be disposed off as and when these are beyond repairs and with the sale proceeds separate fund to be created over the years out of which house rent ceiling be paid.

Audit observed that despite lapse of 28 year neither Sector G-6 was reconstructed nor any money was spent on construction of houses.

Audit is of the view that during last 28 year federal government did not construct any accommodation for its officers and employees and house rent ceiling was paid from government budget instead of the fund which was require to be established as per decision of the Federal Cabinet.

Audit is also of the view that during last 28 years the federal government expand and many ministries/divisions and attach departments were created due to which the volume of employees of federal government was also increased but no housing facility was provided to them.

The management was requested to hold DAC meeting vide letter dated 19.12.2022 but DAC was not convened till finalization of the report.

Audit recommends that either the decision of the Federal Cabinet may be implemented in true letter and spirit or residential accommodation may be constructed as provided in the rules of business, 1973.

11.5.10 Irregular appointment on deputation from PEPAC Ltd

Section 2(b) of Civil Servant Act, 1973 describes “civil servant” as a person who is a member of an All-Pakistan Service or of a civil service of the Federation, or who holds a civil post in connection with the affairs of the Federation, including any such post connected with defence, but does not include- (i) a person who is on deputation to the Federation from any Province or other authority;

Section 10 of Civil Servant Act, 1973 states that Every civil servant shall be liable to serve anywhere within or outside Pakistan, in any equivalent or higher post under the Federal Government, or any Provincial Government, or local authority, or a corporation or body set up or established by any such Government;

Audit observed that Ministry of Housing & works vide Office Order No Dy. 792/2022-Admn-I dated 29.6.2022 posted Ms. Hina Imtiaz of PEPAC Ltd as Assistant Private Secretary APS, BPS-16 on deputation basis.

Audit is of the view that hiring of services of individual on deputation basis from company (PEPAC Ltd) who is not a government servant against regular incumbent post of BPS-16 in Ministry was irregular.

The management was requested to hold DAC meeting vide letter dated 19.12.2022 but DAC was not convened till finalization of the report.

Audit recommends matter may be investigated to fix responsibility.

11.5.11 Non-recovery of Ground rent from Pakistan Cricket Board - Rs 17.702 million

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

The Management of Housing & works leased land to Pakistan Cricket Board equal to 505,700 Sq. Yard under 99 year lease agreement at lease rent of Rs.10/sq. yard.

Audit observed that Ministry of Housing and works did not recovered ground rent from PCB since 01.01.2019 to 30.6.2022.

Audit is of the view that non-recovery of ground rent from PCB put loss to Ministry of Housing and Works Rs.17,701,950.

The management was requested to hold DAC meeting vide letter dated 19.12.2022 but DAC was not convened till finalization of the report.

Audit recommends amount may be recovered and deposited into Government treasury.

11.5.12 Non Production of Record

The Honorable Supreme Court of Pakistan in its judgment dated 08.07.2013 declared and directed in Para 27(b) that the Auditor General, in order for him to fulfill his duties under Articles 169 and 170 of the Constitution, is not only authorized but also obliged to seek access to any and all records actually maintained by all Federal and Provincial Governments, as well as all entities established by or under the control of the Federal and Provincial Government, regardless of the designation of such records as secret or otherwise.

Section 14(2) of the Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 states that the officer in-charge of any office or department shall afford all facilities and provide record for audit

inspection and comply with requests for information in as complete a form as possible and with all reasonable expedition.

Section 14(3) of the Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 states that any person or authority hindering the auditorial functions of the Auditor General regarding inspection of accounts shall be subject to disciplinary action.

Audit of Ministry of Housing and Works for the financial year 2021-22 was conducted during the month of October, 2022. The Ministry did not provide the record and the matter was taken up with the Secretary, Housing and Works vide letter dated 20.10.2022 but no response has yet been received. Following record is not provided:

- i. Complete Record of funds amounting to Rs. 73.7 billion disbursed to Akhuwat Foundation, its further disbursement, status of recovery of loan, service charges paid to M/s Akhuwat Foundation, Audited report of Akhuwat Foundation.
- ii. Record relating to Lands of Federal Government in Karachi, its maintenance agreement (Commercialization Charges, Sub-Division of Residential Plot Charges, Amalgamation of Residential / Commercial Plots Charges, Transfer/Mutation Charges, Lease Charges, Additional land charges and ground rent).
- iii. Record of Unleased land of Federal Government in Karachi situated in Societies.
- iv. Record relating to Encroached Federal Government Land in Karachi.
- v. Detail of land and building belong to Federation wherever situated and revenue derived therefrom.
- vi. Record relating to outstanding rent of leased land in Karachi.
- vii. Complete record of General Waiting List (Soft Data) with date of application and allotment status. (Province-wise)
- viii. Detail of Residential accommodation of other organizations on the pool of the Ministry (Estate Office), their further Allotment, etc.

- ix. Detail of transfer of properties, other than agricultural land, deed and documents.
- x. Record relating to fixation of Government owned, hired and requisition buildings.
- xi. Record relating to administration of Federal Government land and buildings (Recovery of possession) ordinance, 1965.
- xii. Record relating to coordination of civil works budget and execution of Federal Government works.
- xiii. Detail of autonomous bodies/authorities allotted government buildings and their agreements.
- xiv. Record of development schemes in progress and completed during 2021-22.

Audit is of the view that due to non-production of record the authenticity of transactions could not be ascertained.

The management was requested to hold DAC meeting vide letter dated 19.12.2022 but DAC was not convened till finalization of the report.

Audit recommends that inquiry may be held for hindering the auditorial function of the Auditor General of Pakistan under E&D Rules.

CHAPTER 12

INFORMATION AND BROADCASTING DIVISION

12.1 Introduction

As per Schedule II [Rule 3 (3)] Distribution of Business among the Divisions read with Schedule III [rule-4(4)] Rules of Business 1973 (As amended up to 23rd April, 2019) following main business have been assigned to the Division amongst the other functions.

1. 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.
2. Broadcasting including television.
3. Production of films on behalf of Government, its agencies, Government controlled Corporations, etc.
4. Press relations, including delegations of journalists and other information media.
5. Provision of facilities for the development of newspapers industry.
6. (i) Policy regarding government advertisement; control of advertisement and placement; (ii) Audit of circulation of newspapers.
7. Administration of the Newsprint Control Ordinance, 1971.
8. National Anthem
9. Liaison and coordination with agencies and media on matters concerning Government policies and activities.
10. Administration of the Information Group.
11. External Publicity.
12. Pakistan National Centers.
13. (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 26.01.2016.

- c. Shalimar Recording and Broadcasting Company.
- 14. Training facilities for Radio and Television personnel.
- 15. Special Selection Board for selection of Press Officers for posting in Pakistan Missions abroad.
- 16. Establishment of tourists centers abroad.
- 17. Administration of the Newspapers Employees (Conditions of Service) Act, 1973.
- 18. (i) National Institute of Folk and Traditional Heritage of Pakistan (Lok Virsa).
(ii) Pakistan National Council of Arts.
- 19. Cultural pacts and protocols with other countries.

ATTACHED DEPARTMENTS/ AUTONOMOUS BODIES

- 1. Press Information Department.
- 2. Directorate of Electronic Media and Publication.
- 3. Implementation Tribunal for Newspaper employees.
- 4. Central Board of Films Censor, Islamabad.
- 5. Federal Land Commission
- 6. Pakistan Electronic Media Regulatory Authority
- 7. Audit Bureau of Circulation

Sr. No.	Description	Total No.	Audited	Expenditure Audited (FY 2021-22) Rs. in million	Revenue/Receipt Audited (FY 2021-22) Rs. in million
1	Formations	68	5	2,2220.922	-
2	Assignment Accounts (Excluding FAP)	-	-	-	-
3	Authorities / Autonomous Bodies etc. under the PAO	-	-	-	-
4	Foreign Aided Project (FAP)	-	-	-	-

12.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Info & Broadcasting Division for the financial year 2021-22 was Rs. 11,719.65 million, out of which the Division expended an amount of Rs. 11,659.56 million. Grant-wise detail of current and development expenditure is as under:

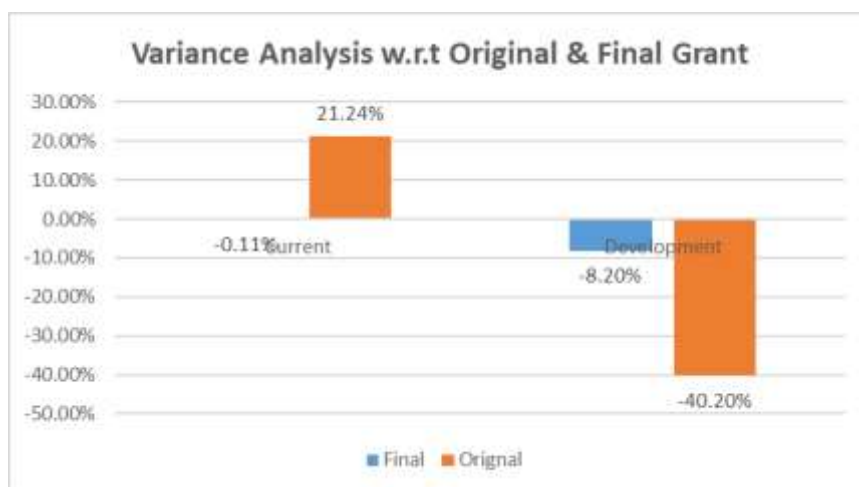
(Rs. In million)									
Grant No	Type of Grant	Heads	Original Grant	Suppl Grant	Surrender (-)	Final Grant	Actual Expenditure	Excess/ (Saving)	% age Excess/ (Saving)
54	Current	Information and Broadcasting Division	2,755.00	2,183.36	-575.90	4,362.46	4,354.00	-8.47	-0.19%
55	Current	Miscellaneous Expenditure	6,417.00	352.53	.00	6,769.53	6,766.11	-3.42	-0.05%
	Current Total		9,172.00	2,535.90	-575.90	11,132.00	11,120.11	-11.89	-0.11%
106	Development	Development Expenditure	902.06	.00	-314.40	587.66	539.46	-48.20	-8.20%
	Total		10,074.06	2,535.90	-890.30	11,719.65	11,659.56	-60.09	-0.51%

Audit noted that there was an overall saving of Rs.60.09 million, which was mainly due to saving in Current grants.

Supplementary Grants obtained without careful cash forecasting

According to Para 71 of General Financial Rules (Volume I), while framing budget estimates, the authorities should exercise utmost foresight. Rules of good governance demand that budget processes are carried out in accordance with clearly defined expectations and assumptions and a coordinated calendar of activity.

As shown in the chart below, bifurcating total allocation into current, development and charge expenditure, it was observed that, in case of development grant, there was 40.20% saving w.r.t original grant which was finally reduced to 8.20% w.r.t final grant and in case of current grant 21.24% excess was finally became 0.11% saving.



12.3 Classified Summary of Audit Observations

Audit observations, amounting to Rs. 184.752 million, were raised in this report during the current audit of **Information And Broadcasting Division**. Summary of the audit observations classified by nature is as under:

(Rupees in million)

S. No	Classification	Amount
1	Non-production of record	
2	Reported cases of fraud, embezzlement and Misappropriation	
3	Irregularities	
A	<i>HR/Employees related Irregularities</i>	11.886
B	<i>Procurement related irregularities</i>	16.39
C	<i>Management of account with commercial banks</i>	6.332
D	<i>Recovery</i>	150.144
E	<i>Internal Control</i>	
4	Value for money and service delivery	
5	Others	

12.4 Status of compliance with PAC Directives

Audit Year	Total No. of Audit Paras	No. of Actionable Points Issued	Compliance	Non/Partial Compliance	% of Compliance
2012-13	18	0	0	18	-
2013-14	17	17	0	17	-
2014-15	7	0	0	7	-
2015-16	4	4	3	1	75
2016-17	11	4	0	11	-

2019-20	24	0	0	24	-
2020-21	21	0	0	21	-
2021-22	2	0	0	2	
Total	104	25	3	101	

12.5AUDIT PARAS

National Institute of Folk and Traditional Heritage (NIFTH)

12.5.1 Unauthorized payment of pension out of Assignment Account-Rs 6.332 million

Ministry of Culture, Sports, Tourism and Youth Affairs vide Notification No. F.1-3/85-CO-I dated 13-09-1997 approved pension scheme for National Institute of Folk and Traditional Heritage (NIFTH) in compliance with Federal Service Tribunals' decision, dated 28.03.1997 with the concurrence of Finance Division. According to approval, the Pension Funds would be raised by NIFTH itself through conversion of Contributory Provident Fund and by raising fund on self-generated basis without making any charge on the budget of the Government of Pakistan.

Secretary, National Health and Culture Division vide Notification No. F. No. 7-1/2021/(F & A) dated 12-04-2022 regretted the request of NIFTH regarding provision of additional funds for pension liability. They argued that it was decided to clear the pension liabilities of their retired employees from self generated funds in the light of provisions contained in Notification dated 13-09-1997.

National Institute of Folk and Traditional Heritage (NIFTH), Islamabad paid an amount of Rs 6,332,186/- on account of pension from Government of Pakistan budget during FY 2021-22.

Audit observed that management paid pension of Rs. 6,332,186/- to its employees from Government of Pakistan budget during FY 2021-22.

Audit is of the view that payment of Pension made from Federal Government budget was unauthorized and is in violation of Finance Division instructions.

The management replied that a request was submitted to Secretary for re-appropriation of fund from assignment account on 10-08-2021. After re-appropriation of funds, the management paid monthly pension to implement court order. They further claimed that the amount of pension was paid from assignment account due to shortage of budget in self generated funds (SGF).

Reply is not tenable as the Honorable Islamabad High Court did not pass any order to pay pension out of assignment account or from Federal Government Budget.

The management was requested to hold DAC meeting vide letter dated 15.12.2022 but DAC was not convened till finalization of the report.

Audit recommends that responsibility should be fixed for irregular and unauthorized payment of pension out of assignment account besides stopping this practice in future. Audit further recommends that transferred amount from Government Budget should be deposited into Government Treasury with accumulated interest.

12.5.2 Irregular expenditure on hiring of Security Service Agency without Open Competition – Rs. 5.900 million

Para 12 (2) of Public Procurement Rules 2004 states that all procurement opportunities over three million Pakistani Rupees should be advertised on the Authority website as well as in other print media or newspapers having wide circulation. The advertisement in the newspapers shall principally appear in at least two national dailies, one in English and the other in Urdu. Para 20 of ibid states that save as otherwise provided hereinafter, the procuring agencies shall use open competitive bidding as the principal method of procurement for the procurement of goods, services and works.

National Institute of Folk and Traditional Heritage (NIFTH), Islamabad paid Rs. 5,899,980 to M/s Mountain Security Agency for provision of security services during FY 2021-22.

Audit observed that the firm was hired without open competition.

Audit is of the view that expenditure incurred on hiring of Security Service firm without open competition was irregular and deprived NIFTH to take the advantage of competitive rates.

The management replied that firm was hired during COVID-19 with the objective to keep the expenditure within limit of Rs 500,000.

Reply was not tenable as the management hired Security Service Agency without open competition as required under PPRA.

The management was requested to hold DAC meeting vide letter dated 15.12.2022 but DAC was not convened till finalization of the report.

Audit recommends that inquiry should be initiated and responsibility be fixed for mis-procurement.

12.5.3 Illegal Awarding of Contract for purchase of Audio and Light Equipment - Rs 6 million

Clause 13.1 of Instruction to Bidders (ITB) of tender document dated 07.06.2022 for purchase of Audio and Lights Equipment states that bidders shall furnish 5% of total quoted bid price as bid security in the form of bank draft/pay order in favor of Lok Virsa. Further, Clause 13.8 of ITB and Para 23.1 of GCC states that the successful bidders shall furnish 10% of the contract price as performance guarantee in the form of bank draft/Pay order/bank guarantee to be discharged after completion of warranty/guarantee period.

National Institute of Folk and Traditional Heritage (NIFTH), Islamabad hired the services of M/s Rakson Multiplex (Pvt) Limited for purchase of Audio and Light Equipment at a cost of Rs. 6.00 million. First supply order amounting to Rs. 3,903,000 was issued on 23.06.2022.

Audit observed as under:

- i. Work was awarded without obtaining 5% bid security amounting to Rs. 300,000 at the time of opening of bid, i.e. 21.06.2022.

- ii. After obtaining the contract the firm did not furnish performance guarantee @ 10% of the contract price in the form of bank draft/Pay order instead the firm provided a crossed cheque amounting to Rs. 3,903,000 as performance guarantee in violation of the contract agreement.
- iii. The management paid an amount of Rs 3,750,000 to the firm on 28.06.2022 without receiving the items of Rs. 2,300,000 which were still not received up to closure of field audit activity, i.e. November, 2022.
- iv. Technical evaluation report of the procurement was not available in the record.

Audit is of the view award of contract without obtaining bid security was unauthorized.

The management replied that inquiry is under process in the administrative division and latest position will be communicated after final outcome of the inquiry.

The management accepted the audit para.

The management was requested to hold DAC meeting vide letter dated 15.12.2022 but DAC was not convened till finalization of the report.

Audit recommends that inquiry should be initiated and responsibility be fixed for illegal awarding of contract to M/s Rakson Multiplex (Pvt) Ltd.

12.5.4 Irregular appointment of Consultants in violation of PPRA Rules– Rs. 11.886 million

Regulation 3 of Procurement. of Consultancy Services Regulations, 2010 states that the method for selection of consultants shall be determined by the procuring agency prior to issuance of the request for proposals from prospective consultants.

Para 3 (a) of National Institute of Folk and Traditional Heritage (NIFTH) Regulations, 1983 states that the board may engage or contract experts, consultants or advisors, as may be necessary, on such terms and conditions as are usually

adopted by the Government for employing such experts, consultants or advisors provided that the services of any such expert, consultant or advisor may be terminated by the Government.

National Institute of Folk, Traditional and Heritage Foundation (NIFTH), Islamabad hired 24 consultants and paid Rs 11.886 million during FY 2021-22.

Audit observed as under:

- i. The consultants were hired without approval of the board advertisement and following above process as given in PPR Rules.
- ii. The consultants were performing routine functions of the organization whereas they were required to be appointed for specialized assignments and for a specific job to be completed within a specified time.

Audit is of the view that appointment of consultants made without open competition and payment of Rs. 11.886 million made was irregular.

The management replied that Executive Director as Head of organization was empowered to appoint the consultants as per Para 7 (ii) (c) of Lok Virsa Regulations, 1983 read with powers delegated by the BoG in its 20th meeting held on 13-12-2010.

Reply is not tenable as the management hired various consultants at different rates without advertisement/open competition and without approval of board/Executive Committee.

The management was requested to hold DAC meeting vide letter dated 15.12.2022 but DAC was not convened till finalization of the report.

Audit recommends that matter may be inquired and responsibility be fixed for irregular hiring of consultants.

Press Information Department, Islamabad

12.5.5 Irregular hiring the services of a firm without calling open tender-Rs.4.490 million

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

Press Information Department, Islamabad got approval of the DG/PIO on 05.06.2022 for selection of agency/organization through advertisement for provision of appropriate professionals for verification of bills/claims of print and electronic media submitted by respective Advertisement Agencies.However, contrary to the approval, the management floated Expression of Interest from suitable persons on (Service Rendered Basis) for executing assignment relating to social media on daily wages. The advertisement was floated in the newspaper on 07.06.2021 and the applications were to be submitted by interesting candidates within 15 days i.e. up to 22.06.2022.The detail of posts, qualification and experience given in newspaper is as under:

S.No.	Name of post	No. post	Qualification	Remuneration
1	Program Manager	01	Qualified in Graphic Designing Graduate in Arts Social Sciences Mass Communication & Political Sciences etc.	Rs 55000-65000 P.M. Performance based
2	Social Media Editor	01		Rs.55000-65000 P.M. Performance based
3	Content Curator	02		Rs.40000-50000 P.M. Performance based
4	Social Media Researcher	04		Rs.40000-50000 P.M. Performance based
5	Video Editor	01		Rs.40000-50000 P.M. Performance based
6	Videographer	02		Rs.40000-50000 P.M. Performance based
7	Social Media Activist	02		Rs.40000-50000 P.M. Performance based
8	Social Media Monitoring Officer	03		Rs.40000-50000 P.M. Performance based

Later on, an agreement was signed between the PID and M/s Solution Sign (Noble Enterprises) on 01.07.2021for hiring services of professionals initially for

period of three months w.e.f. 01.07.2021 at lump sum monthly payment of Rs.533,250/-.The firm was responsible to provide services of six professionals. During financial year 2021-22 the PID made payments of Rs.4,490,650/- to the firm under the head of account 'A03919-Payment to Others for Services Rendered.

Audit observed as under:

- i. The advertisement was floated for hiring of individual professionals (social media) contrary to the approval obtained for hiring a firm/company to process media claims/bills.
- ii. The agreement with the firm M/s Solution Sign (Noble Enterprises) was signed on 01-07-2021 whereas comparative statement was signed on 20-07-2021 and approval of authority was obtained on 19-07-2021. This makes the whole transaction suspicious.
- iii. There is no record regarding cancellation of advertisement for the hiring of professionals.

Audit is of the view that the incurring of expenditure on hiring the services of firm without calling open tender and without extension beyond 30th September, 2021 is irregular.

The management replied that on the numerous verbal directives of the Higher-up of the Ministry as well as competent authorities it became inevitable for PR & Media department to setup a Social Media Cell fully equipped with latest gadgets and a team of professionals to protect the interests of the Nation Globally. Since, there is no regular professional team of Social Media Experts available to carry out the work nor any budgetary grant available under the relevant heads of account, the PID management took the initiative and formed social media cell out of its own resources. The management of PID hired the services of Social Media Professionals from open market on Services Rendered Basis as a one-time arrangement purely on temporary basis for specific assignments till the allocation of expertise/technical posts. The advertisement was published in National dailies in light of PPRA Rules 2004 on the basis of Qualification, Experience, Expertise, Professional skills, specialization.

The department issued tender notice for selection of firm providing professionals as per requirements of the department. It is pertinent to mention here that the agreement was initially executed for period of three (03) months i.e., up to 30th September, 2021 which was further extended to the whole year after the approval of competent authority due to satisfactory performance of the appointed firm.

The reply is not tenable. Initially the tender was floated to hire the services of professionals as given in the table. But later on the services of M/s Solution Sign were hired contrary to the advertisement. Dates of comparative statement and approval by the authority are also after signing the contract agreement. The copy of agreement extended after 30th September, 2021 was not provided to Audit.

The management was requested to hold DAC meeting vide letter dated 15.12.2022 but DAC was not convened till finalization of the report.

Audit recommends for fixing of the responsibility against the persons concerned for the said lapses after a detailed inquiry at PAO.

Pakistan Electronic Media Regulatory Authority (PEMRA)

12.5.6 Non-recovery of outstanding dues from the licensee of Direct-To-Home Distribution Service- Rs 1,103.397 million

Clause 7 of the terms and Conditions for the Direct-To- Home (DTH) licence provides fee structure payable by the licensee. As per this clause, the licensee shall pay a fixed annual fee of Rs 10 million to the Authority. A late payment fee @5% per month, up to a maximum of 15%, for the late payment of annual fee shall be payable.

The management held bidding for award of three DTH licences in Nov,2016. M/s Shahzad Sky Pvt (ltd) Islamabad, one of the successful bidders with a bid price of Rs. 4,898,000,000, was issued DTH licence on 11.02.2019 and remaining licene fee was Rs. 2,449,000,000.

Audit observed that the licensee i.e. M/s Shahzad Sky Pvt (ltd) Islamabad did not deposit outstanding dues worth Rs. 1,103,397,487 as on 30.06.2021, into Authority's Account as detailed below:

Sr.No	Description	Amount Rs
01	Annual fee payable on or before 10.02.2020	10,000,000
02	Annual fee payable on or before 10.02.2021	10,000,000
03	Late payment fee/surcharge on annual fee for the year 2020	1,500,000
04	Late payment fee/surcharge on annual fee for the year 2021	1,500,000
05	1/10 th of ALF(First installment for the year 2020)	244,900,000
06	1/10 th of ALF(First installment for the year 2021)	244,900,000
07	KIBOR from 12.02.2019 to 30.06.2021 as calculated in Annexure-I	590,597,487

Audit is of the view that non-realization of outstanding dues from the licensee was very serious lapse on the part of local management which deprived the Authority/Government of Pakistan from its due receipt of Rs. 1,103.397 million in due course of time.

The management replied that the licensee tried to justify the delay of the operation of Direct-To-Home Distribution Services due to COVID 19. M/s Shehzad Sky (Pvt) ltd was given extension of one year for starting the said services, despite the extension given the Firm failed to start the Services. Therefore, it was decided by the Authority that company shall be directed to clear outstanding dues immediately/ without any further delay.

The reply was not accepted as no action for delaying the commencement of services has so far been taken against the company by the Authority.

The management was requested to hold DAC meeting vide letter dated 15.12.2022 but DAC was not convened till finalization of the report.

Audit recommends to fix the responsibility for non-operation of DTH Services.

12.5.7 Non-Collection of outstanding license Fees - Rs. 46.747 million

Section 29-A of the Pakistan Electronic Media Regulatory Authority (Amendment) Act, 2007 states that “all dues including outstanding license fee, annual renewal fee or any other charges including fine as imposed by the Authority shall be recoverable as arrears of land revenue.”

The management of PEMRA issued licenses under various heads during the financial year 2020-21.

Audit observed that PEMRA did not recover outstanding dues worth Rs. 46,746,806 in violation of Section 29-A of the Pakistan Electronic Media Regulatory Authority (Amendment) ACT, 2007 detail of which is as under.

Sr.No	Heads	Amount Rs.
1	Cable TV	14,280,306
2	Satellite TV	15,962,500
3	FM Radio	7740000
4	LRP	8,464,000
Total		46,746,806

Audit is of the view that non-recovery/collection of outstanding fees is a violation of Section 29-A of the Pakistan Electronic Media Regulatory Authority (Amendment) ACT, 2007 which deprived the Government of its due receipts of Rs. 46.747 in time.

The management replied that PEMRA is vigorously pursuing the recovery and the remaining amount i.e. Rs. 43,571,424/- will be recovered soon. It is an ongoing process. As soon the amount is recovered, the same shall be got verified from the Audit.

The reply indicates that the management has accepted the audit observation.

The management was requested to hold DAC meeting vide letter dated 15.12.2022 but DAC was not convened till finalization of the report.

Audit recommends to expedite recovery of remaining outstanding dues.

CHAPTER 13

MINISTRY OF INTER PROVINCIAL COORDINATION

13.1 Introduction

As per Schedule II [Rule 3 (3)] Distribution of Business among the Divisions read with Schedule III [rule-4(4)] Rules of Business 1973 (As amended up to 23rd April, 2019) following main business have been assigned to the Division amongst the other functions.

1. General coordination between the Federal Government and the Provinces in the economic, cultural and administrative fields.
2. Promoting uniformity of approach in formulation of policy and implementation among the Provinces and the Federal Government in all fields of common concern.
3. Discussions of policy issues emanating from the Provinces which have administrative or economic implications for the country as a whole.
4. All Secretarial work for Council of Common Interests and their committees.
5. Any other matter referred to the Division by a Province or any of the Ministry or Division of the Federal Government.
6. Malam Jabba Resort Ltd.
7. Pakistan Veterinary Medical Council Islamabad.
8. Inter Board Committee of Chairmen, Islamabad.
9. Medical, nursing, dental, pharmaceutical, para-medical and allied subjects; -
 - i. education abroad; and
 - ii. Educational facilities for backward areas and for foreign nationals, except the nomination of candidates from Federally Administered Tribal Areas for admission to Medical College.
10. Legislation covering all aspects of sports affairs and matters ancillary thereto.
11. Administrative control of Board established for the promotion and development of sports under the Sports (Development and Control) Ordinance, 1962.
12. Pakistan Sports Board (PSB).
13. Pakistan Cricket Board (PCB).
14. Dealing and agreements with other countries and international organizations in matters relating to Youth Exchange Programs (External).

15. National Internship Program.
16. National Volunteer Movement.
17. Paralympics.
18. Gun and Country Club.
19. Federal Land Commission.
20. International Organizations and agreements relating to tourism.

ATTACHED DEPARTMENTS/ AUTONOMOUS BODIES

- i. Department of Tourist Services in Islamabad.
- ii. Pakistan Cricket Board
- iii. Pakistan Sports Board.
- iv. Guns & Country Club
- v. Pakistan Veterinary Medical Council, Islamabad.

Sr. No.	Description	Total No.	Audited	Expenditure Audited (FY-2021-22) Rs. in million	Revenue / Receipt Audited (FY 2021-22) Rs. in million
1	Formations	25	7	16,361.579	18,245.129
2	Assignment Accounts (Excluding FAP)	-	-	-	-
3	Authorities / Autonomous Bodies etc. under the PAO	-	-	-	-
4	Foreign Aided Project (FAP)	-	-	-	-

13.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Inter Provincial Coordination Division for the financial year 2021-22 was Rs.2,342.24 million, out of which the Division expended an amount of Rs.2,256.78 million. Grant-wise detail of current and development expenditure is as under:

(Rs. In million)

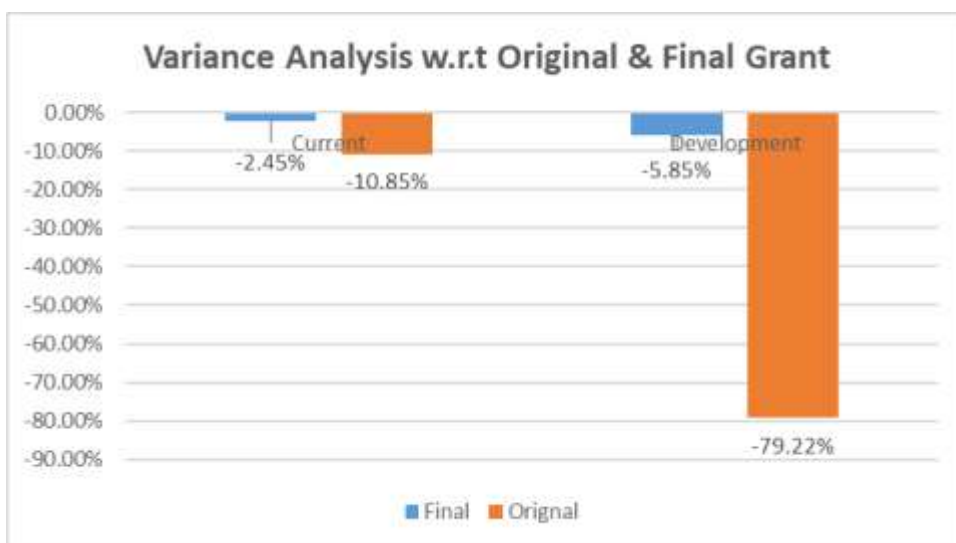
Grant No	Type of Grant	Original Grant	Suppl Grant	Surrender (-)	Final Grant	Actual Expenditure	Excess/ (Saving)	% age Excess/ (Saving)
61	Current	1,661.00	.00	-142.87	1,518.13	1,480.86	-37.27	-2.45%
109	Development	3,734.74	.00	-2,910.63	824.11	775.92	-48.19	-5.85%
Total		5,395.74	.00	-3,053.50	2,342.24	2,256.78	-85.46	-3.65%

Audit noted that there was an overall savings of Rs.85.46 million, which was mainly due to saving in both grants.

Supplementary Grants obtained without careful cash forecasting

According to Para 71 of General Financial Rules (Volume I), while framing budget estimates, the authorities should exercise utmost foresight. Rules of good governance demand that budget processes are carried out in accordance with clearly defined expectations and assumptions and a coordinated calendar of activity.

As shown in the chart below, bifurcating total allocation into current, development and charge expenditure, it was observed that, in case of development grant, there was 79.22% of saving w.r.t original grant which was finally reduced to 5.85% w.r.t final grant and in case of current grant 10.85% saving was finally reduced to 2.45%.



13.3 Classified Summary of Audit Observations

Audit observations, amounting to Rs. 7,817.573 million, were raised in this report during the current audit of **Ministry Of Inter Provincial Coordination**. Summary of the audit observations classified by nature is as under:

(Rupees in million)

S. No	Classification	Amount
1	Non-production of record	
2	Reported cases of fraud, embezzlement and Misappropriation	
3	Irregularities	
A	Civil Works	53.744
B	Procurement related irregularities	1392.136
C	Management of account with commercial banks	3316.532
D	Recovery	1421.583
E	Internal Control	1,633.573
4	Value for money and service delivery	
5	Others	

13.4 Status of compliance with PAC Directives

Audit Year	Total No. of Audit Paras	No. of Actionable Points Issued	Compliance	Non/Partial Compliance	% of Compliance
2010-11	7	7	1	6	14
2011-12	5	5	0	5	-
2012-13	11	0	0	11	-
2013-14	11	2	1	10	50
2015-16	6	6	5	1	83
2016-17	29	0	0	29	-
2017-18	5	0	0	5	-
2018-19	29	0	0	29	-
2019-20	13	0	0	13	-
2020-21	57	0	0	57	-
2021-22	10	0	0	10	-
Total	183	20	7	176	

13.5 AUDIT PARAS

Pakistan Hockey Federation (PHF)

13.5.1 Non-deposit of Income Tax into Government Treasury-Rs. 4.834 million

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

Pakistan Hockey Federation, Lahore collected/deducted income tax amounting to Rs. 4,834,841 during the financial years 2020-2022 as detailed in Annexure.

Audit observed that management did not deposit the income tax of Rs. 4,834,841 into Government Treasury so far.

Audit is of the view that non-depositing the tax amount deprived the Government of its due share.

The management did not reply.

Audit recommends that responsibility may be fixed on the persons at fault besides depositing of tax amount in to FBR.

13.5.2 Irregular cash withdrawal against different supplies and others - Rs. 124.936 million

Para-19 of the Financial Rules of PHF states that all payments including service charges, purchases, major repair, maintenance and renovation work of PHF Offices, advance payments, other than petty cash expenditure are to be made through crossed cheques in favor of the payee(except where cash is mandatory or approved by the authority).

Pakistan Hockey Federation made payments of Rs. 124,936,365 in cash to different suppliers and to the camp managers during the financial year 2020-22. Details are as under:

S/No	Year	HBL, Lahore A/c No. 0926-00257559-03	HBL,Karachi A/c No.0043-0010-6675-03
1.	2020-21	76,153,073	10,744,143
2.	2021-22		38,039,149
Total		76,153,073	48,783,292

Audit observed that cash payments to the third party were made in violation of the rules without justification.

Audit is of the view that cash payment to the third party was a serious violation on the part of the management of PHF.

The management did not reply.

Audit recommends that responsibility may be fixed on the persons at fault besides taking corrective measures.

Pakistan Cricket Board

13.5.3 Irregular renewal of percentage share of franchisees for Central Pool of Income, loss to PCB - Rs 1,637.977 million

Clause 3.1 of the agreement between franchisees and PCB states that the Agreement shall come into effect upon signature and shall continue till December 2025, unless terminated earlier in accordance with the terms hereof (the "Term"). Subject to the Franchisee complying with its obligations under this Agreement during the Term, the Franchisee shall have the option to renew this Agreement for a term of ten (10) years on the following terms and conditions:

(i) The Franchisee shall pay a Renewal Franchise Fee to be calculated as follows:

The fair market value of the Franchise for future ten (10) Tournaments prevailing around the time of expiry of the Franchise Agreement (the "Fair Market Value") shall be calculated by an expert valuer selected and instructed by the PSL Governing Council. The expert valuer shall be one of the renowned accountancy firms, having international affiliation, and the Fair Market Value of the Franchise determined by the said expert valuer shall be final and cannot be challenged by the Franchisee. The Fair Market Value shall then be compared with the Franchisee Fee for the first term of the Franchise Agreement (the "Original Franchise Fee") and the Renewal Franchise Fee shall be determined as follows:

(a) if the Original Franchise Fee is greater than the Fair Market Value, the Renewal Franchise Fee shall be an amount which is 25% greater than the Original Franchise Fee;

(b) if the Fair Market Value is greater than the Original Franchise Fee, the Renewal Franchise Fee shall be amount equal to the aggregate of (i) the Original Franchise Fee; and (ii) 25% of the Fair Market Value.

(ii) For any renewed term, the share of the Franchisee in the revenue streams of the Central Pool Income shall be revised by the PSL Governing Council by such amount as it deems appropriate in the circumstances.

PCB offered various incentives by itself to six (06) PSL Franchises on 28 September 2021 which was accepted by them on 11.10.2021. As part of this arrangement and in order to support the Franchises, the distribution percentages from central pool revenue for PSL 5 (both 30 matches played last year, and 4 matches played during the current year) and PSL 6 have been revised to 98:02 in favor of the Franchises.

Audit observed that:

- i. Revision in the profit share of (Franchisee, PCB) from 80:20 for media rights, 40:60 ratio for Sponsorship Rights and 90:10 for Gate Receipt to a ratio of 98:02 resulted less revenue of Rs 810 million to the PCB of PSL 5.
- ii. Loss of revenue of Rs 827 million to the franchises for PSL 6 i.e. up to 30.06.2022.
- iii. Due to upward revision of Central Pool Revenue in favor of franchises for PSL 7-20, PCB will bear an estimated loss of Rs 10,751 million (Rs 827*13) up to PSL 20

Audit is of the view that revision of the profit ratio before and after the maturity of contract period was unauthorized.

Audit recommends inquiring the matter for fixing responsibility besides following the terms and conditions of the agreement already executed.

13.5.4 Unauthorized absorption of incremental costs resulting loss to PCB- Rs 723.175 million

Clause 6.2 of the Agreement between PCB and Franchisees states that income from media arrangement, Income from PSL Sponsorship Rights and Gate Receipts according to the agreed percentage after excluding, all applicable taxes, allied productions costs, licensing fees and after deducting associated costs and expenses.

PCB absorbed incremental costs related to travel and accommodation, foreign players match fee and daily allowance aggregating to Rs 178 million and the additional production cost of USD 2.423 million (equivalent to Rs 545.175 million at exchange rate of Rs 225) for the remaining 20 matches of PSL 6 played in UAE.

Audit observed that as per agreement these charges were to be charged to the franchises, but these charges were booked to PCB.

Audit is of the view that absorption of incremental costs, incurred on holding PSL, by PCB was unauthorized and favor to the franchises.

Audit recommends inquiring the matter for fixing responsibility besides following the terms and conditions of the agreement already executed.

13.5.5 Loss due to suspension of construction work at National Cricket Academy- Rs 53.744 million

PCB incurred an expenditure of Rs 53,743,689 on account of construction work of the biomechanical laboratory located at National Cricket Academy, Gaddafi Stadium Lahore.

According to the Financial Statement of PCB 2020-21, independent professional valuer calculated an impairment of Rs 5,131,094 as the laboratory is not operational. It was also observed that the PCB incurred the expenditure without having a lease agreement with the concerned government department. It was requested that the management to provide complete record of the construction and

equipment purchased for the laboratory and reason of delay in operationalization of the laboratory but the same was not provided.

Audit is of the view that expenditure without any utilization was negligence on the part of the management and loss to PCB.

Audit recommends inquiring the matter to fix the responsibility.

13.5.6 Loss due to injudicious short-term investment- Rs 23.532 million

Clause 3.5 of the Pakistan Cricket Board, Policy on Financial Investments states that the CFO shall responsible for keeping abreast with existing market situation and foreseeable trends and shall apprise the Managing Director in this regard regularly.

PCB invited interest rate for investing Rs 758,745,086 which was to be matured on 30.09.2021 from various commercial banks. National Bank of Pakistan, Habib Metropolitan Bank Limited and Al-Braka Bank (Pak) Limited offered their 3 months, 6 months and 1 year interest rates.

M/s Al-Braka Bank (Pak) Limited offered 7.30% for 3 months TDR which was highest. M/s Habib Metropolitan Bank Limited offered only 8.35% for one year TDR. The management decided to roll over Rs 758,745,086 in M/s Habib Metropolitan Bank Limited for one year.

Audit observed that decision of taking the investment for one year despite the fact that interest rate offered by various commercial banks was at the lowest and commercial banks were cautious in offering rates. By investing this amount for one year make a loss of Rs 23.532 million to PCB.

Return on investment if it was made for 3 months					
Principal Amount (Rs)	Rate of interest %	Interest Amount	Accumulated Amount (RS)	from	to
758,745,086	7.30	13847098	772,592,184	08-10-21	08-01-22
772,592,184	10.70	20666841	793,259,025	08-01-22	08-04-22
793,259,025	10.70	21219679	814,478,704	08-04-22	08-07-22
814,478,704	15.30	31153810	845,632,514	08-07-22	08-10-22
Return on investment made for one year					
758,745,086	0.0835	63355215	822,100,301	08-10-21	08-10-22
Difference			23,532,213		

Date	Name of Bank	Interest rate
08-10-21	M/s Al-Baraka Bank	7.30%
26-01-22	M/s Al-Baraka Bank	10.70%
08-04-22	M/s Habib Metropolitan Bank Limited	10.70%
08-06-22	M/s Habib Metropolitan Bank Limited	15.30%

Audit is of the view that in a situation when interest rates was at the lowest, investment of huge money for one year was injudicious and sustained a loss of Rs 21.600 million.

Audit recommends inquiring into the matter to fix responsibility of losses.

13.5.7 Non-recovery from Ex-Chairman PCB- Rs 6.904 million

PCB granted advances on account of TA/DA and for other advances of Rs 26,294,663 to Ex-Chairman, PCB during the year 2018-19.

Audit observed that an amount of Rs 17,671,011 was adjusted against the advances up to 06.11.2018 and an amount of Rs 6,903,744 was outstanding against Ex-Chairman PCB as on 30.06.2022.

Audit is of the view that non-recovery of unspent balances from the Ex-Chairman was undue favor at the cost of PCB fund.

Audit recommends recovering the amount and depositing into PCB account.

13.5.8 Non-recovery of Global Live Streaming - Rs 194.741 million

Clause 9.1 of the Agreement dated 11.02.2019 between Pakistan Cricket Board and M/s Techfront International FZE states that in consideration of the grant of the Right, the Licensee shall pay the Rights Fee to PCB, the Rights Fee in respect of the PSL Tournaments the first payment of US \$ 1,500,000 was to be made to PCB on 30.06.2019 and last payment was to be made no later than 60 days after the scheduled day of the last Match 2021 PSL Tournament.

Clause 9.11 of the Agreement dated 11.02.2019 between Pakistan Cricket Board and M/s Techfront International FZE states that any payments due to PCB

by the Licensee under this Agreement (other than the US \$ 1.8 million payment mentioned in Clause 9.1 (a) which are not made on the due date shall be subject to interest at the rate of LIBOR plus five percent per annum in case of US Dollar payments KIBOR plus three percent per annum in case of Pakistan /rupee payments, payable quarterly (and, if not paid, compounded) on the last day of each Interest Period. The PCB may allow a fifteen (15) day period from the due date where no interest will be charged for genuine reasons at the complete discretion of PCB.

Pakistan Cricket Board awarded the contract of Live Streaming Media Rights (Pakistan and all other regions included) for Pakistan Super League (PSL) 2019 to 2021 to M/s Techfront at Rs USD 4,000,000.

Audit observed from the ledger of the M/s Techfront International FZE that an amount of Rs 194,740,895 was still outstanding as of 30.06.2022. Audit also observed that penalty for late payment was also not imposed on the firm. No transaction was recorded in the ledger since 31.03.2020. It is also pertinent to mention here that the bidding participants are bound to submit an affidavit that the bidder is not a defaulter to PCB but audit observed that the firm participated in bidding of various rights at latter stages.

Audit is of the view non-recovery of the outstanding dues of PCB from the firm is violation of the agreement and undue favor to the firm.

Audit recommends recovering the outstanding amount and depositing it into PCB account.

13.5.9 Non-recovery of Global TV Broadcast fee - Rs 1,092.198 million

Clause 9.1 of the Agreement dated 11.02.2019 between Pakistan Cricket Board and M/s Blitz Advertising (Pvt) Limited states that in consideration of the grant of the Right, the Licensee shall pay the Rights Fee to PCB, the Rights Fee in respect of the PSL Tournaments the first payment of US \$ 9,166,667 was to be made to PCB no later than 30.06.2019 and last payment was to be made no later than 60 days after the scheduled day of the last Match 2021 PSL Tournament.

Clause 9.11 of the Agreement dated 11.02.2019 between Pakistan Cricket Board and M/s Blitz Advertising (Pvt) Limited states that any payments due to PCB by the Licensee under this Agreement (other than the US \$ 1.8 million payment mentioned in Clause 9.1 (a) which are not made on the due date shall be subject to interest at the rate of LIBOR plus five percent per annum in case of US Dollar payments KIBOR plus three percent per annum in case of Pakistan /rupee payments, payable quarterly (and, if not paid, compounded) on the last day of each Interest Period. The PCB may allow a fifteen (15) day period from the due date where no interest will be charged for genuine reasons at the complete discretion of PCB

Pakistan Cricket Board awarded the contract of Live Streaming Media Rights (Pakistan and all other regions included) for Pakistan Super League (PSL) 2019 to 2021 to M/s Blitz Advertising (Pvt) Limited at Rs USD 32,000,000.

Audit observed from the ledger of the M/s Blitz Advertising (Pvt) Limited that an amount of Rs 1,092,198,115 was still outstanding as of 30.06.2022. No transaction was recorded in the ledger since 27.08.2021. Audit also observed that penalty for late payment was also not imposed on the firm.

Audit is of the view non-recovery of the outstanding dues of PCB from the firm is violation of the agreement and undue favor to the firm.

Audit recommends recovering the outstanding amount and depositing it into PCB account.

13.5.10 Non-payment of Hospitality Box income- Rs 34.421 million

PCB earned an amount of Rs 37,993,400 on account of the sale of Hospitality Boxes, (individual rooms, enclosures and/or areas within Cricket Stadium of Karachi, Lahore, Multan, and Rawalpindi Cricket Stadiums) for PSL 2020.

Audit observed that an amount of Rs 34.421 million was outstanding on account of Hospitality Boxes for PSL 2020. Audit requested the management to provide the agreement for collection of the income and other terms and conditions of sale of Hospitality Boxes but the same was not provided.

Audit is of the view that non-recovery of the income for the Hospitality Boxes from the concerned is negligence on the part of the management.

Audit recommends recovering the amount along with interest and depositing it into PCB account.

13.5.11 Unauthorized encroachment in the leased area of National Stadium Karachi

As per lease agreement dated 06.12.1980 between PCB and President of Pakistan through Executive Engineer, Karachi Division No 3 Pak PWD Karachi leased the Lessee the piece of land measuring 104.50 acres situated at Naclas No 177, Deh Okiwari Karachi for 99 years with effect from 27.03.1980.

According to the lease agreement, the Lessee (PCB) shall utilize the land and premises apartments already existing there for the purposes of Sports activities. The Lessee shall utilize 40 acres of land out of 104.5 acres for the purposes of Clubs, Shops, Residential plots, multistorey buildings or building for residential and or commercial purposes.

Audit observed that no income from the apartments, Clubs, Shops, Residential plots, multistorey buildings was noticed in the income statement from the National Stadium Karachi. Audit further observed that out of 104.5 acres 44.7 acres are in possession of PCB while 58.8 acres have been encroached by various authorities. The subject encroachment was not mentioned in the lease agreement.

Audit is of the view that it was the responsibility of the PCB to keep the area free from any encroachment and earn income from this area but due to negligence of the management a huge loss of revenue was suffered.

Audit recommends inquiring the matter for finding the facts.

13.5.12 Irregular award of FM Radio Broadcasting, non-recovery of outstanding dues- Rs 14.274 million

Clause 8.9 of the agreement between PCB and M/s Shamal Media Services (Private) Limited, DHA, Karachi states that any payment due to PCB by the Rights

Holder under this Agreement which are not made on the due date shall be subject to interest at the rate of KIBOR plus five percent per annum in case the Right Holder is a Pakistani entity, payable quarterly (and, if not paid, compounded) on the last day of each Interest Period.

PCB awarded FM Radio broadcasting rights for different one day and T 20 international and domestic series during the year 2019-22 to M/s Shamal Media Services (Private) Limited, DHA, Karachi.

Audit observed that all these agreements were executed with M/s Shamal Media Services (Private) Limited, DHA, Karachi by stating that no bid was received against the advertisement and without further making advertisement the management made negotiation with the mentioned firm only. Audit further observed that an amount of Rs 14,273, 884 was still outstanding as on 30.06.2022.

Audit is of the view that award of Rights without only one firm despite non-payment of previous due was unauthorized.

Audit recommends inquiring the matter to find the fact and recovery of the outstanding amount along with late payment surcharges as per agreement.

13.5.13 Non-authorization of one of the joint bidder to incur obligation and liabilities and to exercise all Rights of TV Broadcast Rights for PSL 7-8 - Rs 4,350.787 million

Clause 3.4 (iv) of the RFP for Media Rights for PSL 7 & 8 states that if more than one person wishes to submit a Bid or to submit a Bid as a member of a consortium (whether as partner, joint ventures or through another entity), one of the Joint Bidders shall be exclusively and validly authorized by the other or others on behalf of the Joint Bidders to incur obligations and liabilities and to exercise all Rights and to receive communications on behalf of any or all the Joint bidders in connection with the Bid process and to execute the Television Broadcast Media Rights Agreement on their behalf.

As per definition, licensee has the meaning set out in Schedule 4.

PCB awarded the TV Broadcast Rights for PSL 2022 and 2023 for Pakistan Region only to ARY Communications & Pakistan Television Corporation (PTVC) (as joint bidder) based on highest valued on Rights and an agreement was signed on 09.01.2022.

Audit observed as under:

- i. The agreement was jointly signed by ARY Communications & PTVC, Schedule 5 which is particular of the licensee was not filled.
- ii. One of the Joint Bidder was not authorized by the other to incur obligations and liabilities and to exercise all Rights and to receive communications on behalf of any or all the Joint bidders in connection to execute the Television Broadcast Media Rights Agreement on their behalf.
- iii. Schedule 4 of the agreement was also blank.
- iv. A copy of the advertisement of the tender published in two daily newspaper was not provided.

Audit is of the view that in absence of one authorized to incur obligations and liabilities is violation of the RFP further in case of default of any obligations PCB would not be able to prosecute.

Audit recommends inquiring the matter for finding facts.

13.5.14 Non-recovery of outstanding dues from M/s Khaleef Technologies Incorporated- Rs 133.281 million

Clause 8.1 of the Agreement between PCB and M/s Khaleef Technologies Incorporated states that in consideration of the PCB granting the Rights for all Matches in the PSL Tournaments, the Rights Holder shall pay to the PCB a total sum of US \$ 1,011,112.

Audit observed that according to Clause 8.1 (vi) of the Agreement the last payment was to be received from the Right Holder was not later than 72 hours before the scheduled last day of the last Match of the 2021 PSL Tournament but an amount of Rs 133,281,092 was outstanding against the right holder as on 30.06.2020.

Audit is of the view that non-obtain of bank guarantee to secure the recovery the dues as per agreement was negligence and undue favor to the right holder.

Audit recommends to inquire the matter for fixing responsibility besides recovering the amount along with interest as per agreement from the firm immediately.

Pakistan Super League-5

13.5.15 PSL revenue put at risk due to non-receipt of bank security from franchises - Rs. 3,293 million

Clause 8.6 of franchise agreement states that the franchise fee payable to PCB by the franchisee and other obligations of the franchisee under this agreement shall be secured by a bank security in all material respects on terms and in the form set out in schedule VII.

Management of PCB granted franchise rights of PSL teams to various for PSL-V firms. Detail of franchise fee and other expenses recoverable from the franchise owners is given below.

S. No	Name of Franchise	F.F	Other Expenses	Total
1	Leom Global (Islamabad United)	207,900,000	187,742,478	395,642,478
2	JW International (Peshawar Zalmi)	221,760,000	158,265,825	380,025,825
3	Qatar Lubricants (Lahore Qalandars)	347,886,000	0	347,886,000
4	Omer Associates (Quetta Gladiators)	152,460,000	171,281,348	323,741,348
5	ARY Digital (Karachi Kings)	360,360,000	250,310,215	610,670,215
6	Sixth Team (Multan Sultan)	880,110,000	355,164,940	1,235,274,940
Total		2,170,476,000	1,122,764,806	3,293,240,806

Audit observed that PCB management did not obtain bank security from franchise firms to cover the risk of non-payment of PCB dues.

Audit is of the view that action of management was violation of franchise agreement as well as PCB revenue worth Rs.3.293 million was put at stake.

The department did not reply.

The DAC in its meeting held on 06.12.2022 decided that since the violation of PCB's own contract has been established, the para stands. DAC recommended to hold an inquiry at the level of the Ministry to investigate the loss and fix responsibility.

Audit recommends that a comprehensive fact finding inquiry be conducted on the non-compliance of Franchisee agreement and responsibility be fixed on the persons responsible to oblige the franchisee firms.

13.5.16 Irregular advance payment to vendors – Rs. 908.94 million

Paragraph 32 (3 & 4) Part V of the PCB's Constitution state that "The Board shall follow applicable financial, procurement and other Regulations with due care and diligence".

During audit of PSL-V, it was observed that management of PSL made advance payment of Rs.908.94 million to different vendors on account of provision of services due to non-framing of financial rules. Detail is given as under:

Vendor Name	Purpose	Advance amount Rs.	Voucher #	Voucher date
Ottewill Silversmiths & Jewellers Ltd	PSL Trophy	6,274,120	232	16-Dec-19
Muhammad Arif Lohar (Lahore Group)(35201-7483441-5)	PSL Anthum Production	1,351,351	485	30-Dec-19
Haroon Rashid (42301-8964173-5)(Ind)	PSL Anthum Production	1,689,189	485	30-Dec-19
Social Circus (2491772-9)(AOP)	PSL Anthum Production	5,405,406	485	30-Dec-19
Asim Azhar (Elixir)(4401-5886016-9)(Ind)	PSL Anthum Production	2,027,027	485	30-Dec-19
Gali Films (61101-4086774-7)(Ind)	PSL Anthum Production	7,540,000	485	30-Dec-19
Giraffe (Pvt) Ltd (7871876-8)(Company)	PSL Anthum Production	5,566,885	485	30-Dec-19
Eastern Star International	Security Consultancy	27,963,000	489	31-Dec-19
Zing International pty Ltd.	Zing Stumps	10,325,007	283	21-Jan-20
EVENT PRO (PRIVATE) LIMITED (7379122-4)(Comp)	Opening Ceremony	41,980,000	439	30-Jan-20
EVENT PRO (PRIVATE) LIMITED (7379122-4)(Comp)	Opening Ceremony	83,960,000	73	6-Feb-20
EVENT PRO (PRIVATE) LIMITED (7379122-4)(Comp)	Opening Ceremony	18,840,000	100	10-Feb-20
Sportzworkz Private Limited	TV Production Services	334,593,759	152	12-Feb-20

Pearl Continental Hotel, Lahore (0822910-4)(Company)	Accommodation & Catering	102,724,563	160	13-Feb-20
Blaze (Pvt.)Ltd. (3356717-4)(Company)	Marketing Campaign	29,053,288	218	17-Feb-20
Blaze (Pvt.)Ltd. (3356717-4)(Company)	Marketing Campaign	38,737,717	444	25-Feb-20
Muhammadan colors (35301-0110624-5)(Ind)	Parking Stickers & Accrediation Cards	3,557,200	486	28-Feb-20
4 Zee Traders (35202-1322142-5)(ind)	Security Equipment on Rental Basis	6,344,000	150	15-Mar-20
Sportzworkz Private Limited	TV Production Services	181,013,363	20	12-Apr-20
Total		908,945,875		

Audit observed as under:

- i. The advance payment was made without obtaining bank guarantee from the vendors.
- ii. PCB had not framed any financial rules due to which no uniform policy was adopted by the management with regard to advance payments.
- iii. PCB did not, provide any adjustment accounts of advance payments.

Audit is of the view that advance payment without rule provision, and without obtaining bank guarantee from the vendors was irregular and against the financial discipline.

The department did not reply.

DAC in its meeting held on 06.12.2022 pended the para and directed the PCB management to provide approval of Competent Authority for said advance payments to Audit for verification. PCB was also directed to provide the record relating to contract execution and work done to Audit for verification.

Audit recommends that practice of advance payment be stopped immediately and financial rules may be got approved to maintain financial discipline.

13.5.17 Non-Transparent award of contract for sale of Graphic Interface and Truck Branding rights - Rs. 61.83 million

Clause 3(3) of PCB Constitution SRO. 43(KE)/2014 dated 10th July, 2014 states that the Board shall operate in a transparent manner and ensure that all decisions are made on merit and in the best interest of Pakistan Cricket.

Sub Para 3(3) (x) further prescribes that objects, powers and functions of the board shall be to market, dispose of or deal with any rights owned by the board.

The Management of PCB entered into an agreement with M/S Khaleef and Transgroup FZE for the sale of Graphic Interchange Rights and Truck Branding Rights amounting to Rs. 46.70 million and Rs. 15.09 million respectively.

Audit observed as under:

- i. PCB did not produce any evidence of tendering for the sale of these rights.
- ii. No bidding documents were shared with audit and the record of bidding process was not available to audit for scrutiny.
- iii. Only a copy of agreements was provided for audit scrutiny.

Audit is of the view that the rights Graphic Interface and Truck Branding Rights sold without open competition is irregular and unauthorized.

The department did not reply.

DAC in its meeting held on 06.12.2022 directed to hold a Departmental Inquiry to fix responsibility.

Audit recommends that matter may be inquired and responsibility be fixed on the persons responsible.

13.5.18 Non-Transparent award of contract for sale of Live Streaming Rights - Rs. 181.30 million

Clause 3(3) of PCB Constitution SRO. 43(KE)/2014 dated 10th July, 2014 states that the Board shall operate in a transparent manner and ensure that all decisions are made on merit and in the best interest of Pakistan Cricket.

Sub Para 3(3) (x) further prescribes that objects, powers and functions of the board shall be to market, dispose of or deal with any rights owned by the board.

Management of PCB entered into an agreement with M/S Techfront and M/s Blitz for the sale of Local and Global Live Streaming rights amounting to Rs. 134.82 million and Rs. 46.47 million respectively.

Audit observed as under:

- i. PCB did not produce any evidence of tendering process for the sale of these rights.
- ii. No bidding document and reserve price was shared with audit.
- iii. No prove of comparative statements were shown to audit for the sale of live streaming rights.
- iv. Only agreement was provided to audit for scrutiny.
- v. Minutes of Bid Committee were not shared with the audit team.

Audit is of the view that sale of rights without open competition is irregular and unauthorized.

The department did not reply.

DAC in its meeting held on 06.12.2022 directed to hold a Departmental Inquiry to fix responsibility.

Audit recommends that matter may be inquired and responsibility be fixed on the persons responsible.

13.5.19 Non-Transparent award of contract for sale of Instadia Sponsorship Rights - Rs. 338.00 million

Clause 3(3) of PCB Constitution SRO. 43(KE)/2014 dated 10th July, 2014 states that the Board shall operate in a transparent manner and ensure that all decisions are made on merit and in the best interest of Pakistan Cricket.

Sub Para 3(3) (x) further prescribes that objects, powers and functions of the board shall be to market, dispose of or deal with any rights owned by the board.

Management of PCB entered into an agreement with M/S Transgroup FZE for the sale of Instadia Sponsorship rights (Gold, Silver, Umpire) amounting to Rs. 338.00 million.

Audit observed as under:

- i. PCB did not produce any evidence of tendering process for the sale of these rights
- ii. No bidding document and reserve price was shared with audit.
- iii. No prove of comparative statements were shown to audit for the sale of live streaming rights.
- iv. Only agreement was provided to audit for scrutiny.
- v. Minutes of Bid Committee were not shared with the audit team.

Audit is of the view that sale of rights without open competition was irregular and unauthorized.

The department did not reply.

DAC in its meeting held on 06.12.2022 directed to hold a Departmental Inquiry to fix responsibility.

Audit recommends that matter may be inquired and responsibility be fixed on the persons responsible.

13.5.20 Non-Transparent award of contract for sale of TV Broadcasting Rights - Rs. 1,448.83 million

Clause 3(3) of PCB Constitution SRO. 43(KE)/2014 dated 10th July, 2014 states that the Board shall operate in a transparent manner and ensure that all decisions are made on merit and in the best interest of Pakistan Cricket.

Sub Para 3(3) (x) further prescribes that objects, powers and functions of the board shall be to market, dispose of or deal with any rights owned by the board.

Management of PCB entered into an agreement with M/S Techfront and M/s Blitz for the sale of Global and Local TV Broadcasting right amounting to Rs. 212.95 million and Rs. 1,235.88 million respectively.

Audit observed as under:

- i. PCB did not produce any evidence of tendering process for the sale of these rights
- ii. No bidding document and reserve price was shared with audit.
- iii. No prove of comparative statements were shown to audit for the sale of live streaming rights.
- iv. Only agreement was provided to audit for scrutiny.
- v. Minutes of Bid Committee were not shared with the audit team.

Audit is of the view that sale of rights without open competition is irregular and unauthorized.

The department did not reply.

DAC in its meeting held on 06.12.2022 directed to hold a Departmental Inquiry to fix responsibility.

Audit recommends that matter may be inquired and responsibility be fixed on the persons responsible.

Pakistan Super League-6

13.5.21 Non-transparent award of contract for sale of Virtual Advertisement Rights and Truck Branding rights amounting to US\$ 0.584 million

Clause 3(3) of PCB Constitution SRO. 43(KE)/2014 dated 10th July, 2014 states that the Board shall operate in a transparent manner and ensure that all decisions are made on merit and in the best interest of Pakistan Cricket.

Sub Para 3(3) (x) further prescribes that objects, powers and functions of the board shall be to market, dispose of or deal with any rights owned by the board.

The Management of PCB entered into an agreement with M/s Transgroup FZE for the sale of Virtual Advertisement Rights and Truck Branding Rights amounting to US\$ 0.254 million and US\$ 0.330 million respectively.

Audit observed as under:

- i. The Management of PCB did not produce any evidence of press clipping/advertisement published in the newspaper.
- ii. No bidding documents and comparative statement duly approved by the tender committee were shared with audit and the original record of bidding process was not available to audit for scrutiny.
- iii. Only the copies of agreements were provided for audit scrutiny.
- iv. No insurance guarantee has been obtained from the right holder.

Audit is of the view that the rights of Virtual Advertisement and Truck Branding Rights sold without open competition is irregular and unauthorized. Due to lack of internal controls and poor administrative oversight, the procurement process is compromised.

No reply was received till finalization of report.

Audit recommends that matter may be inquired and responsibility be fixed on the person(s) responsible.

13.5.22 Unjustified provision for doubtful debts due to non-compliance of contract agreement - Rs. 147.490 million

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

GFR-10 states 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.

The management of PCB, Lahore charged an expenditure of Rs. 147.490 million as doubtful debts in the profit and loss statement of PSL-6 during the financial year 2020-21, the detail of defaulters companies are as under:-

Voucher Type	Voucher No	Voucher Date	Name defaulter Company	Amount Rs.
JV	538	30-Jun-2021	Blitz Advertising	147,490,495

Audit observed as under:

- i. The management of PCB did not collect its Accounts Receivable from Blitz Advertising against grossing up of tax.
- ii. Record regarding agreements with Blitz Advertising was not provided to audit, therefore, reasons of grossing up of tax for PSL has not been known to audit.
- iii. The management of PCB did not send the case to any court of Law for recovery suit.
- iv. No efforts were made to black list the defaulter company.

Audit is of the view that instead of making efforts for recovery, the amount of Rs. 147.490 million was charged to provision of doubtful debts.

No reply was received till finalization of report.

Audit recommends that recovery from defaulter company may be ensured and responsibility be fixed on the persons responsible for non-compliance of agreement.

13.5.23 Non-transparent award and partial production of record of contract for sale of Instadia Sponsorship Rights - US\$ 7.805 million

Clause 3(3) of PCB Constitution SRO. 43(KE)/2014 dated 10th July, 2014 states that the Board shall operate in a transparent manner and ensure that all decisions are made on merit and in the best interest of Pakistan Cricket.

Sub Para 3(3) (x) further prescribes that objects, powers and functions of the board shall be to market, dispose of or deal with any rights owned by the board.

Management of PCB entered into an agreement with M/S Transgroup FZE/ITW Consulting FZE for the sale of Instadia Sponsorship rights (Gold, Silver, Umpire) amounting to US\$ 7.805 million.

Audit observed as under:

- i. The management of PCB did not produce any evidence of tendering process for the sale of these rights.
- ii. No bidding document/RFP was shared with audit.
- iii. No proof of sealed bids received for the Technical & Financial proposals were available on record.
- iv. Valuation shared by M/s Lagardere, an independent sports valuation firm hired to assess the value of various PSL rights was not available on record.
- v. Original quotations regarding technical and financial proposals were not available on record.
- vi. Comparative statements of Technical and Financial proposals duly signed by the tender opening committee were not shown to audit.
- vii. Only agreement was provided to audit for scrutiny.
- viii. No insurance guarantee has been obtained from the right holder.

Audit is of the view that sale of Instadia sponsorship rights without open/transparent competition was irregular and unauthorized. Moreover, the management did not provide record in order to conceal irregularities.

No reply was received till finalization of report.

Audit recommends that matter may be inquired and responsibility be fixed on the persons responsible.

13.5.24 Non deduction of income tax on payment of prize money-Rs. 31.990 million

Clause 12 (2) (a) Income Tax Ordinance 2001 states that Salary means any amount received by an employee from any employment, whether of a revenue or capital nature, including: (a) any pay, wages or other remuneration provided to an employee, including leave pay, payment in lieu of leave, overtime payment, bonus, commission, fees, gratuity or work condition supplements (such as for unpleasant or dangerous working conditions)

Section 153 (1) (b) of the Income Tax Ordinance, 2000 states that “Every prescribed person making a payment in full or part including a payment by way of advance to a resident person or permanent establishment in Pakistan of a non-resident person for the rendering of or providing of services; on the execution of a contract, other than a contract for the supply of goods or the rendering of (Word "professional" omitted by Finance Act, 2003) or providing of services, shall, at the time of making the payment, deduct tax from the gross amount payable at the rate specified in Division III of Part III of the First Schedule.

The management of Pakistan Cricket Board, Lahore paid prize money of Rs. 213.024 million to the match Winners players etc during PSL-5 (4 matches) and PSL-VI as under:

Sr. No	Description	Amount Rs.	Income Tax recoverable @ 15% Rs.
1.	PSL-V 4 matches Prize Winners	106,457,639	15,968,645
2.	PSL-VI Prize Winners	106,815,385	16,022,307
Total Rs.		213,273,024	31,990,952

Audit observed that:

- i. The cash prize was granted to the match Winners players without framing any rules.
- ii. Income tax of Rs. 31.990 million was not deducted from the cash prize. The public exchequer was put to loss of Rs. 31.990 million on this account.
- iii. No rules regarding award of prize money was provided to audit.

Audit is of the view that Cash prize to match winners' players without deducting tax was irregular and unauthorized.

No reply was received till finalization of report.

Audit recommends that responsibility may be fixed against the persons and entire amount of income tax may be recovered and deposited into govt. treasury under intimation to Audit.

13.5.25 Gross negligence due to running PCB's business without framing financial rules

Para 32 (3) of Part-V of the Constitution of Pakistan Cricket Board states that the Board shall follow applicable financial, procurement and other Regulations with due care and diligence.

Para 32 (4) of Part-V of the Constitution of Pakistan Cricket Board states that while framing any such Regulations, the Board shall follow the international best practices and standards to ensure transparency and accountability.

During Audit of PSL-VI, it was observed that:

- i. PCB executed multi-million US Dollars contracts and had annual cash flows in billions of rupees. However, PCB had not framed any financial rules to diligently run its financial operations.
- ii. Non- framing of financial rules and carrying out business of PCB reflects gross negligence of the management and results in compromised procurements and wastage of money.

Audit is of the view that financial rules in any organization are a basic governing tool on all matter pertaining to financial management in any entity.

No reply was received till finalization of report.

Audit recommends that the comprehensive financial rules may be prepared in light of the constitution of PCB.

13.5.26 Non-Transparent award of contract for sale of Live Streaming Rights - US\$ 3.000 million

Clause 3(3) of PCB Constitution SRO. 43(KE)/2014 dated 10th July, 2014 states that the Board shall operate in a transparent manner and ensure that all decisions are made on merit and in the best interest of Pakistan Cricket.

Sub Para 3(3) (x) further prescribes that objects, powers and functions of the board shall be to market, dispose of or deal with any rights owned by the board.

Management of PCB entered into an agreement with M/s Blitz Advertising Pvt Ltd for the sale of Television Broadcast Rights and Live Streaming Rights amounting to US\$ 3.000 million.

Audit observed as under:

- i. The Management of PCB did not produce original documents/evidence of tendering process for the sale of these rights.
- ii. No bidding document and reserve price was shared with audit.
- iii. No proof of sealed bids received was available on record.
- iv. Original quotations regarding technical and financial proposals were not available on record.
- v. Comparative statements, Technical and Financial bids duly signed by the tender opening committee were not shown to audit.
- vi. Only copy of agreement was provided to audit for scrutiny.
- vii. No insurance guarantee has been obtained from the right holder.

Audit is of the view that the partial production of record of sale of rights creates questions on the transparency of procurement process.

No reply was received till finalization of report.

Audit recommends that matter may be inquired and responsibility be fixed on the persons responsible.

13.5.27 Irregular appointment of Manager Brand & Marketing in violation of Rules

Para 3(3) of the PCB's constitution circulated vide Ministry of IPC Notification SRO 201(KE)/ 2016 dated 5th November 2015 provides that the Board shall operate in a transparent manner and ensure that all decisions are made on merit and in the best interests of Pakistan Cricket.

Rule 9.1, of PCB Employees Service Rules 2007 provides that the guiding principles governing PCB recruitment policy would be as follows:

- i. Transparent and fair selection process.
- ii. Merit based selection.
- iii. Market based salaries.
- iv. Equal opportunities irrespective of race, gender, ethnicity, religious, belief or any other differentiating criteria and identification beyond human Central.
- v. Recruitment is seen as a key public relation exercise

Rule 9.2.2 of PCB Employees Service Rules 2007 provides that a contractual employee is defined as a person engaged by PCB for a specific task and for a specific period.

The term of employment and benefits admissible to the contractual employees would be governed by the terms of contract agreed between the employee and PCB at the signing of the contract. The contractual employee therefore would not be entitled to benefits otherwise admissible to regular employee.

Management of PCB appointed Ms. Natasha Noorani as Manager Brand & Marketing, PSL w.e.f. 03.11.2020 on contract basis for one year at monthly salary of Rs. 170,000/-.

Audit observed that:

- i. The appointment of the officer was made without advertising the post in the print media in order to provide equal opportunities to the public at large.
- ii. Management did not advertise the requisite selection criteria i.e. minimum educational qualification, experience & maximum age limit for the post.
- iii. There is no record regarding total number of applications received, shortlisted and called for interview.

Audit is of the view that appointment as Manager Brand & Marketing without fulfilling codal formalities was irregular and unauthorized and violation of PCB rules.

No reply was received till finalization of report.

Audit recommends that matter may be investigated to fix responsibility.

13.5.28 Irregular and non-transparent appointment of PSL Associates

Para 3(3) of the PCB's Constitution circulated vide Ministry of IPC Notification SRO 201(KE)/ 2016 dated 5th November 2015 provides that the Board shall operate in a transparent manner and ensure that all decisions are made on merit and in the best interests of Pakistan Cricket.

Rule 9.1, of PCB Employees Service Rules 2007 provides that the guiding principles governing PCB recruitment policy would be as follows:

- i. Transparent and fair selection process.
- ii. Merit based selection.
- iii. Market based salaries.
- iv. Equal opportunities irrespective of race, gender, ethnicity, religious, belief or any other differentiating criteria and identification beyond human Central.
- v. Recruitment is seen as a key public relation exercise

Rule 9.2.2 of PCB Employees Service Rules 2007 provides that a contractual employee is defined as a person engaged by PCB for a specific task and for a specific period.

The term of employment and benefits admissible to the contractual employees would be governed by the terms of contract agreed between the employee and PCB at the signing of the contract. The contractual employee therefore would not be entitled to benefits otherwise admissible to regular employee.

Management of PCB appointed Mr. Shoaib Khalid as PSL Associates w.e.f. 20.10.2020 on contract basis at lump sum monthly salary of Rs. 80,000/-. As per note sheet dated 08.10.2020 revealed that three members committee interviewed three candidates whereas assessment forms duly signed by the interview committee were not available on record.

Audit observed as under:

- i. The appointment of the officer was made without advertising the post in the print media in order to provide equal opportunities to the public at large.
- ii. Management did not frame the requisite selection criteria i.e. minimum educational qualification, experience & maximum age limit for the post.

Audit is of the view that appointment as PSL Associate without advertisement and fulfilling of codal formalities was irregular, unauthorized and violation of PCB rules and established principles.

No reply was received till finalization of report.

Audit recommends that matter may be investigated to fix responsibility.

CHAPTER 14

MINISTRY OF INTERIOR

14.1 Introduction

As per Schedule II [Rule 3 (3)] Distribution of Business among the Divisions read with Schedule III [rule-4(4)] Rules of Business 1973 (As amended up to 23rd April, 2019) following main business have been assigned to the Division amongst the other functions.

1. Internal security; matters relating to public security arising out of dealings and agreements with other countries and international organizations.
2. Preventive detention for reasons of State connected with defence, external affairs or the security of Pakistan or any part thereof; and for reasons, connected with the maintenance of public order or the maintenance of supplies and services essential to the community; persons subjected to such detention.
3. Nationality, citizenship and naturalization.
4. Admission of persons into, and expulsion of persons from Pakistan, including:
 - a) policy regarding entry, exit and sojourn of foreigners and aliens; and (b) regulation of movement in Pakistan of persons not domiciled in Pakistan.
5. Admission of persons into, and departure of persons from Pakistan.
6. Policy regarding censorship; prescription of books and publications in consultation with the Education Division, where necessary.
7. National Database and National Data Warehouse for issuance of National Identity Cards, Pakistan Origin Cards and Aliens Registration Cards.
8. Security measures for the Federal Secretariat and Subordinate Offices.
9. Pardons, reprieves, respites, remissions, commutation, etc. (excluding personnel belonging to the Armed Forces), issuance of warrant of execution of death sentence.
10. Police Commission and Police awards.
11. Policy coordination of, and higher training in Civil Defense and A.R.P. matters.

12. Pakistan Flag, Coat of Arms, monograms, seals etc.; Standard Time for Pakistan; public holidays; Gazette of Pakistan.
13. Warrant of Precedence; celebrations and ceremonial parades (other than those of Armed Forces); action to be taken on the death of high officials; civil uniform rules.
14. Coordination of policy matters relating to Police.
15. Coordination of anti-smuggling measures.
16. Matters relating to Federal Police Forces, their establishment etc.
17. Administrative Control of the Civil Armed Forces (i.e. Frontier Corps including Baluchistan Constabulary and Frontier Constabulary) Rangers and Coast Guards.
18. Arms Act jurisdictions to Federal areas.
19. Border incidents and disputes.
20. Permission to Government servants to visit India.
21. Political asylum, Genocide.
22. Surrender of criminals and accused persons to Government outside Pakistan.
23. Special studies of penal reforms in the context of national mores and requirements; coordination of reforms by the Provinces and provisions of facilities for professional and technical training of jail staff, at home and abroad; and dealing with such items pertaining to prisons, etc., as are embodied in the Federal and Provincial Subjects.
24. Protection and maintenance of non-Muslim shrines in Pakistan and pilgrimages from India.
25. Administrative Control of National Police Academy.
26. All Administrative matters relating to Federal Investigation Agency.
27. Investigation and prosecution of cases falling under the Schedule appended to the Federal Investigation Agency Act, 1974.
28. To act as National Central Bureau to keep liaison with the INTERPOL.
29. Anti-Corruption laws, except the National Accountability Ordinance, 1999
30. Advocate General (ICT), Metropolitan Corporation Islamabad, Capital Development Authority.
31. Management and distribution of zakat and Ushr in Islamabad.

ATTACHED DEPARTMENTS/ AUTONOMOUS BODIES

- i. Directorate General of Immigration and Passports.
- ii. Directorate General of Civil Defense.
- iii. Pakistan Rangers, Punjab.
- iv. Pakistan Coast Guards.
- v. Frontier Corps, Khyber Pakhtunkhwa.
- vi. Frontier Corps, Baluchistan.
- vii. Chief Commissioner, Islamabad Capital Territory.
- viii. Pakistan Rangers Sindh (South), Karachi.
- ix. Federal Investigation Agency.
- x. Frontier Constabulary, Khyber Pakhtunkhwa.
- xi. Gilgit Baltistan Scouts.
- xii. Central Jail Staff Training Institute.
- xiii. National Police Foundation.
- xiv. National Alien Registration Authority
- xv. National Database and Registration Authority
- xvi. National Police Academy
- xvii. National Counter Terrorism Authority
- xviii. Capital Development Authority

Sr. No.	Description	Total No.	Audited	Expenditure Audited (FY-2021-22) Rs. in million	Revenue / Receipt Audited (FY 2021-22) Rs. in million
1	Formations	243	54	167,398.160	12,910.134
2	Assignment Accounts (Excluding FAP)	3	3	352.471	
3	Authorities / Autonomous Bodies etc. under the PAO	2	2	1,682.633	693.129
4	Foreign Aided Project (FAP)				

14.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Interior Division for the financial year 2021-22 was Rs. 209,051.67 million, out of which the Division expended an amount of Rs. 201,312.77 million. The Division had 9 current grant and 1 development grant. Grant-wise detail of current and development expenditure is as under:

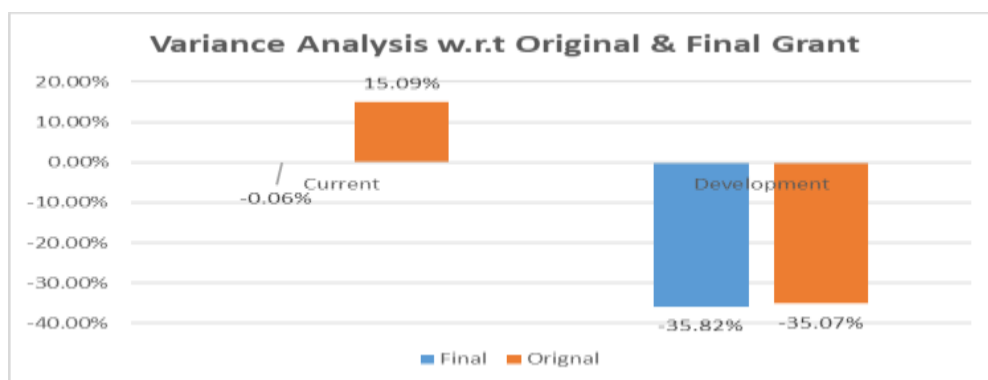
(Rs. In million)									
Grant No	Type of Grant	Heads	Original Grant	Suppl Grant	Surrender (-)	Final Grant	Actual Expenditure	Excess/ (Saving)	% age Excess/ (Saving)
57	Current	Interior Division	8,642.00	1,873.88	-473.79	10,042.09	9,869.85	-172.24	-1.72%
58	Current	Other Expenditure	6,147.00	1,775.47	-7.19	7,915.28	8,005.72	90.44	1.14%
59	Current	Islamabad Capital Territory (ICT)	11,430.00	2,376.72	.00	13,806.72	13,691.57	-115.15	-0.83%
60	Current	Combined Civil Armed Forces	136,827.00	19,657.99	-492.97	155,992.01	156,078.78	86.77	0.06%
	Current Total		163,046.00	25,684.06	-973.96	187,756.10	187,645.93	-110.17	-0.06%
108	Development	Development Expenditure of Interior Division	21,048.72	1,817.18	-1,570.33	21,295.56	13,666.84	-7,628.72	-35.82%
	Total		184,094.72	27,501.24	-2,544.28	209,051.67	201,312.77	-7,738.90	-3.70%

Audit noted that there was an overall saving of Rs.7,738.90 million, which was mainly due to saving in development grants.

Supplementary Grants obtained without careful cash forecasting

According to Para 71 of General Financial Rules (Volume I), while framing budget estimates, the authorities should exercise utmost foresight. Rules of good governance demand that budget processes are carried out in accordance with clearly defined expectations and assumptions and a coordinated calendar of activity.

As shown in the chart below, bifurcating total allocation into current, development and charge expenditure, it was observed that, in case of development grant, there was 35.07% saving w.r.t original grant which was finally increased to 35.82% w.r.t final grant and in case of current grant 15.09% excess was finally became 0.06% saving.



14.3 Classified Summary of Audit Observations

Audit observations, amounting to Rs. 46,444.906 million, were raised in this report during the current audit of **Ministry Of Interior**. Summary of the audit observations classified by nature is as under:

(Rupees in million)

S. No	Classification	Amount
1	Non-production of record	80.153
2	Reported cases of fraud, embezzlement and Misappropriation	
3	Irregularities	
A	Civil Works	315.073
B	Procurement related irregularities	2,611.614
C	Management of account with commercial banks	33,451.066
D	Recovery	1,788.051
E	Internal Control	8,198.949
4	Value for money and service delivery	
5	Others	

14.4 Status of compliance with PAC Directives

Audit Year	Total No. of Audit Paras	No. of Actionable Points Issued	Compliance	Non/Partial Compliance	% of Compliance
2010-11	9	9	3	6	33
2011-12	21	0	0	21	-
2012-13	46	0	0	46	-
2013-14	19	19	13	6	68
2014-15	38	0	0	38	-
2015-16	5	1	1	4	100
2016-17	46	46	15	31	33
2017-18	58	58	25	33	43

2018-19	48	16	9	39	56
2019-20	65	16	6	59	38
2020-21	65	0	0	65	-
2021-22	97	0	0	97	
Total	517	165	72	445	

14.5 AUDIT PARAS

Ministry of Interior

14.5.1 Non-obtaining audited adjustment accounts from to Civil Armed Forces - Rs.348.870 million

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

Ministry of Interior, Islamabad made advance payments of Rs.348.870 million on account of personnel cost / troop cost of Formal Police Unit Darfar, Sudan to Civil Armed Forces i.e. F.C, Rangers, G.B Scouts, Gilgit, Pakistan Coast Guards as under:

S. No.	Payee	Amount	Cheque No.	Dated
1	Benevolent Fund Frontier Corps KP-N	29,571,544	8858703	10-06-2022
2	FC(N) REGT TPS Provident Fund	30,127,299	8858704	10-06-2022
3	DG Pakistan Rangers Punjab LHR	12,097,832	8858705	10-06-2022
4	DG Pakistan Rangers, Sindh Karachi.	19,412,490	8858706	10-06-2022
5	Commandant FC KPK Peshawar	13,692,702	8858707	10-06-2022
6	PCG Center (TWT) ACCTT	2,632,290	8858708	10-06-2022
7	DG Northern Area	1,711,437	8858709	10-06-2022
8	KPK North Peshawar	49,120,846	8995211	30-06-2022
9	FC Balochistan (North) Quetta	106,214,997	8995212	30-06-2022
10	Pakistan Rangers Punjab LHR	46,299,146	8995213	30-06-2022
11	Pakistan Rangers, Sindh Karachi.	25,699,426	8995214	30-06-2022
12	Frontier Constabulary KP	90,82,677	8995215	30-06-2022
13	Pakistan Coast Guards Karachi.	32,07,381	8995216	30-06-2022
Total Rs.		348,870,067		

Audit observed as under:

- i. Instead of making payment to the concerned officers/officials through crossed cheques, lump sum amounts of Rs. 348.870 million were placed at the disposal of the Head of Civil Armed Forces in advance for making further disbursement to their employees who were posted in UN Mission.
- ii. The adjustment accounts of the advance payments of Rs.348.870 million were not obtained from the concerned CAF till July,2022.

Audit is of the view that issuance of crossed cheques in favour of Head of Civil Armed Forces and non-obtaining adjustment accounts is violation of rules.

The management replied that following payments with regard to troops cost and Contingent Owned Equipment (COE) were made to CAFs in order to clear their outstanding dues: -

Payment of troops on account of personnel troops cost.

S.#	Payees	Amount Released	Adjustment received	Remarks
i.	Benevolent Fund – Frontier Corps KP –N	29571544	0	Acquaintance rolls / adjustment accounts amounting to Rs.16,324,992/-is being submitted. However, remaining adjustment of Rs.92,920,602/- will be sent as and when received from concerned Headquarters. In this regard, a reminder was also issued.
ii.	FC (N) Regt Tps Provident Fund	30127299	0	
iii.	DG Pakistan Rangers Punjab Lhr	12097832	0	
iv.	DG Pakistan Rangers Sindh Karachi	19412490	0	
v.	Commandant FC KPK Peshawar	13692702	13692702	
vi.	PCG Centre (TW) Acct	2632290	2632290	
vii.	DG, Northern Area (GB Scouts)	1711437	0	
Total Rs.		109,245,594	16,324,992.00	

Expenditure incurred on purchase of COE

S.#	Payees	Amount released	Remarks
i.	KPK North Peshawar	49,120,846	CAFs were requested for provision of adjustment.
ii.	FC Balochistan (North), Quetta	106,214,997	
iii.	Pakistan Rangers Punjab, Lhr	46,299,146	
iv.	Pakistan Rangers Sindh,	25,699,426	
v.	Frontier Constabulary, KP	9,082,677	
vi.	Pakistan Coast Guards, Karachi	3,207,381	
Total Rs.		239,624,473.00	
G. Total Rs.		348,870,067.00	

2. The above arrangements for issuing cheques are being followed ever since the rotation of Formed Police Unit (FPU) and not being initiated from the current year as practically it is very cumbersome to issue cheque to each individual from Ministry of Interior / AGPR. Further, it is also evident that cheques were issued (on receipt of demands and invoices) in June, 2022. CAFs and their field officers are spread in the far all regions of the country along the borders. Hence, it would take further 2-3 month to receive the adjustment.

3. Before establishing missions, it is the responsibility of the Government of Pakistan to provide personnel along with COE. The COE is being arranged through Civil Armed Forces on loan basis, as no advance budgetary allocation is available. Later on, when mission is established, UN starts making reimbursement against personnel and COE. Further, every year serving Contingent Commander Formed Police Unit (FPU), before repatriation to Pakistan forwarded the list of the essential COE requirement for smooth operating of the next FPU in mission area to this Ministry. Accordingly, list of COE items distributed to CAFs HQs for purchase and requested them to submit the claims for payment, then the same is required to be recouped to CAFs headquarters.

The reply is not tenable. Out of Rs.348.870 million the adjustment accounts of Rs.16.324 million have been received which are un-audited. The audited adjustment accounts of remaining amount of Rs.332.546 million are still awaited as detailed in above table.

Audit recommends that audited adjustment accounts of entire amount may be obtained from Civil Armed Forces and produced to Audit.

14.5.2 Delay in deposit of arms license fee into Government Account and non- reconciliation with the NADRA thereof -Rs. 138.509 million

Rule 7(1) of FTR Volume-I states that all moneys received by or tendered to Government officers on account of the revenues of the Federal Government shall without undue delay be paid in full into a treasury and shall be included in the Federal Consolidated Fund of the Federal Government. Moneys received as aforesaid shall not be appropriated to meet departmental expenditure, nor otherwise kept apart from the Federal Consolidated Fund of the Federal Government. No department of the Government may require that any moneys received by it on account of the revenues of the Federal Government be kept out of the Federal Consolidated Fund of the Federal Government.

Ministry of Interior, Islamabad approved to issue Arm Licences during financial year 2021-22 and authorized NADRA to issue the licences to the applicants. The NADRA issued the following category of licences to the applicants and collected arm licence fee of Rs. 138,509,500 during financial year 2021-22.

Category of Arm Licence	Total Number
New	1724
Conversion	268
Renewal	27438
Duplicate	99
Modification	103
Inherent	57
G. Total	29,689

Audit observed as under:

- i. As per statement, NADRA did not deposit the receipt of Rs.138. 509 million in time and retained it in bank account for period ranging from 10 to 15 days in violation of the rules.
- ii. There is no mechanism to reconcile the actual number of licences approved by the Ministry, licences issued by the NADRA, receipt collected and deposited into Govt. Account during financial year 2021-22.

Audit is of the view that due to delay in deposit of fee into Government Treasury the Public Exchequer was deprived of its due receipt. Non-reconciliation of receipt with the NADRA may lead to concealment of receipt.

The Ministry replied as under:

- i. Fee collected by NADRA (from all counters and offices) against new issuance/revalidations of arm licenses from the applicant on behalf of MoI is received centrally in Islamabad through online cash management system of HBL. The amount received in bank is reconciled with the system generated repots on fortnightly basis. The reconciled amount is deposited with National Bank of Pakistan.

- ii. Duly stamped Form 32-A by the NBP is submitted to the Federal Treasury Office for verification. After verification, the Form 32-A along-with deposit slip and details of applicants is submitted to the MoI. Total amount collected by NADRA from the applicants on behalf of MoI during 2021-22 was Rs.138.509 million. Which was duly reconciled and deposited in the Federal Government exchequer.

The reply is not cogent as the Ministry did not reconcile the figures of licences approved by Ministry, arm licences issued by NADRA and fee deposited into Government Account. Noting was explained about late deposit of fee by NADRA.

Audit recommends to devise mechanism for deposit of arm licence fee by NADRA without any delay besides carrying out reconciliation of licence fee.

14.5.3 Delay in deposit of Government share of e-visa fee into Government account by NADRA-Rs. 2,698.886 million

Rule 7(1) of FTR Volume-I states that “all moneys received by or tendered to Government officers on account of the revenues of the Federal Government shall without undue delay be paid in full into a treasury and shall be included in the Federal Consolidated Fund of the Federal Government. Moneys received as aforesaid shall not be appropriated to meet departmental expenditure, nor otherwise kept apart from the Federal Consolidated Fund of the Federal Government. No department of the Government may require that any moneys received by it on account of the revenues of the Federal Government be kept out of the Federal Consolidated Fund of the Federal Government.”

Ministry of Interior, Islamabad granted approval for extension of E-Visas to 36,948 foreigners and NADRA collected Government share of E-visa fee amounting to Rs. 2,698,886,485 during financial year 2021-22.

Audit observed as under:

- i. The NADRA retained share of Government E-visa fee amounting to Rs. 2,698.886 million in their bank account for period of 15 days

(average) and did not deposit the Government share of fee into Government Account in time.

- ii. There is no mechanism to carry out monthly reconciliation of figures of receipt of E-Visa fee due from NADRA and actually deposited into Government Account.

Audit is of the view that delay in deposit of Government share of E-visa fee into Government Account deprived the Government exchequer from its due receipt in violation of above quoted rules.

The management replied that Pakistan Online Visa (POVS) has been implemented by automating entire visa processing and issuance process including fee collection. The system allows applicants to submit visa fee through online means by using Credit/Debit Card (VISA, MASTER, PAYPAL etc.) issued by various banks including banks abroad.

2. Moreover, visa fee collected through POVS system is subsequently transferred to Federal Consolidated Fund on fortnightly basis as agreed by all relevant stakeholders. Whereas, during visa regime, funds remained in foreign bank accounts out of Federal Consolidated Fund for considerable times. Moreover, it was very cumbersome to reconcile the same.

3. It is pertinent to mention that NADRA has strictly followed the practice of depositing the collected amount twice in a month which can be verified from the detail of reconciled fee deposited in the government treasury already provided, except few unforeseen circumstances.

The Ministry in its reply admitted that the amount of visa fee was deposited by NADRA after lapse of fifteen days.

Audit recommends fixing of responsibility against the concerned personnel of NADRA and the Ministry for the said lapse besides devising mechanism for deposit of fee without any delay.

Pakistan Rangers (Sindh)

14.5.4 Irregular payment to Contractors without measurement of work done-Rs 84.23 million

Clause 4 of the contract agreement entered into between Pakistan Rangers Sindh and different contractors for the Construction of Accommodation for Bhittai Rangers Karachi states that all payments shall be made on actual measurement.

The management of Pakistan Rangers Sindh made payment to different contractors for execution of Project titled Construction of Accommodation for Bhittai Rangers at Karachi amounting to Rs 84,292,800 against first and second release of the PSD Project during the financial year 2021-22.

Audit observed that payment to contractors without measurement of actual work done and recorded in Measurement Book by a responsible officer was irregular. Audit further observed that Measurement Books were not maintained and monthly progress report of work done were not submitted to the Ministry of Interior as required by PC-I, Execution plans were also not submitted by the contractor to the civil works branch Pakistan Ranger Sindh in violation of the provision contained in PC-I.

Audit is of the view that payment to contractors without measurement of work done and meeting other codal formalities was irregular.

The management did not reply till finalization of this report.

Audit recommends to fix the responsibility for the irregular payment.

14.5.5 Non utilization of budgetary allocation for purchase of store items for UN Formed Police Unit - Rs 469.406 million

Ministry of Interior issued an amount of Rs 469,405,527 vide cheque No 899 5210 dated 30.06.2022 to DDO Public Fund Account No.4000234497 being maintained by Pakistan Rangers Sindh Karachi in National Bank of Pakistan, Main Branch Karachi for purchase of store items for UN formed police unit.

Audit observed that this amount was still lying unutilized as on 31.10.2022 in the DDO account of Pakistan Rangers Sindh without any justification.

Audit is of the view that non utilization of and purpose of the fund received from Ministry of Interior may be made known to Audit.

The management did not reply till finalization of this report.

Audit recommends to justify receipt of Rs 469.406 from Ministry of Interior and its non utilization.

14.5.6 Irregular payment without supporting vouchers to Rangers Filling Stations - Rs 45.096 million

Rule No 205 of FTR states that “subject as hereinafter provided in this rule, a Government officer entrusted with the payment of money shall obtain for every payment he makes, including repayment of sums previously lodged with the Government, a voucher setting forth full and clear particulars of the claim and all information necessary for its proper classification and identification in the accounts. Every voucher must bear, or have attached to it, an acknowledgment of the payment signed by the person by whom, or in whose behalf, the claim is put forward. The acknowledgment shall be taken at the time of payment”

Prime Minister’s Office U.o N.o 2013/m/spm/16 dated 25th July 2016 states that in order to improve efficiency and transparency in procurement of fuel for Federal Governmental Vehicles, the Prime Minister has been pleased to desire that all Federal Government divisions, attached departments and autonomous bodies that possess more than 10 vehicles shall transfer to the ‘fleet card’ system within a period of two weeks.

The management of Pakistan Rangers Sindh paid an amount of Rs 45,096,435 to Pakistan Rangers Sindh Foundation filling station Indus Nawab Shah, Shehbaz Rangers Sukkar and Thar Rangers Hyder-Abad through various cheques issued during the financial year 2021-22.

Audit observed that Pakistan Rangers Sindh has a large fleet of Vehicles which is provided POL through fleet cards issued by Pakistan State Oil. Hence

payment to Rangers Foundation Filling stations without fleet card was suspicious. Audit further observed that payment to the Filling Stations was made without supporting vouchers as no such vouchers were provided in support of the expenditure.

Audit is of the view that payment of Rs 45.096 million made to Pakistan Rangers Filling Stations is dubious.

The management did not reply till finalization of this report.

Audit recommends to fix responsibility for expenditure without supporting vouchers.

14.5.7 Hiring of Vehicles in Violation of Sindh Public Procurement Rules 2010 from Single Vendor (IS Fund)- Rs 6.500 million

Rule 17(1A) of the Sindh Public Procurement Rules 2010 states that all procurement opportunities over two million rupees shall be advertised on the Authority's website as well as in the newspapers as prescribed.

The management of Pakistan Rangers Sindh incurred an expenditure of Rs 6,500,000 on hiring of various vehicles for 9th & 10th Muharram-ul-harram, Chelum, Chup Tazia and 12th Rabi-ul-Awal from M/s Al Habbib Associate Karachi vide their bill No. 101,102,103,104,105,106, 107,108,109,110,111, 112,113,114,115 & 116 on various dates of 2021-2022.

Audit observed as under.

- i. The vehicles were hired without calling tenders/ open competition.
- ii. The Sequence of bill number indicates that Pakistan Rangers Sindh is the only customer of Al Habbib Associates as the bills were issued in chronological orders. This makes the payment to firm as dubious.

Audit is of the view that hiring of vehicles was made in non transparent manner from IS Fund.

The management did not reply till finalization of this report.

Audit recommends to fix responsibility for hiring of vehicles in non transparent manner.

14.5.8 Unauthorized allotment of Government accommodation to a private person

Rule 7(1) of the Accommodation Allocation Rules, 2002 states that the allotment of Government accommodation shall be made to the most senior Federal Government Servant on General Waiting List (GWL) of a particular class or category of accommodation.

Mr. Rana Khalid Hussain was appointed (SPP) Special Prosecutor PR(S) for a period of one year on contract basis w.e.f. 18.11.2014 to 17.11. 2015. He was allotted Government accommodation (Flat No B-48 B block at Rangers Officer Flats Saddar Karachi on day next to his appointment i.e. 19.11.2014

Audit observed that he was allotted accommodation despite being on contract in violation of rule 7(1) of ibid. Audit further observed that the name of Rana Khalid Hussain was not being reflected on record including payroll during the period under audit i.e. 2021-22 but allotted flat was still in his occupation as per the accommodation list provided by the management.

Audit is of the view that allotment of Government accommodation to a non entitled employee i.e a contractual employee was unauthorized. Audit is of the further opinion that Rana Hussain was allotted Rangers Accommodation against fake letter of employment on contract basis as no record, such as salary and pay scale was provided to Audit.

The management did not reply till the finalization of this report.

Audit recommends that the allotment may be canceled forthwith besides recovery of standard rent from the person.

14.5.9 Irregular payment of IS duty allowance to Doctors and paramedic staff – Rs. 5.530 million

Para-10(V) of GFR Vol-I states that the amount of allowances 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 recipient.

Management of Pakistan Rangers Sindh paid IS duty allowance to doctors and Para medical staff amounting to Rs 5,529,600 during the financial year 2021-22 as detailed below:

Sr. No	Month	Amount Rs
01	Jul-Aug 21	1,116,200
02	Sept-Oct 21	1,122,240
03	Nov-Dec 21	772,000
04	Jan-Febe 22	778,280
05	Mar-Apr 22	803,920
06	May-Jun 22	936,960

Audit observed that payment of IS allowance to Doctors and Para Medic Staff was irregular and unjustified as Doctors and Para Medics perform duties in the Hospitals and MI rooms and are not actively involved in IS duty.

Audit is of the view that payment of IS duty to Doctors and Para medics was irregular which resulted in the loss of Rs 5.530 million to the Sindh Government.

The management did not reply till finalization of this report.

Audit recommends to fix the responsibility for irregular payment.

14.5.10 Retention of 1922 vehicles without authorization – Rs. 386.250 million

Cabinet Division vide letter No. 6-7/2002-MIII dated 6th may 2004 ahs issued instructions that it is mandatory for each Ministry/Division to keep the number of vehicles within the authorized ceiling.

Serial No. (xv) of the Annexure attached with Cabinet Division's letter No 6-7//2001-CPC dated 12.12.2011states that Ministries/Divisions/Departments

needing operational vehicles shall get their authorization of vehicles fixed from the Vehicle Committee constituted with a representative each from Cabinet Division, Finance Division and respective ministry/Division/Department.

The management of Pakistan Rangers Sindh was maintaining a fleet of 1922 vehicles and incurred an expenditure of Rs 386,249,801 (Rs195, 357,113 on repair & maintenance and Rs 190,892,688 on POL).

Audit observed that all the vehicles were being maintained as operational vehicles without authorization of Cabinet Division as no such authorization was produced to Audit.

Audit is of the view that retention of large numbers of vehicles without approval/authorization of the Cabinet Division was unauthorized.

The management did not reply till finalization of this report.

Audit recommends to fix the responsibility for maintaining large fleet of vehicles without authorization.

14.5.11 Irregular release of security to contractors – Rs. 133.024 million

Clause-24 of Contract Agreement executed between contractors and Pakistan Rangers Sindh for PSDP/NDP states that retention money @ 10% of the contract agreement shall be kept by the Management as security and shall be released to the concerned contractors after completion of the scheme/project and after expiry of maintenance period of one year.

The management of Pakistan Rangers Sindh released retention money/security to contractors worth Rs 133,023,900 in July 2021.

Audit observed that detail of Contractors to whom security was released along with completion certificate of scheme and expiry of maintenance period was not provided to Audit.

Audit is of the view that release of security/retention money to contractors in the absence of relevant record is irregular.

Management did not reply till finalization of this report.

Audit recommends to fix responsibility for Irregular release of security to contractors.

Pakistan Rangers (Punjab)

14.5.12 Loss due to mis-procurement of medicines - Rs. 5.628 million

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

Pakistan Rangers Punjab incurred an expenditure of Rs. 116.751 million on local purchase of medicines @ 19.10% discount from M/s Zia Pharmacy Ltd during 2021-22

Audit observed as under:

- i. As per Intl. wing remarks M/s Zia Pharmacy had no ware house facility due to which pharmacy items remained out of stock.
- ii. As per comparative statement M/s New Boots Super Pharmacy Lahore offered 23% discount but the contract was award to M/s Zia Pharmacy @ 19.10% discount. Details are as under:

S. No.	Description	Amount
1	Medicine Price without discount	144,314,597
3	Discount @ 19.10%	27,564,088
4	Discount @ 23%	33,192,357
	Loss	5,628,269

Audit is of the view that due to award of contract to other than lowest bidder government sustained a loss of Rs 5.628 million.

Pakistan Rangers Punjab, Lahore replied that formal tendering procedure was followed in which 5 firms participated for locally purchased medicines. Technical committee and Board recommended M/s Zia Pharmacy while rejected others 5 firms on the basis of credibility/ security issues. Moreover, the

technical/security analysis Board has been informed to exercise more detailed scrutiny to avoid observation in next tendering process.

The reply was not accepted because if M/s New Boots Super Pharmacy Lahore was not eligible than it should have been disqualified at technical evaluation stage. Public Procurement Rules, 2004 provides that financial bids of only technically accepted bidder should be opened and financial bids of unqualified bidders should be returned unopened to the bidders.

The DAC in its meeting held on 15.02.2023 directed that a fact finding inquiry may be conducted for fixing responsibility.

Audit recommends that responsibility may be fixed for violation of PPRA Rules resulting in loss to government.

14.5.13 Purchase of medicines on higher rate than bid amount – Rs. 116.705 million

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

Note 1 of File No. 700/40/Med Sheet No. 1 states that annual requirement of medicines for PR Hospital and Sects is procured in bulk after the approval of the competent authority. However, medicines which are not quoted in bulk procurement / rarely used / not covered in inventory / required in case of emergency / required on day to day basis are procured through daily Local Purchase.

Pakistan Rangers Punjab incurred an expenditure of Rs. 116,705,509 million on local purchase of medicine through M/s Zia Pharmacy (Pvt.) Limited during the financial year 2021-22.

Audit observed as under:

- i. Medicine wise/patient wise total summary of local purchase along with vouchers/slips was not provided despite the fact that the Punjab

Ranger Teaching Hospital has its own software for management of medicine.

- ii. Rates quoted for the medicines in bulk purchase system were much lower but the same were ignored and the management prefer for local purchase for the same items of medicines at much higher rates. Details are at Annexure-4.

Audit is of the view that the contractor, M/s Zia Pharmacy, was favored by purchasing medicine on higher rates as compare to tender rates obtained for bulk purchase on similar brand medicines. The payment is unauthentic as well because medicine wise / patient wise details and vouchers are not available.

The management replied that budget was allotted and procurement was also done from firms on quarterly basis. The bulk medicines which were procured become totally exhausted/consumed for patient reporting in Pakistan Rangers Hospital and the said medicines therefore had to be procured through local purchase.

The reply was not accepted because the contractor for bulk purchase was selected for the whole year rather for supply of specific quantities of medicines. The management should have purchase the medicine from the supplier of bulk purchase and if he was unable to supply the medicine than it should be purchased on the risk and cost of the contractor.

The DAC in its meeting held on 15.02.2023 directed that a fact finding inquiry may be conducted for fixing responsibility.

Audit recommends to hold inquiry and fix the responsibility for irregular purchase and loss to government.

14.5.14 Irregular Purchase of Uniform without open tender – Rs. 49.962 million

Rule 12(2) of the Public Procurement Rules, 2004 states that all procurement opportunities over three million rupees should be advertised on the Authority's website as well as in other print media or newspapers having wide

circulation. The advertisement in the newspapers shall principally appear in at least two national dailies, one in English and the other in Urdu.

Serial No 23 of Part II of the financial powers delegated to Principal Accounting Officer and other Officials March 2021 states that the purchase of uniforms and levries shall be made subject to the prescribed scales and prices and in accordance with PPRA, Rules.

Pakistan Rangers Punjab, Lahore incurred an expenditure of Rs. 49.962 million on purchase of 16721 Shirt & Trouser (Combat Dress) items from M/s Ali Trading during 2021-22.

Audit observed that the procurement was made without open competition.

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

The management of Pakistan Rangers Punjab, Lahore reply that as per MOI letter Nos. 1/1/2017-CAF(C) dated 17.03.2017, uniform cloths used by the CAFs/LEAs were declared as security items. As PPRA rule 14 (a) purchase may be restored to from selective firms/textile units, which was security wise cleared with strict instructions not to sell uniform cloth in open market. Further, Procurement of shirt and trousers during financial year 2021-22 was carried out in fair and transparent manner after detailed test and trails of uniform from Army store & Inspection Depot, Lahore and a contract was awarded to lowest evaluated bidder. Clarification regarding purchase of uniform items under rule 14 (a) of PPRA, 2004 letter Nos. 1/60/DD.L/PPRA/2017 dated 17.5.2021 was received in month of June 2022 after procurement of 2021-22. Point has been noted for future compliance and action has also been taken by this department in current financial year i.e. 2022-23.

Similar, observation was raised during the financial year 2020-21 but management again irregularly purchased the uniform without open competition in financial year 2021-22.

The DAC in its meeting held on 15.02.2023 directed that a fact finding inquiry may be conducted for fixing responsibility.

Audit recommends that responsibility may be fixed for the irregularity.

14.5.15 Irregular and excess issuance of POL to vehicles not running – Rs. 6.968 million

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

The management of Pakistan Rangers (Punjab) issued 19,639 liter Diesel/Petrol to different vehicles during 2021-22 whereas the vehicles for which POL was issued travelled zero as per detail below:

Vehicle No.	Month	POL Issued (litters)	Running (KM)
916916	Jul-21	358	0
928851	Jul-21	80	0
941482	Jul-21	1850	0
928835	Aug-21	635	0
928839	Aug-21	140	0
939733	Aug-21	180	0
941517	Aug-21	500	0
916916	Sep-21	290	0
928829	Sep-21	5	0
939435	Sep-21	185	0
939739	Sep-21	45	0
928542	Oct-21	540	0
928835	Oct-21	70	0
928842	Oct-21	55	0
928997	Oct-21	115	0
939487	Oct-21	635	0
939490	Oct-21	5	0
916916	Nov-21	175	0
928548	Nov-21	1280	0
939435	Nov-21	100	0
939652	Nov-21	1280	0
939691	Nov-21	1280	0
939409	Jan-22	60	0
939424	Jan-22	175	0
939654	Jan-22	0	0
939891	Jan-22	430	0
941514	Jan-22	65	0
916564	Feb-22	60	0
916977	Feb-22	35	0
928606	Feb-22	2820	0
928839	Feb-22	150	0

939433	Feb-22	271	0
939524	Feb-22	315	0
939652	Feb-22	60	0
939739	Feb-22	150	0
928504	Jun-22	2690	0
928521	Jun-22	260	0
928583	Jun-22	610	0
928606	Jun-22	260	0
928834	Jun-22	60	0
928843	Jun-22	45	0
939433	Jun-22	1015	0
939754	Jun-22	65	0
939891	Jun-22	180	0
939901	Jun-22	60	0
Total		19,639	0

Audit observed that issuance of POL amounting to Rs. 3.142 million for those vehicles which did not travelled or have zero running without period is irregular.

Audit further observed that 89,732 liter Diesel/Petrol was issued for some other vehicles but as per consumption register only 65,817 liters were utilized and the use of balance 23,915 liters was not known to Audit. Approximate cost @ Rs. 160 comes to Rs. 3.826 million. Details are at Annexure-5.

Audit is of the view that issuance of POL to vehicles without any running and in excess of actual consumption was irregular and contrary to financial propriety.

The management replied that the vehicles of all sectors/wings from entire deployment locations comes for collection of stores, transportation of troops on bonafied duties came HQ Pakistan Rangers (Punjab) at Lahore from respective location by filling the POL from budget allocated to sector/wings but while going back POL issued from transport company HQ Pakistan Rangers (Punjab) for reverting back to their respective locations. Total 43,553 liters POL was issued for a/m bonafied duties. Record of 43,554 liters POL issue is noted in POL stock registered and running of vehicles daily running account register.

The reply was not relevant because audit only taken up those vehicles which were reflected in the register of Headquarters. If vehicles of other sectors/wings

were drawing POL from headquarters than only issuance of POL should be entered in the register but in instance cases less quantity of utilization of POL was entered.

The DAC in its meeting held on 15.02.2023 directed that a fact finding inquiry may be conducted for fixing responsibility.

Audit recommends that matter may be investigated and action may be taken in the light of inquiry.

14.5.16 Irregular procurement of track suits – Rs. 40.000 million

Rule 42(c)(iv) of Public Procurement Rule, 2004 states that a procuring agency may utilize the following alternative methods of procurement of goods, services and works, namely repeat orders not exceeding 15% of the original procurement.

The management of Pakistan Rangers (Punjab) procured 12,500 track suits @ Rs. 3,200 per track suite. Payment of Rs. 40.000 million was made on 30.06.2022.

Audit observed that the work was awarded as a repeat order without fresh open competition in violation of PPRA Rules 42(c)(iv) as the procurement was more than 15% of the original agreement which was for 1,786 track suits purchased in November, 2021 and 1206 track suits purchased in April, 2022. Audit also observed that track suits were procured without any lab test.

Audit is of the view that procurement without fresh open competition was violation of PPRA Rules. The payment was made in last day of June, 2022 just to avoid lapse of funds.

The management of Pakistan Rangers Punjab, Lahore replied that tender for the procurement of track suits was published in newspaper and 3 firms participated in which M/s Smart Trading Solution, Lahore were awarded contract keeping in view quarterly allotment of budget and deficiency of miscellaneous clothing items for complete force the quantities of different items were adjusted as per quarter wise allotment of funds. Due to short span of time it was not possible to float new tender and if the tender was published at that time then it was not possible to

complete the remaining codal formalities i.e. processing of bill with AGPR resultantly the allocated budget would have been surrendered and force deprived of basic clothing. Therefore, the procurement has been made by repeat order as the firm had lot of experience with sound financial position for supply of store. The special board of officer for test/trail & selection were detailed. Board recommends the samples of M/s Smart Trading solutions, Lahore.

The reply was not accepted because repeat order in excess of 15% of the original procurement was a violation of PPRA rules.

The DAC in its meeting held on 15.02.2023 directed that a fact finding inquiry may be conducted for fixing responsibility.

Audit recommends that responsibility may be fixed for the violation of PPRA Rules.

14.5.17 Irregular payment to M/s Punjab Medical Pharmacy – Rs. 28.289 million

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

The management of Pakistan Rangers (Punjab) paid an amount of Rs. 28.289 million to M/s Punjab Medical Service Pharmacy for procurement of medicines during the month of September, 2021.

Audit observed that the medicines were purchased without open competition.

Audit also observed that total 73 bills less than Rs. 500,000 were submitted by M/s Punjab Medical Pharmacy to avoid the objection of open competition.

Audit is of the view that procurement of medicines without open competition was irregular and deprived the government from the benefit of the competitive rates.

The management of Pakistan Rangers Punjab, Lahore reply that 3 firm participate in tendering process of local purchase of medicine. Technical Committee and Board recommends M/s Punjab Medical Pharmacy but later on rejected on the basis of security issue and M/s New Boots super Pharmacy was selected (2nd bidder). The payment of bill was pending liabilities for the month of June 2021 to 15 August 2022 as the contract M/s Punjab Medical Pharmacy was extended by competent authority due to tendering process/ handing taking of new vendor.

The reply was not accepted because the management did not requested any additional budget for pending liabilities of previous years and if this was a pending liability of previous year than Rs. 28.289 million should have been paid against single bill instead of 73 bills of less than Rs. 500,000.

The DAC in its meeting held on 15.02.2023 directed that a fact finding inquiry may be conducted for fixing responsibility.

Audit recommends that inquiry may be held to fix the responsibility.

Pakistan Coast Guards

14.5.18 Irregular acceptance of bid without earnest money / bid security – Rs. 10.413 million

Para 3 of Tender published in different Newspapers dated 29.09.2021 states that 5% earnest money of total bid amount in shape of pay order/bank draft must be enclosed along with bid in favor of DG Pakistan Coast Guards, otherwise bid will not be considered.

Pakistan Coast Guard, Karachi purchased 07 Photostat Machines and Generator Set amounting to Rs. 10.375 million from M/s Mark Pro during 2021-22.

Audit observed that bid security/earnest money was not provided with the bid of M/s Mark Pro at the time of technical evaluation.

Audit is of the view that award of contract to a non-responsive contractor was violation of tender documents which was held unauthorized.

The management was requested to convene the DAC meeting vide letter dated 21.12.2022 but neither replies were received nor DAC was convened till finalization of the Report.

Audit recommends that responsibility may be fixed for purchases from non-responsive contractor.

14.5.19 Overpayment of cash reward – Rs. 3.122 million

Section 6(1) of Custom Reward Rules, 2012 states that the total amount of reward specified in sub-rules 1 and 5 of rule 4 shall be disbursed to officers of Pakistan Customs Service and staff, and the informers as 40% and 15% of the total, respectively.

The management of Pakistan Coast Guard paid an amount of Rs. 15.634 million as cash reward out of which an amount of Rs. 8.083 million was disbursed to officers and officials as their share during 2021-22 which is 51.7% of the total amount.

Audit observed that actual reward comes to Rs. 4.961 million, hence an amount of Rs. 3.122 million was overpaid to the officers and officials.

Audit is of the view that due to non-observance of rules an amount of Rs. 3.122 million was overpaid to the officers and officials.

The management was requested to convene the DAC meeting vide letter dated 21.12.2022 but neither replies were received nor DAC was convened till finalization of the Report.

Audit recommends that overpayment may be recovered and deposited into the government treasury besides fixing responsibility.

14.5.20 Irregular procurement of uniform items without lab test - Rs. 39.999 million

Para 10(g) of tender documents states that delivered/supplied store may be trial/tested in laboratory at random on supplier expense. In case any deviation from specification is observed during the process, the store will be rejected.

The management of Pakistan Coast Guard incurred expenditure of Rs. 39.999 million on purchase of uniform items during the month of June, 2022. Details are as under:

S. No.	Name	A/U	Firm	Qty	Rate Per Unit	Total Amount
1	Ceremonial Dress	Pair	M/S BSF Associate	1200	4,690.00	5,628,000.00
2	CCD Uniform	"	M/S BSF Associate	1600	3,400.00	5,440,000.00
3	Black Shoes with Lasses	"	M/S Blue Sky	600	2,600.00	1,560,000.00
4	Vest Cotton (Green)	Nos	M/S Blue Sky	600	458.00	274,800.00
5	Vest Cotton (White)	"	M/S Blue Sky	600	409.00	245,400.00
6	Track Suit	Pair	M/S Blue Sky	6400	3,250.00	20,800,000.00
7	Boot DMS Black	"	M/S Blue Sky	664	2,900.00	1,925,600.00
8	Kit Box	Nos	M/S Blue Sky	600	6,480.00	3,888,000.00
9	Belt Black	"	M/S Blue Sky	598	398.00	238,004.00
						39,999,804

Audit observed that the uniform items were procured from the various suppliers without conducting the lab tests.

Audit is of the view that procurement of uniform items without laboratory tests was irregular.

The management was requested to convene the DAC meeting vide letter dated 21.12.2022 but neither replies were received nor DAC was convened till finalization of the Report.

Audit recommends that items should be purchased after lab test.

14.5.21 Mis-procurement of medicines – Rs. 22.999 million

Para 19(i) of GFR states that the terms of a contract must be precise and definite and there must be no room or ambiguity or misconstruction therein.

Para 3(a) of tender documents states that tender will be opened as per single stage two envelopes bidding procedure as given in the Para 36(b) of PPRA Rules, 2004.

The management of Pakistan Coast Guard procured Drugs and Medicines from different contractors amounting to Rs. 22.999 million during 2021-22.

Audit observed as under:

- i. Neither technical evaluation nor financial evaluation was carried out.
- ii. Agreement was signed with all the contractors/distributors without mentioning rates of medicines.
- iii. Purchase of medicines were made on the basis of bills showing copies of scanned quotations of M/s Haris Traders and M/s AMD Distributors as 2nd and 3rd lowest bidder.

Audit is of the view that procurement were made in violation of PPRA which results in misprocurement.

The management was requested to convene the DAC meeting vide letter dated 21.12.2022 but neither replies were received nor DAC was convened till finalization of the Report.

Audit recommends that inquiry may be held to fix the responsibility for violation of PPRA Rules.

14.5.22 Irregular payment without measurement of work done - Rs. 20.350 million

Para 226 CPWD Code states that as all payments for work or supplies are based on the quantities recorded in the measurement book, it is incumbent upon the person taking the measurements to record the quantities clearly and accurately.

The management of Pakistan Coast Guard incurred an expenditure of Rs 20.350 million on Civil Work during 2021-22.

Audit observed that all payments were made after recording the abstract of quantities (as mentioned in estimates) in measurement books without recording the detailed measurement of the work done.

Audit is of the view that payment without recording detailed measurement was irregular and unauthorized.

The management was requested to convene the DAC meeting vide letter dated 21.12.2022 but neither replies were received nor DAC was convened till finalization of the Report.

Audit recommends that responsibility be fixed for the irregularity.

14.5.23 Irregular expenditure on basis of quotations from same contractor – Rs. 10.174 million

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

The management of Pakistan Coast Guard incurred an expenditure of Rs. 3.870 million on repair and maintenance of vehicles from M/s Bilal Latif Contractor and M/s Shahid Latif Ghouri & Brothers during 2021-22.

Similarly, an expenditure of Rs. 6.304 million was incurred on repair and maintenance of vehicles from M/s Mehwish Traders and M/s Sobia Associates during 2021-22.

Audit observed as under:

- i. Mr. Abdul Latif, the contractor have three business on same NTN No. 1512809-1, i.e. M/s Abdul Latif Contractor, M/s Shahid Latif Ghouri & Brothers and M/s Bilal Latif Contractor.

- ii. Two supporting quotations were obtained from same contractor in violation of rules. Details are as under:

S. No.	Lowest Contractor	2 nd lowest	3 rd lowest	Amount
1.	M/S Mehwish Traders	Abdul Latif Contractor	Shahid Latif Ghori & brothers	2,193,519
2.	M/S Mehwish Traders	Shahid Latif Ghori brothers	Abdul Latif Contractor	2,833,445
3.	Sobia Associates	Abdul Latif Contractor	Bilal Latif Contractors	1,277,000
Grand Total				6,303,964

Procurement over 3 million was required to be advertised on PPRA website as well as in national daily newspapers for open competition.

Audit is of the view that the procurement process was not transparent as quotations were obtained from same contractor and bids were not invited through open tenders.

The management was requested to convene the DAC meeting vide letter dated 21.12.2022 but neither replies were received nor DAC was convened till finalization of the Report.

Audit recommends that inquiry may be held to fix the responsibility.

Gilgit-Baltistan Scouts

14.5.24 Irregular procurement without obtaining 5% bid security – Rs. 3.513 million

As per Tender Documents/Bidding Documents 5% bid security should be deposited by the successful bidder.

The management of Gilgit-Baltistan Scouts incurred an expenditure of Rs. 3.513 million out of the supplementary Grant received on 28.06.2022. Details are as under:

S. No.	Contractor	Cheque No.	Amount
1	Shah and sons	8277102	1,238,123
2	M/S Three M Brother	8277101	2,014,741
3	Shah and sons	8277100	260,580
			3,513,444

Audit observed that 5% bid security was not obtained from the contractors in violation of the tender documents.

Audit is of the view that purchase of items without obtaining bid security was irregular and unauthorized.

The management was requested to convene the DAC meeting vide letter dated 21.12.2022 but neither replies were received nor DAC was convened till finalization of the Report.

Audit recommends that responsibility may be fixed for the irregularity.

14.5.25 Non-reconciliation with Field Supply Depot – Rs. 181.653 million

Regulation 34 Section 4, Accounting between the Supply Depot and Units, states that at the end of the month stocks section sends to units R&I vouchers PAFZ-2096 in duplicate for the total quantities issued to them during the month. After checking the quantities shown on the vouchers with those shown in their daily Dispatch foil units retain one copy of PAFZ-2096 and return the original duly receipted to the supply depot. The PAFZ-2097 kept by units support their ration returns.

The management of Gilgit-Baltistan Scouts purchased dry ration amounting to Rs. 181.653 million from Field Supply Depot during 2021-22.

Audit observed that reconciliation between field supply depot and GB Scouts was not carried out.

Audit is of the view that due to non-reconciliation of dry ration the authenticity of the expenditure could not be ascertained.

The management was requested to convene the DAC meeting vide letter dated 21.12.2022 but neither replies were received nor DAC was convened till finalization of the Report.

Audit recommend that reconciliation with field supply depot may be carried out.

14.5.26 Irregular payment of mobilization advance – Rs. 60.493 million

Para 53 of CPWD Code states that Payment to contractors should, as far as conveniently practicable, be made by cheques on the nearest treasury and a stipulation to the effect that payments shall be so made should be inserted in the contract agreement, where necessary.

The management of Gilgit-Baltistan Scouts adopted the Standard Contract Form CPWD-07 and paid Rs. 60.493 million as mobilization advance to following contractors during 2021-22:

S. No.	Contractors	Work	Amount Rs.
1.	M/s Mehmood Hassan	Construction of Admn Camp at Gahkuch	6,176,018
2.	M/s Sameer Shabbir	Construction of Admin Camp Khalti	16,197,309
3.	M/s Sameer Shabbir	Const of Admn Camp Phandar	10,281,603
4.	M/s Al Abbas	Const of Admn Block, Stable, etc	20,239,070
5.	M/s Issa & Sons	2 x Storage Shed	2,699,762
6.	M/s Shamar Shabbir	Const of Guard Room0	1,223,678
7.	M/s Safdar Jalalabad	Missing Facilities ...	3,675,433
Total			60,492,873

Audit observed that mobilization advances were paid without any provision in the contract agreement (CPWD-07).

Audit is of the view that payment of mobilization advances without provision in the contract agreement was irregular and unauthorized.

The management was requested to convene the DAC meeting vide letter dated 21.12.2022 but neither replies were received nor DAC was convened till finalization of the Report.

Audit recommends that inquiry may be held to fix the responsibility besides recovery of already paid amount.

14.5.27 Unauthorized Payment of Health Allowance to medical Staff - Rs. 3.357 million

Para ii of Finance Division U.O. No. F.2(13)R-2/2012-172 dated 27.03.2012 clarified the term “Health Personnel” means a person who holds a post in any institute or organization delivering services in the health sector and included in Schedule-I, but does not include a person who is employed on contract or on work charge basis or who is paid from contingencies.

The management of Gilgit-Baltistan Scouts paid Health Allowance amounting to Rs. 3.826 million to Medical Officers of Scouts Medical Complex during 2021-22.

Audit observed that the Health allowance was paid to the 12 medical officers who were appointed on contract basis.

Audit is of the view that payment of health allowance to the contract employees was unauthorized.

The management was requested to convene the DAC meeting vide letter dated 21.12.2022 but neither replies were received nor DAC was convened till finalization of the Report.

Audit recommends that the amount may be recovered from the person concern.

14.5.28 Non-Production of Record of 14th Batch Recruitment

In terms of Article 170(2) of the Constitution of Islamic Republic of Pakistan read with AGP’s Ordinance, 2001 the Auditor General of Pakistan has the mandate to audit accounts of any authority or body established by or under the control of the Federal or Provincial Government.

The Honorable Supreme Court of Pakistan in its judgment dated 08.07.2013 declared and directed in Para 27(b) that the Auditor General, in order for him to fulfill his duties under Articles 169 and 170 of the Constitution, is not only authorized but also obliged to seek access to any and all records actually maintained

by all Federal and Provincial Governments, as well as all entities established by or under the control of the Federal and Provincial Government, regardless of the designation of such records as secret or otherwise.

Section 14 of the Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 states that the officer in-charge of any office or department shall afford all facilities and provide record for audit inspection and comply with requests for information in as complete a form as possible and with all reasonable expedition. Any person or authority hindering the auditorial functions of the Auditor General regarding inspection of accounts shall be subject to disciplinary action

The management of Gilgit-Baltistan Scouts was requested vide Requisition No. 1 to 3 and Reminders from 1 to 2 to produce the record of recruitment of 14th Batch.

- i. Security of Documents
 - a. Provisional/ Original civil education certificates.
 - b. NIC/ B Form.
 - c. 5 x Passport size photographs duly attested.
 - d. Domicile certificate of concerned districts.
 - e. Registration of candidates.
- ii. Medical test.
- iii. Physical test.
- iv. Written test.
- v. Preparation of distribution wise merit lists.
- vi. Final approval of merit list.
- vii. Issuance of calling up notice.

Audit is of the view that non-production of record hindered the auditorial functions of the Auditor General of Pakistan.

The management was requested to convene the DAC meeting vide letter dated 21.12.2022 but neither replies were received nor DAC was convened till finalization of the Report.

Audit recommend that responsibility may be fixed for hindering the auditorial functions of the Auditor General of Pakistan besides production of record.

14.5.29 Non-deduction of GST – Rs. 36.050 million

Rules 3 of Sales Tax Act, 1990 states that subject to the provisions of this Act, there shall be charged, levied and paid a tax known as sales tax at the rate of 17% of the value of (a) taxable supplies made by a registered person in the course or furtherance of any taxable activity carried on by him; and (b) goods imported into Pakistan, irrespective of their final destination in territories of Pakistan.

Gilgit-Baltistan Scouts purchased Arms and Ammunition from different suppliers out of the Diamer Bhasha Dam Funds. Details are as under:

S.No	Vendor	Description	GST	Total Amount incl GST
1	Pakistan Machine Tool Factory	Mortar, Rocket Launcher, Mount Kit	4,818,203	33,160,573
2	Pakistan Ordinance Factory	Rocket and 60 mm Mor ill	1,244,162	8,562,764
3	Pakistan Ordinance Factory	LSR complete with flash hider and spotting scope and packing	2,571,934	17,700,954
4	Pakistan Ordinance Factory	Pistol POF X qty 47 Pistol B-6 Qty 20	1,198,738	7,051,400
5	Pakistan Ordinance Factory	60 mm Mor ill qty 120 Rocket 40 mm RPG-7 qty 196	1,244,162	8,562,764
6	Pakistan Ordinance Factory	SMG VSK 100	24,973,000	146,900,000
Total			36,050,199	221,938,455

Audit observed that the contractors charged 17% GST amounting to Rs. 36.050 million in their invoices but the management did not deduct the GST in violation of Rule.

Audit is of the view that non-deduction of GST deprived the government from the benefit of its due revenue.

The management was requested to convene the DAC meeting vide letter dated 21.12.2022 but neither replies were received nor DAC was convened till finalization of the Report.

Audit recommends that GST may be recovered and deposited into the government treasury.

14.5.30 Irregular procurement of vehicles – Rs. 201.095 million

Finance Division vide O.M. No. 7(1)Exp.IV/2016-440 dated 15.07.2021 states that there shall be complete ban on purchase of all types of vehicles both for current and development expenditure excluding motorcycles, student buses, ambulances and firefighting vehicles.

The management of Gilgit-Baltistan Scouts purchased 37 vehicles from different companies out of the Diamer Bhasha Dam Project Fund during 2021-22.

Audit observed that the vehicles were purchased without obtaining NOC from the Finance Division.

Audit is of the view that the purchase of vehicles was irregular.

The management was requested to convene the DAC meeting vide letter dated 21.12.2022 but neither replies were received nor DAC was convened till finalization of the Report.

Audit recommends that responsibility may be fixed for the irregularity.

14.5.31 Non-receiving of Mortars and launchers - Rs. 33.161 million

GFR Para 148 states that All materials received should be examined, counted, measured or weighed as the case may be, when delivery is taken, and they should be taken in charge by a responsible Government officer who should see that the quantities are correct and their quality good, and record a certificate to that effect. The officer receiving the stores should also be required to give a certificate that he has actually received the materials and recorded them in the appropriate stock register.

The management of Gilgit-Baltistan Scouts made payment for Weapons (Mortar/Launchers) to M/s Pakistan Machine Tool Factory amounting to Rs. 33.161 million on 03.02.2022 out of Diamer Bhasha Dam Project Funds.

Audit observed as under:

- i. Payment was made in advance without specifying date of delivery.
- ii. The field audit was concluded in August, 2022 till that time the store stock record was silent about the receipt of the items.

Audit is of the view that due to non-receiving of weapons the security of Dam site and foreigners could be compromised.

The management was requested to convene the DAC meeting vide letter dated 21.12.2022 but neither replies were received nor DAC was convened till finalization of the Report.

Audit recommends that immediate steps be taken for delivery of the weapons.

14.5.32 Irregular purchase of dry ration without open competition – Rs. 16.834 million

Rule 12(1) of Public Procurement Rules, 2004 states that procurements over five hundred thousand Pakistani Rupees and up to the limit of three million Pakistani Rupees shall be advertised on the Authority's website in the manner and format specified by regulation by the Authority from time to time. These procurement opportunities may also be advertised in print media.

Gilgit-Baltistan Scouts purchased Dry Ration amounting to Rs. 16.834 million from M/s Three M Brothers out of the funds of Diamer Bhasha Dam Project during 2021-22.

Audit observed that the Dry Ration amounting to Rs. 16.834 million from the period from July, 2021 to December, 2022 was purchased without open competition.

Audit is of the view that the purchase of ration without open competition not only deprived the government from the benefit of the competitive rates but also is violation of PPR, 2004.

The management was requested to convene the DAC meeting vide letter dated 21.12.2022 but neither replies were received nor DAC was convened till finalization of the Report.

Audit recommends responsibility may be fixed for the irregularity

14.5.33 Irregular procurement without open competition – Rs. 147.38 million

Rule 12(1) of Public Procurement Rules, 2004 states that procurements over five hundred thousand Pakistani Rupees and up to the limit of three million Pakistani Rupees shall be advertised on the Authority's website in the manner and format specified by regulation by the Authority from time to time. These procurement opportunities may also be advertised in print media.

Gilgit-Baltistan Scouts purchased different items from the following contractors out of the funds received from WAPDA for Diamer Bhasha Dam Project during 2020-21. Details are as under:

S. No.	Contractor	Amount Rs.	Description of major items
1	M/s Muhamamd Aleem Hussain	11,150,000	Bandolier G3/SMG, Chagal universal, CBT sling etc.
		6,300,225	Berat black, Boot BMS, Jungle hat etc.
2	M/s Hunza Traders	19,902,320	Field wire, wiring tape, stabilizer, UPS
		7,065,000	Target figure 2, Jute, MaTes, Tandoor etc.
3	M/s Rakaposhi Trading	17,250,000	Search light, Road Barriers, Security Light, Protective shield etc.
		6,526,950	Uniform, T-shirt, Belt etc.
4	M/s Nafees enterprises	11,986,000	Flallelette, welding rod, Distemper, etc.
		7,720,245	Jacket, Joggers SVC, Jersey High neck etc.
		1,149,280	Laptop, Desktop, Laser Jet Printer, Scanner etc.
5	M/s Nadir & Sons	9,452,550	Sleeping bags, flees blankets, thermal sets etc.
		8,948,400	VHF base, VHF Mobile DMR, Field telephone, SDRY, Battery BTY all type etc.

6	M/s Adeel Associates	28,740,000	HESCO bags, wooden bellies, CGI sheets, Concertina wire etc.
7	M/s Jaffer Hussain	11,190,000	Tape Niwar, Garnish Khahi, 10 quarter etc.
Total		147,380,970	

Note: Amount has been enhanced from Rs. 48.302 million to Rs. 147.381 million.

Audit observed that the items were purchased without inviting tenders and in the newspaper and on the website of the department/PPRA.

Audit is of the view that the purchases were not only without open competition, deprived the government from the benefit of the competitive rates and also violation of rules.

The management was requested to convene the DAC meeting vide letter dated 21.12.2022 but neither replies were received nor DAC was convened till finalization of the Report.

Audit recommends responsibility may be fixed for the irregularity.

Excise and Taxation Office, Islamabad

14.5.34 Non-Reconciliation of Receipt with FTO – Rs. 12,857.745 million

Rule 26 to GFR states that it is the duty of the departmental Controlling officers to see that all sums due to Government: are regularly and promptly assessed, realised and duly credited in the Public Account. They should accordingly arrange to obtain from their subordinates monthly accounts and returns in suitable form claiming credit for so much paid into the treasury or otherwise accounted for and compare them with the statements of treasury credits furnished by the Accountant General, to see that the amounts reported as collected have been duly credited in the Public Account.

The Excise and Taxation Department Islamabad collected an amount of Rs. `12,857.745 million as different taxes during 2021-22.

Audit observed that the amount was not reconciled with Federal Treasury Office up to August, 2022.

Audit is of the view that due to non-reconciliation the authenticity of receipt could not be ascertained.

The management was requested to convene the DAC meeting vide letter dated 21.12.2022 but neither replies were received nor DAC was convened till finalization of the Report.

Audit recommends that reconciliation with Federal Treasury Office may be carried out and produce to Audit.

14.5.35 Non-remittance of Tax collected by Pakistan Post - Rs 321.339 million

As per data provided by the management of Excise and Taxation Department, Pakistan Post Office collected an amount of Rs. 321.339 million on behalf of Excise and Taxation Department from July, 2021 to December, 2021 as Token Tax.

Audit observed that the amount was not credited into the government account by the Pakistan Post Office up to August, 2022.

Audit is of the view that non-recovery of amount of token tax from Pakistan Post Office deprived the government from the benefit of its due revenue.

The management was requested to convene the DAC meeting vide letter dated 21.12.2022 but neither replies were received nor DAC was convened till finalization of the Report.

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

14.5.36 Non-recovery of Advance Tax on New Registration and Transfer – Rs. 331.766 million

According to Section 231 B (1) of Income Tax Ordinance, 2001 every motor vehicle registering authority of Excise and Taxation Department shall collect advance tax at the time of registration of a motor vehicle, at the rates specified in Division VII of Part IV of the First Schedule. Further, sub-section (1) shall not apply if a person produces evidence that tax under sub-section 3 in case of locally

manufactured vehicle or tax under section 148 in the case of imported vehicle was collected from the same person in respect of the same vehicle.

Excise and Taxation Department, Islamabad collected an amount of Rs. 164.032 million of 8,516 vehicles as advance tax of new registration and transfer during the year 2021.

Audit observed that the department did not recovered the actual amount of Tax due to which an amount of Rs. 331.766 million was less recovered. Summary is as under and detail annexure is attached.

Status	No. of vehicles	Amount Recoverable	Amount Recovered	Less Recovery
Non-Filer	1,241	71,045,000	20,013,000	51,044,500
Filer	7,275	424,740,000	144,018,950	280,721,050
Grand Total	8,516	495,785,000	164,031,950	331,765,550

Audit is of the view that due to less realization of advance tax the government was suffer a loss of Rs. 33.766 million.

The management was requested to convene the DAC meeting vide letter dated 21.12.2022 but neither replies were received nor DAC was convened till finalization of the Report.

Audit recommends that the advance tax may be recovered and deposited into the government treasury.

14.5.37 Non recovery of professional tax from establishments - Rs. 3.905 million

Section 11 of Finance Act, 2019 states that the professional tax is recoverable from Establishment with employees exceeding 25 @ Rs 5,000 annum.

As per information collected there were following numbers of establishments in ICT during 2021-22:

S r #	Type of Establishment	Data source websites	No of Establishment	Total Rs.
1	Character accountant Firms	icap.org.pk	184	920,000

2	Pharmaceutical Firms and Private Hospitals	drap.gov.pk	72	360,000
3	Educational Institutes	peira.gov.pk	337	1,685,000
4	Software Houses	P@sha.pk	188	940,000
	Total		781	3,905,000

Audit observed as under:

- i. Management did not collect professional tax Rs 3.905 million from 781 Establishment existing within ICT.
- ii. The registered establishments are mostly Companies and Sole proprietors while the other sectors were unregistered.

Audit is of view that in the absence of complete record the exact amount of tax due i.e. arrear amount and Professional Tax amount cannot be calculated or recovered.

The management was requested to convene the DAC meeting vide letter dated 21.12.2022 but neither replies were received nor DAC was convened till finalization of the Report.

Audit recommends that proper record of establishment in ICT maintained to realize the ascertained amount of collection and prevention from loss.

14.5.38 Non-conduction of bio-matric on first registration of imported vehicles

Rule 47(1) of Notification [No. 5(12)Law/2019-66 dated 08.04.2019 states that an application of ownership of a motor vehicle under sub-section (1) of Section 32 shall be made in T.O. form duly signed by the transferor and transferee accompanied by a biometric verification receipt of the seller of the vehicle issued by any NADRA e-sahulat entre in Pakistan or in ETO Department, Islamabad along with prescribed / notified fee.

Excise and Taxation Department registered 44,630 of imported vehicles during 2021-22.

Audit observed that all vehicles were registered without bio-matric of the original owners of imported vehicles. The management registered the vehicle on the name of that persons who have possession of the import documents.

Audit is of the view that registration of imported vehicles without bio-matric may lead to illegal registration.

The management was requested to convene the DAC meeting vide letter dated 21.12.2022 but neither replies were received nor DAC was convened till finalization of the Report.

Audit recommends that bio-matric on first registration of imported vehicles may be carried out.

FIA, Headquarters

14.5.39 Misprocurement of Hardware, Plant & Machinery and Furniture and Fixture – Rs. 12.635 million

Rule 20 of Public Procurement Rules, 2004 states that save as otherwise provided hereinafter, the procuring agencies shall use open competitive bidding as the principal method of procurement for the procurement of goods, services and works.

Federal Investigation Agency (FIA), Headquarter Islamabad procured various items of Hardware, Plant & Machinery and Furniture and Fixture for Rs. 12.635 million on quotations during 2020-21 and 2021-22.

Audit observed that the items were procured without open competitive process, as required in PPRA.

Audit is of the view that procurement without open competition was irregular.

The management replied that items were purchased on need cum emergency basis, as and when required, through quotations from the pre-qualified and GST registered vendors of FIA.

The reply was not acceptable as no proof was provided that the items were purchased from pre-qualified bidders.

The management was requested to convene the DAC meeting vide letter dated 21.12.2022 but DAC was convened till finalization of the Report.

Audit recommends that inquiry be made and responsibility be fixed for misprocurement.

FIA, Gilgit

14.5.40 Non-depositing of visa entry fees into Federal Consolidated Fund (FCF) – Rs. 15.845 million

Rule 7(1) of Federal Treasury Rules (FTR) Volume I states that all moneys received by or tendered to Government officers on account of the revenue of the Federal Government shall without undue delay be paid in full into Treasury or into the bank. No department of the Government may require that any moneys received by it on account of the revenue of the Federal Government be kept out of Federal Consolidated Fund of the Federal Government.

The management of Federal Investigation Agency (Immigration) (FIA), Gilgit has collected USD 66021 {equivalent to PKR 15.845 million (PKR 240)} from foreigners on account of visa entry fee on arrival at Sust from 2007 to 2021-22 and deposited in Current Account No. 1161-3 of National Bank of Pakistan Sust Branch, Gilgit.

Audit observed as under:

- i. The amount was collected on behalf of Federal Government on account visa on arrival from 2007 to date by the immigration office FIA Sust but the same was not being deposited into Federal Consolidated Fund and the amount was remained outside of FCF.
- ii. The amount was collected from foreigners in foreign currency and deposited in National Bank private account in Pak rupees after exchanging from open market.

Audit is of the view that depositing of Government receipts in National Bank private bank account deprived the Government from its due receipts.

The management replied that the matter will be consulted/discussed with the FIA Headquarters Islamabad as per audit observation and then the report will be communicated accordingly.

The reply of the management was not proper.

The management was requested to convene the DAC meeting vide letter dated 21.12.2022 but DAC was convened till finalization of the Report.

Audit recommends that fact finding inquiry be made, the collected amount may immediately be deposited into Government Treasury and responsibility be fixed for irregular and unauthorized depositing of Government receipts (Foreign Currency) into bank from 2007 to date.

14.5.41 Irregular and unauthorized maintenance of bank account – Rs. 5.826 million

Rule 7 of General Financial Rules (GFR) Volume I states that unless otherwise expressly authorized by any law or rule or order having the force of law, moneys may not be removed from the Public Account for investment or deposit elsewhere without the consent of the Ministry of Finance.

The management of Federal Investigation Agency (Immigration) (FIA), Gilgit in maintaining Current Bank Account No. 1161-3 in National Bank Sust Branch, Gilgit for collection of visa entry fee from foreigners in 2007.

Audit observed that the account was opened without the approval of Finance Division as no approval record was available with the management.

Audit is of the view that opening of bank account without the approval of the Finance Division and maintenance of Government receipts in private bank account was irregular and unauthorized.

The management replied that the matter will be consulted/discussed with the FIA Headquarters Islamabad as per audit observation and then the report will be communicated accordingly.

The reply of the management was not proper.

The management was requested to convene the DAC meeting vide letter dated 21.12.2022 but DAC was convened till finalization of the Report.

Audit recommends that fact finding inquiry be made, bank account may immediately be closed and Finance Division be approached for depositing of Government receipts into Federal Consolidated Fund without further delay.

District Office, Frontier Constabulary (DOFC), Gilgit

14.5.42 Irregular maintenance and operation of Welfare Fund

Rule 25 of GFR Vol-I states that all department regulations in so far as they embody orders of instructions of a financial character or have important financial bearing should be made by or with the approval of the Ministry of Finance.

The District Office, Frontier Constabulary (DOFC), Gilgit and Islamabad established and maintained a Regimental/Welfare Fund. Detail of receipts and expenditures from Regimental/ Welfare Fund for the FY 2021-22 is as under:

(Amount in Rupees)

S. No.	Month	O.B.	Receipt	CHQ Share	Expenditure	C.B.
1	Jul, 2021	3,769,665	14,975	1,497	35,000	3,748,143
2	Aug, 2021	3,748,143	17,310	1,731	13,000	3,750,722
3	Sep, 2021	3,750,722	17,710	1,771	10,000	3,756,661
4	Oct, 2021	3,756,661	18,460	1,846	10,000	3,763,275
5	Nov, 2021	3,763,275	18,030	1,803	10,000	3,769,502
6	Dec, 2021	3,769,502	17,230	1,723	10,000	3,775,009
7	Jan, 2022	3,775,009	17,235	1,723	56,400	3,734,121
8	Feb, 2022	3,734,121	17,365	1,736	10,000	3,739,750
9	Mar, 2022	3,739,750	17,540	1,754	10,000	3,745,536
10	Apr, 2022	3,745,536	17,240	1,724	10,000	3,751,052
11	May, 2022	3,751,052	17,280	1,728	10,000	3,756,604
12	Jun, 2022	3,756,604	18,080	1,808	10,000	3,762,876
Total			208,455	20,844	194,400	

Audit observed that the Welfare Fund was established and maintained without the approval of the Welfare Fund Rules from the Finance Division.

Audit is of the view that establishment and maintenance of Welfare Fund without the approval of the Welfare Fund Rules Finance Division was irregular and unauthorized.

The management did not reply till issuance of the report.

Audit recommends that stop operation and case may be taken up with Finance Division for approval of the Welfare Fund Rules.

14.5.43 Irregular payment of Civil Armed Forces (CAF) Allowance - Rs. 5.908 million

Finance Division vide O.M No.F.1(7)Imp/2009-III dated 23.07.2009 granted an allowance equal to one month's basic pay to the Civil Armed Forces Personnel including FC, NWFP and Balochistan deployed on the western front w.e.f. 01.07.2009.

The management of District Office, Frontier Constabulary (DOFC), Gilgit paid an amount of Rs. 5.908 million under the head of account 'A01239-Special Allowance' [Civil Armed Forces (CAF) Allowance] during the financial year 2021-22.

Audit observed that CAF Allowance was paid to the DOFC personnel who were not deployed on the western front.

Audit is of the view that payment of CAF Allowance to the personnel of DOFC, Gilgit is violation of provisions of the Finance Division O.M No. F.1(7)Imp/2009-III dated 23.07.2009.

The management did not reply till issuance of the report.

Audit recommends regularization of the CAF Allowance from the Finance Division.

14.5.44 Irregular Cash Disbursement of IS Duty Allowance - Rs. 47.647 million

Rule 157(1) of Federal Treasury Rules (FTRs) states that Cheques drawn in favour of Government officers and departments in settlement of Government dues shall always be crossed “A/c payee only--not negotiable”.

The management of District Office, Frontier Constabulary (DOFC), Gilgit disbursed IS Duty Allowance amounting to Rs. 47.647 million from IS Duty Budget of Government of Gilgit-Baltistan during the FY 2021-22, as per following details:

S. No.	Month	Deployment at Gilgit		Deployment with KKTF		TOTAL	
		Pers	Amount	Pers	Amount	Pers	Amount
1	Jul.2021	221	2,623,521	86	1,026,840	307	3,650,361
2	Aug.2021	221	3,651,360	86	1,914,000	307	5,565,360
3	Sep.2021	221	2,502,240	86	1,061,080	307	3,563,320
4	Oct.2021	221	2,895,000	86	1,059,080	307	3,954,080
5	Nov.2021	221	2,786,600	86	1,018,160	307	3,804,760
6	Dec.2021	221	2,797,000	86	1,025,640	307	3,822,640
7	Jan.2022	221	2,872,760	86	1,059,960	307	3,932,720
8	Feb.2022	221	2,605,200	86	987,800	307	3,593,000
9	Mar.2022	221	2,795,960	86	1,035,320	307	3,831,280
10	Apr.2022	221	2,895,440	86	1,083,720	307	3,979,160
11	May.2022	221	2,844,660	86	1,108,800	307	3,953,460
12	Jun.2022	221	2,900,640	86	1,096,040	307	3,996,680
TOTAL			34,170,381		13,476,440		47,646,821

Audit observed that ISD Allowance was paid in cash instead of crossed cheques or through pay roll.

Audit is of the view that payment of ISD Allowance in cash through DDO was irregular and unauthorized.

Audit is also of the view the view that cash payments may lead to misappropriation of funds.

The management did not reply till issuance of the report.

Audit recommends that irregular practice be stopped forthwith and payment of IS Duty Allowance be made through cross cheques.

National Response Centre for Cyber Crime (Nr3c) Phase-III Project FIA

14.5.45 Non-imposition of liquidated damages causing delay in achieving desired objectives of the Project – Rs. 4.101million

Section 4.1 of procurement contract states that Contractor shall arrange delivery of all equipment mentioned in Section 1 of the contract within specified date (as mentioned in individual contract) from the date of issuance of Agency's Letter of Intents (LOI).

Section 12 (1) of procurement contract states that if the contractor fails to deliver any or all of the goods / services within the time period (s) specified in the contract, the Agency shall, without prejudice to other remedies under the Contract, deduct from the contract price/Bank Guarantee as liquidated damages, a sum not more than 0.01% of the contract price per day up to maximum extent of 10% of the contract value.

Section 22 of procurement contract states that no variation in or modification or the term of the contract shall be made except by written amendment signed by the duly authorized representative of the Agency or the Contractor.

The management of National Response Center for Cyber Crime (NR3C) Phase-III issued LOIs for procurement of following items from different Contractors/Suppliers with total cost of Rs. 41.014 million during 2020-21 & 2021-22. Detail is as under:

S #	Name of Firm	Item	QTY	LOI	Due DOD	Actual Delivery	Total Cost	Penalty 10%
1	M/s Data Hawk Enterprises	Write Blockers	11	21.02.22	20.05.22	Not written on DC	3,811,423	381,142
2	M/s Miran International	Computer Forensic Analysis Tools	3	21.02.22	20.05.22	06.06.22	3,925,000	392,500
3	Fast Track	Generators	5	18.05.20	17.06.20	03.07.20	7,444,500	744,450
4	M/s NRTC	Forensic Workstations	12	08.12.21	07.04.22	28.04.22	21,854,973	2,185,497
5	M/s NRTC	Oxygen Forensic suit	2	21.02.22	20.05.22	21.06.22	3,977,686	397,769
Total							41,013,582	4,101,358

Audit observed as under:

- i. As per agreement the delivery was required to be made within specified date as mentioned in table but same were received later, due to which the work of the organization was suffered in all Centers of FIA.
- ii. In some cases no receiving was on record in stock registers, which creates doubt.
- iii. Liquidated damages were also not imposed in violation of agreement

The management did not reply.

Audit is of the view that non-imposition of liquidated damages on delayed delivery of important equipment deprived the Government from its due receipts and also its not recording on stock register creates doubt on actual receiving of equipment and its issuance.

Audit recommends that matter may be inquired, liquidated damages be recovered and responsibility be fixed.

National Police Foundation

14.5.46 Wasteful expenditure on Nowshera Sheet Glass Industries – Rs. 69.35 million

Agenda Item No. 3 of meeting of the Committee of Administration of NPF held on 30.11.2017 states that the chairman emphasized that decision of NSGI is pending since long and should be decided forthwith as it is a big loss to NPF. Managing Director informed COA that in its meeting held in June, 2015 a committee was formed by its proceedings could not be held. It was decided by the Chairman to constitute a committee of three COA members to study and recommend various aspects i.e. revival, up-gradation, sale, joint venture, rent of plant and other formalities. It was also decided that committee will complete the task within a month and will submit its proceedings and finds.

The management of National Police Foundation, Islamabad incurred expenditure of Rs. 69,347,872/- on the account of pay & allowances and other operating expenses on its non-functional project “Nowshera Sheet Glass Industries” during financial years 2012-13 to 2021-2022. The detail is as under:-

Financial Year	Expenditure (Rs.)
2012-13	4,755,661
2013-14	7,742,416
2014-15	9,868,687
2015-16	8,901,651
2016-17	9,179,463
2017-18	9,381,776
2018-19	5,802,395
2019-20	4,676,933
2020-21	4,189,243
2021-22	4,849,647
Total	69,347,872

Audit observed that the management incurred expenditure on the non-functional project where production activities have been suspended due to obsolete plant since 2012.

Audit further observed that the management of NPF did not auction plant and machinery of Nowshera Sheet Glass Industries nor any steps taken for the revival of Nowshera Sheet Glass Industries so far.

Audit is of the view that the expenditure on non-functional Project Nowshera Sheet Glass Industries is irregular and unjustified.

The management did not reply.

Audit recommends that the management may auction Plant and Machinery or revival of Nowshera Sheet Glass Industries may take place if feasible to stop further loss.

Deputy Commissioner’s Office Islamabad

14.5.47 Irregular and Uneconomical hiring of Vehicles for Escort duties - Rs. 29.146 million

Rule 4 of the Public Procurement Rules, 2004 states that procuring agencies, while engaging in procurements, shall ensure that the procurements are conducted

in a fair and transparent manner, the object of procurement brings value for money to the agency and the procurement process is efficient and economical.

The Management of DC Office ICT, Islamabad paid an amount of Rs. 29,146,000 to M/s Wasiq Travels & Tours, Islamabad on account of hiring of transport (8 * Double cabin Vigo) for Escort duties of Judges of Supreme Court and JIT Members during FY 2020-21.

Audit observed that the vehicles were hired without competition and no Log books & movement registers of these rented vehicles were maintained as no such record was provided. Detail of POL being provided by Pakistan Rangers Punjab to these vehicles was also not produced to Audit.

Audit further observed that hiring of vehicles @ Rs. 8,500 per vehicle per day for the entire FY 2020-21 including holidays seems uneconomical and unjustified.

Audit is of the view that hiring of vehicles without competition and in uneconomical manner was irregular.

The management replied that on the directions of competent authority 8 vehicles were hired for escort duties with the honorable judges of superior courts and JIT members. As due to urgency of matter codal formalities regarding tendering, etc. could not be followed.

Reply was not accepted as procurement on emergency basis is provided in Public Procurement Rules which was not followed.

Audit recommends to fix the responsibility for the irregularity.

14.5.48 Non-recovery of mutation fees and taxes – Rs. 22.385 million

Board of Revenue, Punjab Notification No 1587-2010/1597-LR (1) dated 30.06.2010 states that the Board of Revenue, Punjab is pleased to fix mutation fee as 5 % of the value of land according to the Valuation Table notified by District Collector in respect of the land situated in the locality under the Stamp Act, 1899 w.e.f 01.07.2010 which shall be payable by the purchaser.

Section 236(K)(1) of the Income Tax Ordinance, 2001 states that any person responsible for registering or attesting transfer of any immovable property shall at the time of registering or attesting the transfer shall collect from the purchaser or transferee advance tax at the rate specified in Division XVIII of Part IV of the First Schedule.

Part IV of Division XVIII of the First Schedule states that rate of advance tax for filer is 1% and for non-filer is 2%.

Section 236(C)(1) of the Income Tax Ordinance, 2001 states that any person responsible for registering, recording or attesting transfer of any immovable property shall at the time of registering, recording or attesting the transfer shall collect from the seller or transferor advance/gain tax at the rate specified in Division X of Part IV of the First Schedule.

Part IV of Division X of the First Schedule states that rate of advance/gain tax for filer is 1% and for non-filer is 2%.

The management of Tehsil Office, ICT Islamabad mutated land in favour of various purchasers during financial years 2020-22 as detailed in Annexure-III.

Audit observed that mutation fees, advance tax and gain tax worth Rs.22,384,818 were not recovered from the concerned parties in violation of the Government rules as detailed below:

Financial year	Mutation Fee (Rs)	Advance Tax (Rs)	Gain Tax (Rs)	Total Rs
2020-21	9,777,130	3,342,236	286,150	13,405,516
2021-22	5,498,602	2,579,800	900,900	8,979,302
Grand Total				22,384,818

Audit is of the view that non-recovery of Mutation fee and taxes is serious lapse on the part of local management which deprived the Government of its due receipts of Rs 22.385 million to Government.

The management replied that notices were issued to the concerned defaulters to deposit the mutation fees into the Government Treasury and copy of Challan may be submitted to this office for Audit Team. As soon as, recovery is made from the defaulters, the same shall be communicated to the Audit Team.

The reply indicates that the management has accepted the Audit observation.

Audit recommends to expedite the recovery of mutation fees and taxes.

Islamabad Traffic Police, Islamabad

14.5.49 Irregular deducting of service charges by NBP without valid agreement – Rs. 24.289 million

Article 13 of an agreement signed between National Bank of Pakistan and Islamabad Traffic Police, Islamabad for collection of Challan fine in 2017 states that NBP will charge Rs. 25/- against each transaction (inclusive of taxes) processed through ADCs whereas existing fee structure of Rs. 10 per transaction will be charged through NBP branches as already in practice.

Article 31 of an agreement signed between National Bank of Pakistan and Islamabad Traffic Police, Islamabad for collection of Challan fine in 2017 states that this agreement shall enter into force on the date of signature. It shall remain valid for a period of two years unless renewed or extended with the mutual consent of the Parties or terminated earlier by either Party as per the terms of this Agreement.

The management of Islamabad Traffic Police (ITP), Islamabad made an agreement with National Bank of Pakistan for two (2) years in 2017 for collection of challan fine at agreed rates. An amount of Rs. 265.132 million was reflected by the ITP as amount deposited under the Head C-02638 during 2021-22.

Audit observed that the agreement was expired in 2019 but the same was continued without any extension or renewal and for the year 2021-22 NBP has charged Rs. 24,288,550/- on account of service charges on 971,542 traffic violation transactions.

The management replied that the MoU after its expiry forwarded to Ministry of Interior for its consent, which is pending thereof. The National Bank of Pakistan (NBP) is charging the service charges for provision of its services to the violators

regarding payment of traffic fine through ADCs & in all branches of NBP located in Islamabad.

The management accepted the observation and also reflected in their reply that the agreement with NBP was not yet finalized/extended.

Audit is of the view that in the absence of valid agreement the whole process between the Parties was not legitimate and may cause legal complication.

Audit recommends that an agreement may immediately extended, if so required, and previous illegal period be regularized through post facto approval to avoid future legal complications.

Frontier Crops (South and North), KP

14.5.50 Irregular advance payment on account of purchase of medicines & drugs-Rs.12.628 million

Para-397 of Federal Treasury Rules states that, as a general rule, and subject to such exceptions as may be authorized by the Government, no payment can be made to a contractor, except for work actually done or supplies actually received. Subject to such general or special orders as may be issued by the Government in this behalf, advances, if any, made to contractors during the execution of a work shall invariably be recovered from their bills for the value of work done or supplies made before final payment is made, which must in no case be permitted without detailed measurement.

The management of Frontier Corps (North) floated the tender for the purchase of medicines and drugs on 20.01.2022. Subsequently bids were received and contract for purchase of the same was awarded to various contractors. Details is given below:

S. #	Head of Account	Name of Supplier	Cheque No	Date	Supply order No. & Date	Date of Delivery	Amount
1	A03927- Purchase of	ALI NOOR INDUS	871522 7	29.04.202 2	701/59/203/M ed dated 08.04.2022	08.07.2022	11,550,000

2	Drug and Medicine	SOMI ASSOCIATES	886940 1	28.06.202 2	701/59/26/Med dated 05.04.2022	18.07.2022 26.07.2022	1,078,600
Total							12,628,600

Audit observed that:

- i. The medicines were supplied in the month of July 2022 while the contractors were paid on 29.04.2022 & 28.06.2022 respectively. Thus it indicates that 100% advance payment was made to the contractors.
- ii. Neither approval of the Finance Division nor any bank guarantee was obtained from the suppliers for making 100% advance payment.

Audit is of the view that the advance payment to the suppliers without any reasonable justification, and without obtaining Bank Guarantee, which left the Public Interest unsafeguarded, to the tune of Rs.12,628,600/- was irregular.

The management did not furnish preliminary reply to the audit observation.

Audit recommends that responsibility may be fixed against the personnel responsible for the pointed out irregularity.

14.5.51 Irregular drawl of Pay & allowances through DDO instead of bank account - Rs. 5,811.840 million

Clause 2.3.2.8 of Accounting Policies and Procedure Manual states that 'the accounting system shall include controls to minimize the risk of fraud and corruption. This objective shall be addressed by issue of payment through direct bank transfer and cheques.

According to the requirement of PIFRA, Pay bills and other record of all Government servants shall be maintained through computerized system (SAP).

The management of following offices have drawn Rs. 3,667,650,680 on account of pay and allowances through Drawing and Disbursing officer (s) and paid to Jawans/sepoys during the financial year 2020-22.As detailed below:

S No.	Name of office	PDP No	Amount in Rs.
1	Commandant Tochi Scouts	138	1,489,182,669
2	Tochi Scouts	137	11,880,273
3	Commandant Orakzai Scouts	134	12,417,929
4	Commandant Orakzai Scouts	135	628,990,279
5	Gomal Scouts	67	1,084,907
6	Thall Scouts	130	542,720,925
7	Tirah Rifles	129	194,489,301
8	Bara Rifles	141	164,454,801
9	Khyber Rifles	142	116,809,726
10	Bajaur Rifles	144	814,405,185
11	Shawal Rifles	148	1,053,175,281
12	South Waziristan Scouts	153	707,734,607
13	Mohmand Rifles	156	73,860,854
14	Kurram Militia	157	1,717,326
			5,811,840,240.907

Audit observed that salaries of Jawans were drawn through Drawing and Disbursing officer(s) (DDO) in cash instead of vendor /individual bank account/vendor number.

Audit holds that drawl of salaries through DDO in cash was irregular and in violation of the above stated rule.

The management replied that process of transferring of pay to bank accounts have been started.

The management accepted Audit observation.

Audit recommends that responsibility may be fixed for irregularity held besides taking necessary corrective action under intimation to Audit.

Commandant Orakzai Scouts

14.5.52 Illegal payment to K-II Oil contractor on fictitious bills-Rs.44.946 million

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

The Inspector General of Frontier Corps KP (North) awarded the meat contract to M/S Ihsan Ullah & Co. and subsequently the Commandant Orakzai Scouts executed the contract agreement with the contractor for the supply of K-II Oil for cooking purpose to Unit HQ and Wing HQ during the financial year 2021-22.

The management of the Orakzai Scouts at Kalaya made a payment of Rs.44,945,685/- to the contractor M/S Ihsan Ullah & Co. for the supply of K-II Oil. Details are as under:

Month	Cheque No.	Date	Qty	Amount in Rs.
May-21	7181029	15.07.21	44994.294	5804263.93
June-21	7181039	09.08.21	43306.650	5668407.42
Jul-21	7181132	13.10.21	45014.940	5427996.50
Aug-21	7181139	13.10.21	44605.350	5436638.31
Sep-21	7181203	20.11.21	41685.606	5148713.82
Oct-21	7181211	26.11.21	42473.484	5902099.15
Nov-21	7181271	12.01.22	40236.390	6056783.79
Dec-21	7181463	05.04.22	37446.516	5500782.23
Total				44,945,685

Audit observed that the contractor claimed bills for the supply of K-II Oil however, from the review of Daily Issue Register of Mess/Langer it was revealed that the contractor supplied Firewood instead of K-II Oil.

Audit is of the view that the management was required to ensure the supply of K-II Oil (as per agreement).

Audit holds that the management made payment for an expensive item against the supply of cheaper item and processed the claims on fictitious bills.

The management replied that the payments were made according to the actual supplies made by the contractors as per approved scale and menu by the HQFC North.

The reply of the management was not accepted as the same was contrary to the facts observed by audit and no proof in support of the reply was provided.

Audit recommends that the illegal payment made to the contractor may be recovered and payment may be made according to price of the item actually supplied i.e. firewood under intimation to audit.

14.5.53 Abnormal Variation under the head A01239-Special Allowance-Rs.12.903 million

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

The management of Orakzai Scouts at Kalaya incurred an expenditure of Rs.22,207,871 under the account head A01239-Special allowance during the month of June-2022.

Audit observed from the analytical comparison i.e. comparison of the expenditure for the month of June-2022 with the average expenditure for the 11 months (July-2021 to May-2022) that the June's expenditure was 138.68% more than the average monthly expenditure of the previous 11 months. Detail is given below:

S.No	Month	Expenditure in Rs.
1	July	8,750,403
2	August	9,490,578
3	September	8,824,486
4	October	9,213,851
5	November	10,799,103
6	December	9,340,905
7	January	8,934,598
8	February	10,712,755
9	March	8,959,838
10	April	8,664,899
11	May	8,656,692
Total (11 months)		102,348,108
Avg Monthly Exp		9,304,373
12	June	22,207,871
Excess over Avg Exp		12,903,498
% excess		138.68

Audit further observed from review of the pay summary for the month of June-2022 that the actual expenditure under the subject head of account was Rs.8,597,490.

Audit is of the view that the abnormal variation in the expenditure for the month of June-2022 and the contradictory fact that the Pay Summary shows only expenditure of Rs.8,597,490, needs to be inquired into to arrive at a more factual position.

The management replied that detailed reply will be submitted along with documents after scrutiny of relevant record please.

The management did not reply.

Audit recommends that justification in support of the variation may be provided.

Commandant Frontier Constabulary KP Peshawar

14.5.54 Non-deposit of profit into treasury - Rs. 26.551 million

Rule 7 of FTR provides that all money received on behalf of Government on account of revenues shall without delay be paid in full into Government Treasury and Government receipt should not be utilized towards expenditure.

The Commandant Frontier Constabulary KP Peshawar deployed 41 No platoons with various National and Multinational Companies for provision of security on payment basis.

Audit observed from the bank statements provided by operation branch of Frontier Constabulary KP that receipts were deposited in various PLS accounts opened with National Bank of Pakistan Peshawar Cantt: Branch. These accounts earned a total profit of Rs.26,551,326 on deposits during the financial year 2021-22 which was retained by the management as detailed below:

S.No	Name of Company	Bank Account No.	Date of profit credited	Profit
1	OGDCL	3038664613	17.07.2021	7174396
			15.01.2022	8031523

2	MOL	3038674693	17.07.2021	3797798
			15.01.2022	3646819
3	SNGPL-I	3038684762	17.07.2021	1040874
			15.01.2022	691,677
4	SNGPL-II	3148910451	17.07.2021	414,317
			15.01.2022	382,300
5	Mari Gas	3038666657	17.07.2021	647,530
			15.01.2022	724,092
Total				26,551,326

Audit is of the view that profit amounting to Rs.26.551 million was purely government receipt and was required to be deposited into Government Treasury.

The management replied that profit earned on the funds is refundable/adjustable into company accounts rather than the Government accounts as all the funds lying in the above mentioned bank accounts is companies' money.

The reply of the management was not accepted due to the fact that the subject Bank Accounts are owned, operated and maintained by the HQ Frontier Constabulary KP Peshawar.

DAC in its meeting held on 29.12.2022 directed to management to get the approval of Finance Division and other relevant record verified from Audit within one week.

Audit recommends that the profits earned on the subject retained moneys may be deposited into the Government treasury, under intimation to audit.

14.5.55 Irregular expenditure due to non-obtaining of Technical Sanction-Rs. 150.00 million

Provision of Para-56 of the CPWA code requires preparation of proper estimate for technical sanction of competent authority for execution of repair/construction work

Para-111(i) of CPWA code provides that in case of deposit work, design and estimate of each work will be drawn up in communication with the party depositing or administering the funds, and must be submitted for the technical sanction of such department authority.

The management of HQ Frontier Constabulary KP Peshawar incurred an expenditure of Rs.150.000 million under the Cost Center PR1340 on account of the project titled “Construction of FC Training Center at Michni, Shabqadar” during the financial year 2021-22. Detail is given below:

S#	Name of work	Estimated cost in million	Expenditure upto 6/2022
01	f F.C training centre Michni, Shabqadar, Package-I titled “Construction of Barracks and Lavatory block”	93.557	75.277
02	Construction of F.C Training Centre Michni, Shabqadar, Package-II titled “Construction of Classroom block”	42.914	27.717
03	Construction of F.C Training Centre Michni, Shabqadar, Package-III titled “Construction of Administration block, Magazine block and watchtowers”	47.512	27.745
04	Construction of F.C Training Centre Michni, Shabqadar, Package-IV titled “Construction of Dispensary and Quarter Guard”	29.953	18.070
Total		213.936	148.809

Audit observed that the subject expenditure was incurred without obtaining Technical Sanction prior to the commencement of work.

Audit is of the view that the incurrence of expenditure to the tune of Rs.150.000 million without obtaining Technical Sanction from the competent authority was irregular.

The management replied that consultant was hired for preparation of drawings/designs, estimates, BOQs and Technical Sanction. Technical Sanction was accorded by INL-P under PIL-2018 PAP-022.

DAC in its meeting held on 29.12.2022 directed to management to get the Technical Sanction and other record verified from Audit within one week.

Audit recommends that the expenditure incurred in absence of the Technical Sanction may be got regularized from the competent authority and the subsequent expenditure may only be incurred after obtaining Technical Sanction for the same in prior.

DOFC Manzai

14.5.56 Non-provision of deposit challans of Platoons salaries deployed with Private Companies – Rs. 66.153 million

Para 26 of GFR (Vol-1) states that it is the duty of the departmental controlling officers to see that all sums due to Government are regularly and promptly assessed, realized and duly credited in the Public Accounts. They should accordingly arrange to obtain from their subordinates monthly accounts and returns in suitable form claiming credit for so much paid into the treasury or otherwise accounted for and compare them with the statements of treasury credits furnished by the Accountant General, to see that the amounts reported as collected have been duly credited in the public account.

The District Officer Frontier Constabulary (DOFC) Manzai deployed Regular Platoons of FC Organization with Private Companies OGDCL for security purpose on hired basis during the financial year 2020-21 and 2021-22.

Audit observed that the DOFC Manzai drew a total amount of Rs.66.153 million as salaries of these deployed platoons from Government, despite the fact that their salaries have also been received from the companies by the Commandant Frontier Constabulary KP. However, the salaries drawn from companies were not deposited into Government Treasury by the management as no such evidence of deposit challan was provided by the management. Details are as under:

Month	Platoon No.	Amount in Rs.
July-2020	36	1377804
	416	1758710
	437	1577433
	441	1710954
	501	1480306
Aug-2020	36	1432047
	416	1758710
	437	1577433
	441	1710954
	501	1520196
Sep-2020	36	1432047
	135	1572380
	416	1758710
	437	1577433
	441	1710954

	501	1520196
Oct-2020	36	1432047
	135	1572380
	416	1758710
	437	1577433
	441	1710954
	501	1520196
Nov-2020	101	1616592
Dec-2020	101	1587693
Jan-2021	101	1587693
Feb-2021	101	1587693
Mar-2021	101	1587693
April-2021	101	1546623
May-2021	101	1546623
June-2021	101	1546623
July-2021	50	1610459
	104	1548641
	210	1465447
Aug-2021	50	1610459
	104	1548641
	210	1465447
Sep-2021	50	1610459
	104	1548641
	210	1465447
Oct-2021	50	1610459
	104	1548641
	210	1465447
Total		66,153,408

Audit is of the view that non-provision of deposit challans of platoon's salaries, deployed with Private companies into the Government Treasury was unjustified and audit could not ascertain its deposit into the Government Treasury.

The management replied that deployment of platoons of this unit was made by CHQ and statements of salaries thereof were sent to HQR's concerned. The CHQ Peshawar regularly deposit the salaries drawn from the Govt, of the platoons deployed to MNCs, however the CHQ will be requested to provide the deposit challans.

The management accepted the audit observation.

Audit recommends that deposit challans of platoons salaries, deployed with private companies, may be provided to audit to ascertain its actual deposit into the Government Treasury.

Inspector General Frontier Corps (South) Balochistan

14.5.57 Irregular expenditure on purchase of IT/ Signal equipment's – Rs. 682.004 million

Para 11 of GFR Volume-I states that each head of a department is responsible for enforcing financial order and strict economy at every step. He is responsible for observance of all relevant financial rules and regulations both by his own office and by subordinate disbursing officers.

During the audit of Inspector General Frontier Corps (South) Balochistan for the financial year 2022-2022, it was noticed that Expenditure of Rs. 682,003,700 was incurred by local office for purchase of Signal equipment's from various contractors. Detail is given Below:

S. No.	Firm Name	Total Amount
1	Talha Traders Qta	15,908,229
2	Azam Enterprises	8,271,425
3	Metro Enterprises	3,845,610
4	Tech nomiks Intl	4,818,260
5	Corporate Solutions	2,898,675
6	PTCL Cables	2,992,000
7	Product Zone	3,214,819
8	Tech-360	146,309,982
9	Tech-360	262,599,200
10	Tech-361	231,145,500
		682,003,700

Audit observed as under:

- i. The HQFC (south) management was requested to provide detail of equipment's and store items for signal branch authorized by the Federal Government as per Table of organization and Equipment's (TO&E) for determining the actual requirement.
- ii. Store/stock register were not provided to verify the previous/ current balances of store, despite several requests. Detail criteria and

parameters of purchased items/store were not defined in the bidding documents.

- iii. Neither original nor copies of Import documents like bill of entry (BOE) and letter of credit (LC) of the imported signal equipment's were presented to audit for verification.

According to rule of financial propriety, the government money is required to be spent with due care. Government expenditure without justification and fulfillment of codal formalities and intention of misuse of Govt. funds cannot be over ruled.

The management was requested to convene the DAC meeting vide letter dated 11.01.2023 but DAC was convened till finalization of the Report.

Audit recommends that proper justification and authorization of signal equipment may be provided beside the condonation of irregularity by order of competent authority

14.5.58 Unauthentic payment in absence of relevant record – Rs. 3,833.057 million

Para 11 GFR Volume-I states that each head of a department is responsible for enforcing financial order and strict economy at every step. He is responsible for observance of all relevant financial rules and regulations both by his own office and by subordinate disbursing officers.

Inspector General Frontier Corps (South) Balochistan revised the payment process under the head cost of other stores and paid an amount of Rs. 3,833.057 million during 2021-22.

Audit observed that relevant record pertaining to payment of ration including ration strength, leave record, messing register, feeding register, etc. were not available with Headquarters for due to which the authenticity of the expenditure could not be ascertained.

Audit is of the view that payment without relevant documents and without proper pre-audit within the department is unauthentic.

The management was requested to convene the DAC meeting vide letter dated 11.01.2023 but DAC was convened till finalization of the Report.

Audit recommends that the practice may be stopped forthwith besides relevant record may be produced to audit. Daily Parade state duly signed by concerned officer/ commandant of units/ wings

14.5.59 Rush of expenditure in the month of June to avoid lapse of budget - Rs. 2,963.345 million

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

Inspector General Frontier Corps (South) Balochistan incurred an amount of Rs. 2,963,345,612 during the month of June, 2022 as shown in below statement:

Detail Object Desc	Released Budget	Expenditure	JUN_AMOUNT
A13001-TRANSPORT	415,409,200	415,409,200	361,355,507
A09501-PURCHASE OF TRANSPORT	649,500,500	649,500,500	450,606,000
A01272-NIGHT DUTY ALLOWANCE	175,000	175,000	121,232
A09899-OTHERS	2,657,492,182	2,657,492,143	1,411,821,104
A03301-GAS	6,225,000	6,225,000	2,674,418
A01274-MEDICAL CHARGES	67,500,000	67,500,000	27,501,094
A13101-MACHINERY AND EQUIPMENT	8,794,888	8,794,888	3,403,051
A09201-HARDWARE	7,000,000	7,000,000	2,633,700
A03403-RENT FOR RESIDENTIAL BUILDING	34,571,756	34,571,756	10,800,338
A01252-NON PRACTICING ALLOWANCE	1,353,000	1,352,366	379,328
A03917-LAW CHARGES	600,000	600,000	150,000
A01273-HONORARIA	504,746,000	504,745,748	504,745,748
A01150-OTHERS	6,279,000	6,278,530	1,405,892
A03901-STATIONERY	12,500,000	12,500,000	2,528,935
A09601-PURCHASE OF PLANT AND MACHINERY	299,532,447	299,532,447	59,731,540
A03970-OTHERS	8,306,761	8,306,761	1,544,826
A03202-TELEPHONE AND TRUNK CALL	9,200,000	9,200,000	1,593,241
A03205-COURIER AND PILOT SERVICE	329,768	329,768	56,264
A03902-PRINTING AND PUBLICATION	3,661,950	3,661,950	612,434
A13701-HARDWARE	344,000	344,000	51,371
A03807-P.O.L CHARGES AEROPLANES, HELI, STAFF CA	892,797,140	892,797,138	119,629,589
	5,586,318,592	5,586,317,195	2,963,345,612

Audit observed as under:

- Rush of expenditure towards the end of financial year is irregularity and strictly forbidden by the Government.

- ii. Available budget was utilized to avoid lapse of budget in violating financial rules.

According to rules of financial propriety, Govt: money should be spent with due care and proportionately for whole of the year and un-necessary rush of expenditure towards the end of financial year is a serious irregularity and violation of Govt. rules and instructions issued from time to time.

The management was requested to convene the DAC meeting vide letter dated 11.01.2023 but DAC was convened till finalization of the Report.

Audit recommends that such practice should be stopped in future.

14.5.60 Recovery due to non-deduction of Balochistan sales on services – Rs. 9.106 million

According to Balochistan Sales Tax on Services Act 2015. Second Schedule Part B (tariff classification 9813.1000) Sales tax @ 15 % are required to be deducted on services provided or rendered by Banking companies, Insurance companies, Cooperative financing societies, modarabas, musharikas, leasing companies, foreign exchange dealers, nonbanking financial institutions and other persons dealing in any such services.

Inspector General Frontier Corps (South) Balochistan for the financial year 2021-22, it was observed that an amount of Rs. 36,425,880/- was incurred on purchase of Group Insurance Policy for Fronter Crops (South) Personnel from State Life Insurance But Balochistan Sales tax services amounting to 5,463,882 was not deducted from contractor undue favor was provided to the SLIC. Detail is given below:

S, No	Head of account	Amount	15 % BSTS
1	A03913-Contribution & Subscription	36,425,880	5,463,882

In wake of the above, Audit terms the above expenditure as irregular & unjustified

The management was requested to convene the DAC meeting vide letter dated 11.01.2023 but DAC was convened till finalization of the Report.

Audit recommends that subject amount may be recovered from concerned firm and deposited in public exchequer under intimation to audit.

14.5.61 Unjustified purchase of vehicles - Rs. 649.500 million

According to Office Memorandum of finance Division NO. 07(1) Exp.IV/2016-577 dated 3rd December, 2018 “ there will be complete ban on purchase of all types of vehicles both for current and developmental expenditure except operation vehicles of law enforcing agencies for which NOC from finance Division would be required.

According to Cabinet division letter No.6-7 (1)02-M.II dated 22/07/2005. Approval of Vehicles Committee constituted in Ministry of Finance for the purchase of vehicles was necessary before making purchase of vehicles.

Further, As per instructions contained in Finance Division letter No.F.7 (2)Exp. IV/2011 dated 17.08.2011, that there will be a ban on purchase physical assets including all types of vehicles. Ban on purchase of vehicles will also be applicable on to development expenditure.

During the course of audit of Inspector General Frontier Corps (South) Balochistan for the financial year 2021-22, it was noticed of that Rs. 649,500,500 /- was drawn for purchase of vehicles.

Ser	Invoice No	Bill No & Date	Firm Name	Particular	Qty	Rate	Amount (Rs)
1	TCM/001/Corps /002	114-63/Payment/02/Veh/Ord dt 24 Dec 2021	M/S Toyota Central Motors	D/Cab	12	6,156,500	73,878,000
2				S/Cab Std	23	5,435,500	125,016,500
Total							198,894,500
1	TCM/001/Corp /002	114-63/Payment/01/Veh/Ord dt 29 Jun 2022	M/S Toyota Central Motors	D/Cab	15	7,938,000	119,070,000
2				S/Cab Std	48	6,907,000	331,536,000
Total							450,606,000
G.Total							649,500,500

Audit observed that:

- i. Approval/ NOC for purchasing 35 vehicles was obtained from Finance Division vide letter No. Div. U.o No 7 (122) Exp_IV/2021-22 / 157 dated 25-04-22.
- ii. Audit noted that 63 vehicles were purchased in excess than approval quantity for which NOC granted by Finance Division in violation of above quoted rule.
- iii. The authorization of vehicles of IGFC (south) Balochistan Office approved (TO& E) not produced to audit to clarify to position despite several requests to ordinance/ EME branch.
- iv. Approval of Vehicles Committee constituted in Ministry of Finance for the purchase of vehicles as required vide Cabinet Division's letter No.6-7(1)102-M.II dated 22.07.2005 was not produced.

Audit is of the view that purchase of vehicles beyond the approval was irregular.

The management was requested to convene the DAC meeting vide letter dated 11.01.2023 but DAC was convened till finalization of the Report.

Audit recommends that responsibility may be fixed for the irregularity.

14.5.62 Loss due to purchase of lubricants from other than the lowest bidder - Rs. 7.843 million

Rule 38 of Public Procurement Rules, 2004 states that the bidder with the lowest evaluated bid, if not in conflict with any other law, rules, regulations or policy of the Federal Government, shall be awarded the procurement contract, within the original or extended period of bid validity”.

Rule-31 (1) of the PPRA Rules, 2004 states that no bidder shall be allowed to alter or modify his bid after the bids have been opened. However, the procuring agency may seek and accept clarifications to the bid that do not change the substance of the bid

During the course of audit of Inspector General Frontier Corps (South) Balochistan, for the financial year 2021-2022, contract of Supply of Lublircants was awarded to PSO while M/s Gas and Oil has offered highest discount than

PSO . But contract was awarded to PSO of which resulted in Overpayment of Rs. 7,842,610.00 to contractor. Detail is given below:

Ser	Items		Grading	Bid Price /liter Given by Gas & Oil	Bid Price /liter Given by PSO	Diff	Overpayment
1	M/Oil (Diesel)	60,000	API CF-4/SG,SAE 20W-50	460	515.69	55.69	3,341,400.00
2	M/Oil (Petrol)	9000	API SG/CD,SAE 20W-50	460	706.13	246.13	2,215,170.00
3	E/Oil	1500	Apl CD /SF,SAE0	380	1123.8	743.8	1,115,700.00
4	B/Oil	7000	Hyd Brake Fluid / Oil DOT-3	390	500.17	110.17	771,190.00
5	Motocycle Oil	2500	SAE 20W-50	380.34	540	159.66	399,150.00
Total							7,842,610.00

Audit views that not purchasing POL from a lowest bidder is unauthorized and violation of above quoted rule. Audit also views that undue benefit was given to Contractor which resulted in extra financial burden for Rs. 7,842,610.00 from Govt Exchequer.

The management was requested to convene the DAC meeting vide letter dated 11.01.2023 but DAC was convened till finalization of the Report.

Audit recommend proper justification may be provided beside recovery of overpaid amount under intimation to audit.

14.5.63 Payment of salaries through Drawing and Disbursing Officer- 12,733.400 million

According to APPM Para 4.6.3.1 “The normal method of payment of monthly salaries of all government employees shall be by credit transfer direct to a bank account nominated by the employee. This is the most secure and economical method of payment, and it automatically ensures that recipients have access to their salary on the due date. Moreover, direct credit has tangible advantages, over payment by cheque or cash, against risks of theft or fraud.

During the course of audit of Inspector General Frontier Corps (South) Balochistan for the financial year 2021-22, it was observed that an amount of Rs. 12,733.400 million was paid on account of pay and allowances to the

employees/officers of Eleven sub ordinate crops/ wings of Frontier Corps (South) Balochistan. Audit observed that huge number of salaries were drawn through DDO (Drawing & Disbursing Officer) and was transfer to Headquarter FC bank Account No. 0001598797 in J.S Bank for onward distribution.

Further, it is pertinent to mention here that detail of on-ward submission from J. S bank account and bank statement showing disbursement of subject salaries was not provided to audit.

Audit is of the view that non-payment of salaries through Direct transfer system is irregular and unjustified and in such state of affairs the risk of misappropriation can't be over ruled.

The management was requested to convene the DAC meeting vide letter dated 11.01.2023 but DAC was convened till finalization of the Report.

Audit recommends that the practice may be stopped forthwith salaries should be paid through by direct bank transfer to safeguard the interests of the employees.

14.5.64 Irregular hiring of services of JS Bank for disbursement of pay & Allowances to 31900 FC personnel

Para-7 of GFR Vol-I states, unless otherwise expressly authorized by any law or rule or order having the force of law, money may not be removed from the Public Account for investment or deposit elsewhere without the consent of the Ministry of Finance.

Rule 12(2) of PPRA states that “All procurement opportunities over two million Pakistani Rupees should be advertised on the Authority website as well as in other print media or newspapers having wide circulation. The advertisement in the newspapers shall principally appear in at least two national dailies, one in English and the other in Urdu.

During the course of audit of Inspector General Frontier Corps (South) Balochistan for the financial year 2022-2022, it was noted that services of J. S Bank

were hired through contract by Frontier Crops (South) Balochistan disbursement of pay and Allowances.

Audit has raised following observation:

- i. Services of J.S bank hired without open tender as requirement of PPRA-2004.
- ii. Contract was award to J. S Bank while there is not a single branch of JS Bank in AOR of FC (south).
- iii. Government employees have option to draw their salaries from any scheduled bank authorized by State Bank of Pakistan. Moreover. Government employees can change their banks for drawing salaries on their own will but have to provide NOC from previous bank branch. Neither option from employee not NOC from previous bank was obtained.
- iv. Mobile wallet / branchless bank account were opened for disbursement of pay & Allowance of 33000 plus personal The features of JS wallet account are not that of a normal bank ID/ account number as there are monthly and annual limits on it and payment of pension, commutation and GP Fund could not be processed being high in amount. Nor there is the cheque leaf drawl facility in this type of accounts.
- v. JS Bank is a small and low-profile bank and pooling of all employee's salary there by compulsion is not in line with Finance Division policy. Besides, if there goes something wrong in one bank, all employees might suffer. Therefore, audit does not see it safe and reliable to bring all employees into the pool of JS Bank, which is a comparatively small bank having limited assets.

Audit is of the views that hiring of services of J.S bank without open competition and approval of Finance Division was irregular.

The management was requested to convene the DAC meeting vide letter dated 11.01.2023 but DAC was convened till finalization of the Report.

Audit recommends that inquiry may be held to fix the responsibility.

14.5.65 Non-production of record of regimental accounts / Command of Headquarter Frontier Crops (south).

According to Section 14(2&3) of the Auditor General (Powers, Functions and Terms and Conditions of Service) Ordinance, 2001:

The officer in-charge of any office or department shall afford all facilities and provide record for audit inspection and comply with requests for information in as complete form as possible and with all reasonable expedition.

Any person or authority hindering the auditorial functions of the Auditor General regarding inspection of accounts shall be subject to disciplinary action under relevant Efficiency and Discipline Rules, applicable to such person.

During the course of Audit of Headquarter Frontier Crops (south) for the financial year 2018-2019, it was observed that the record of regimental accounts and command fund of local office was not provided to Audit. The same was also demanded vide Ministry of interior Letter No.2/6/2010/F&A dated 13.7.2010 and Director General Audit (F.G), Islamabad letter No. Coord/Circular /09-10 F-630/657 dated 17.08.2010.

- i. Record of Regimental Fund and Bank Accounts along with bank statement
- ii. Details of physical assets and plots property of Regimental accounts.
- iii. List of Regimental projects of FC Headquarter (south).
- iv. Details of tender documents/ contract agreement of commercial entities Sources of receipts/ expenditures
- v. Details of deduction of Income Tax and Sales Tax deducted/ deposited under the regimental accounts.

Audit is of the view that non production of record creates doubt about the expenditure. It also limits the scope of auditor and impedes accountability and transparency.

The management was requested to convene the DAC meeting vide letter dated 11.01.2023 but DAC was convened till finalization of the Report.

Audit recommends that responsibility may be fixed for hindering the auditorial functions of the Auditor General of Pakistan.

14.5.66 Unauthenticated expenditure on account POL - Rs. 892.797 million

Para 11 GFR Volume-I states that each head of a department is responsible for enforcing financial order and strict economy at every step. He is responsible for observance of all relevant financial rules and regulations both by his own office and by subordinate disbursing officers.

During the course of audit of Inspector General Frontier Corps (South) Balochistan for the financial year 2021-2022, it noted expenditure amounting Rs. 892,797,138/- incurred on account POL and payment was made to PSO.

While scrutiny of the record it was noted that POL bills of other cost centers (Eleven under command Units / DDO cost centers) were paid from cost center (TB3906) without approval of competent authority which is unauthorized.

S. No	Month	Firm name	Expenditure
1	July	PSO	57,341,613
2	August	PSO	65,687,467
3	September	PSO	74,043,913
4	October	PSO	68,598,686
5	November	PSO	102,376,882
6	December	PSO	79,722,793
7	January	PSO	37,353,857
8	February	PSO	68,274,297
9	March	PSO	84,955,291
10	April	PSO	59,566,129
11	May	PSO	75,246,621
12	June	PSO	119,629,589
Total			892,797,138

Further, following record / supporting documents of concerned units/ wings were not provided / available to audit to verify and authenticate the expenditure.

- A. List of Vehicles of Crops/ unit / wing Wise
- B. Log Books / VDRA's

- C. POL stock Book
- D. POL sanction book
- E. POL demand / Requisition from under command Crops/units / Wings
- F. Issue / Receipt voucher
- G. Movement register & history sheet of vehicles
- H. POL policy of IGFC south
- I. POL Ceiling of vehicles

Audit is of the view that that payment of POL Bills of other cost centers of under commands crops is unauthorized and in absence of above-mentioned records the expenditure cannot be authenticated.

The management was requested to convene the DAC meeting vide letter dated 11.01.2023 but DAC was convened till finalization of the Report.

Audit recommends that the irregular practice may be stopped forthwith besides fixing responsibility.

14.5.67 Unauthorized payment of delivery charges of POL - Rs. 16.254 million

According to Rule 26 of GFR Vol – 1 it is the duty of controlling officer to ensure all Govt. dues are regularly and promptly assessed, realized and duly credited in the Public account. The non-recovery/ inclusion of taxes amount due to negligence on the part of concern officers as defined in Rule 23 of GFR.

In terms of Section 161 (1)(b) of the Income Tax Ordinance, 2001, states that where a person has collected tax fails to pay the tax to the commissioner shall be personally liable to pay the amount of tax to the commissioner

During the course of audit of Inspector General Frontier Corps (South) Balochistan, for the financial year 2021-2022, It was noted that the contract for the supply of the POL was awarded to Pakistan State Oil. while Scrutiny of record it was noted that delivery charges amounting to Rs. 16,254,491.39 for supply of POL items. Detail is given in statement attached:

Audit views that the price of POL items declared by ORGRA were inclusive of delivery charges and payment of delivery charges separately is unauthorized and recoverable.

Further, audit views that delivery charges amounting to Rs. 16,254,491.39 could have been saved if the procurement was made from local Petroleum stations of PSO in each district.

Audit views due adoption of centralized procurement from PSO Government has sustained a loss/ extra financial burden to Government exchequer.

The management was requested to convene the DAC meeting vide letter dated 11.01.2023 but DAC was convened till finalization of the Report.

Audit recommend that purchasing of POL may be made from local filling stations of PSO instead of centralized procurement besides proper justification or recovery of subject amount from the contract and deposited in Government treasury

14.5.68 Irregular/ Unjustified payment of honorarium in cash – Rs. 504.746 million

According to Rule 157 of Federal Treasury Rules provides that all third party payments shall be made through cheques drawn in the name of the recipients

During the course of audit of record of HQ Frontier Corps, (Balochistan) for the year 2021-2022, it was noted local office made withdrawals in cash amounting to Rs. 504745748 under the head honoraria

Audit observed that the amount was withdrew in cash instead of making payment through crossed cheques in violation of rules.

The management was requested to convene the DAC meeting vide letter dated 11.01.2023 but DAC was convened till finalization of the Report.

Audit is of the view that cash payment on account of miscellaneous items is a serious irregularity on the part of local office. It is desired that irregularity may be condoned with order of competent authority under intimation to audit.

14.5.69 Recovery on account of Over drawn pay of SOS and OSL persons - Rs. 7.500 million

According to Rule 26 of GFR Vol – 1 it is the duty of controlling officer to ensure all Govt. dues are regularly and promptly assessed, realized and duly credited in the public account.

As per Treasury Rule 283 “No Government money retained more than three months”

During the course of audit of Inspector General Frontier Corps (South) Balochistan for the financial year 2021-2022 , it was noticed that RI Punishment, Conveyance Allowance, SOS and OSL persons and Over Drawl of Pay & Allowance of persons have been drawn/ retained by local office amounting Rs.7,500,000 (as detail provided by Pay Cell of HQFC(south). But the subject amount was not deposited in Government treasury.

Audit views that non deposit of overdrawn of Pay and Allowances on account of RI Punishment, Conveyance Allowance, SOS and OSL persons is irregularity on part of local office and violation of financial rules.

The management was requested to convene the DAC meeting vide letter dated 11.01.2023 but DAC was convened till finalization of the Report.

Audit recommends that over drawn money may be deposited in Government treasury through challan under intimation to audit.

Local Government and Rural Development, Islamabad

14.5.70 Irregular award of additional work without technical sanction - Rs. 232.083 million

The Public Accounts Committee (PAC) vide its directives dated 17.07.2001 states that management is not empowered to award a new work as additional work to an existing contract without calling open tenders. It only allows minor adjustments in the already awarded work so as to complete it in all respect.

Rule 4(c) of the Public Procurement Rules, 2004, also provides that procuring agency shall not repeat orders exceeding 15% of the original procurement.

Para (b)ix of Cabinet Division letter No. F.7(1)DD(Dev)/2015 dated 28.01.2015 states that since the schemes are community based, there shall be no substitution/addition/deletion of schemes once funds are released.

Executive Engineer, Local Government and Rural Development, Islamabad awarded different works to different contractors under the Millinume Development Goal Program during 2014-16. Details are as under:

S. No.	Name of Work	Contractor	Original Work	Executed Work	Excess	%age
1	Rehabilitation of road and street pavement at Chatta Bakhtawar	M/s Zafar Iqbal Gondal	10,000,000	50,021,000	40,021,000	400%
2	Street Pavement at Bahra Kahu South	M/s Irfan Developer	5,000,000	53,580,000	48,580,000	972%
3	Street Pavement at Bahra Kahu North	M/s Irfan Developer	5,000,000	59,675,000	54,675,000	1094%
4	Street Pavement at Village Sher Dhamial	M/s Ch. Abdul Rasheed	1,000,000	26,250,000	25,250,000	2525%
5	Street Pavement at Village Chirah and Adjoining Dhokes	M/s Ch. Muqarab Hussain	8,000,000	41,870,000	33,870,000	423%
6	Street Pavement at Herno Thanda Pani / Darkala Nilor	M/s Nagyal Builders	5,000,000	34,687,000	29,687,000	594%
Total			34,000,000	266,083,000	232,083,000	683%

Audit observed as under:

- i. Against original works of Rs 34.000 million, the execution of works were ended up at Rs. 266.083 million by enhancing the scope of work up to 683% above.
- ii. Additional work was awarded without open competition which was also beyond the permissible limit of 15% and without any revision of PC-I.
- iii. Security deposit of contractors were released after completion of original works but the management allowed the additional work in violation of rules.

Audit is of the view that Rs 232.083 million was paid in excess of contract agreements and technical sanctions which was unjustified and undue favors to the contractors. Audit is also view that payment beyond 15 % is violation of PPR.

The management did not reply.

Audit recommends that inquiry may be held to fix the responsibility.

14.5.71 Irregular enhancement of work as extra/excess items 400% of original work at New Shakrial/Khanna Kak street pavement - Rs. 31.884 million

Para (b)ix of Cabinet Division letter No. F.7(1)DD(Dev)/2015 dated 28.01.2015 states that since the schemes are community based, there shall be no substitution/addition/deletion of schemes once funds are released.

The Executive Engineer, LGRD, Islamabad awarded a work for 'Street Pavement at new Shakrial/Khanna Kak at cost of Rs. 8.00 million to M/s Islamabad Enterprises on 7.08.2015 with a completion period up to 15.05.2016. The contract agreement was signed on 27.8.2015. The work was completed at a cost of Rs. 7.99 million vide 3rd running bill afterwards total amount of Rs. 39.989 million was paid through 9th and final running bill on 21.06.2016 to the contractor for enhanced work of the same original work.

Audit is of the view that execution of work after completion of the original work was unauthorized, unjustified and undue favor to the contractor.

Audit is also of the view that the additional work was awarded without open competition which was also beyond the permissible limit of 15% and without any revision of PC-I.

Audit recommends that inquiry may be held to fix the responsibility.

14.5.72 Irregular payment of loan out of security deposit - Rs. 7.397 million

The Executive Engineer, LGRD, Islamabad awarded a work for 'Street Pavement at Village Sher Dhamial at cost of Rs. 1 million to M/s Ch. Abdul Rasheed on 14.3.2016 with a completion period up to 15.05.2016. The contract

agreement was signed on 22.3.2016. The work was completed at a cost of Rs. 0.99 million vide 2nd running bill an amount of Rs. 26.250 million was paid vide 10th and Final running bill on 09.06.2017 to the contractor.

Audit observed that the management of LG & RD deducted security deposit of Rs. 2.398 million against contractor M/s Ch. Abdul Rasheed. The contractor requested Deputy Commissioner for loan amounting Rs 7.397 out of security deposit account. The Deputy Commissioner, Islamabad approved the same amount of loan and the contractor was paid out of security amount.

Audit is of view that granting loan from security deposit was irregular and unauthorized.

Audit recommends such practice may be stopped and responsibility fixed.

14.5.73 Irregular payment of excess quantities - Rs. 18.969 million

Para (b)ix of Cabinet Division letter No. F.7(1)DD(Dev)/2015 dated 28.01.2015 states that since the schemes are community based, there shall be no substitution/addition/deletion of schemes once funds are released.

The Executive Engineer, LGRD, Islamabad awarded a work for 'Construction of Boundary wall for the security of Sabzi Mandi at I-11/4, Islamabad at cost of Rs. 15.00 million to M/s Irfan Developer on 22.3.2016 with a completion period 30 days. The contract agreement was signed on 29.4.2016. The work was completed at a cost of Rs. 56 million was paid vide 14th and Final running bill on 05.06.2017 to the contractor.

Audit observed that the contractor executed exceed quantities of un-coursed stone masonry and burnt brick masonry of Rs 18.969 million. As per following details:-

Items	Quantity as per original PC-I	Quantity as per revised estimates/Un-approved PC-I	Quantity as per MB	Difference	Rate	Total
Un-coursed Stone masonry	1430.42	276.98	3416.14	1985.72	4186.78	8,313,773

Burnt Brick Masonry	133.28	759.97	874.63	741.35	5187.71	3,845,909
						12,159,682
					Above56%	6,809,422
					Total	18,969,103

Audit is of the view that execution of work in excess of quantities mention in PC-I and technical sanction without any change in drawing or design was irregular and unauthorized

Audit recommends that amount paid in excess of approved quantities may be recovered from the contractor or from the person at fault.

CHAPTER 15

MINISTRY OF KASHMIR AFFAIRS AND GILGIT-BALTISTAN

15.1 Introduction

As per Schedule II [Rule 3 (3)] Distribution of Business among the Divisions read with Schedule III [rule-4(4)] Rules of Business 1973 (As amended up to 1st December, 2021) following main business have been assigned to the Division amongst the other functions.

1. Policy, Planning and Development for Gilgit-Baltistan.
2. Co-ordination with the Government of Gilgit-Baltistan and Gilgit-Baltistan Council.
3. Co-ordination with the Azad Government of the State of Jammu and Kashmir and the AJ&K Council.
4. Matters relating to the Settlement of Kashmir dispute, other than those falling within the purview of the Foreign Affairs Division.
5. Administration of Jammu and Kashmir State Property in Pakistan.
6. Processing of development schemes reflected in the PSDP of M/o Kashmir Affairs and Gilgit-Baltistan at the level of CDWP and ECNEC.
7. Co-ordination between the Federal Government Organizations and the Government of Gilgit-Baltistan and the Gilgit-Baltistan Council.
8. Mainstreaming population factor in development planning process, in Azad Jammu and Kashmir and Gilgit-Baltistan.
9. Management and distribution of Zakat and Ushr in Azad Jammu and Kashmir and Gilgit-Baltistan and the related and ancillary matter including distribution setup and monitoring and auditing thereof.

ATTACHED DEPARTMENTS / AUTONOMOUS BODIES

- i. Administrator Jammu and Kashmir state properties Lahore.

Sr. No.	Description	Total No.	Audited	Expenditure Audited (FY-2021-22) Rs. in million	Revenue / Receipt Audited (FY 2021-22) Rs. in million
1	Formations	3	2	240.236	
2	Assignment Accounts (Excluding FAP)				
3	Authorities / Autonomous Bodies etc. under the PAO				
4	Foreign Aided Project (FAP)				

15.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Kashmir Affairs and Gilgit Baltistan Division for the financial year 2021-22 was Rs. 26,602.84 million, out of which the Division expended an amount of Rs.24,602.84 million. Grant-wise detail of current and development expenditure is as under:

Grant No	Type of Grant	Original Grant	Suppl Grant	Surrender (-)	Final Grant	Actual Expenditure	Excess/ (Saving)	% age Excess/ (Saving)
62	Current	891.00	227.92	-1.20	1,117.72	1,117.74	.02	0.00%
110	Development	37,920.00	.00	-12,434.90	25,485.10	23,485.10	-2,000.00	-7.85%
	Total	38,811.00	227.92	-12,436.11	26,602.82	24,602.84	-1,999.98	-7.52%

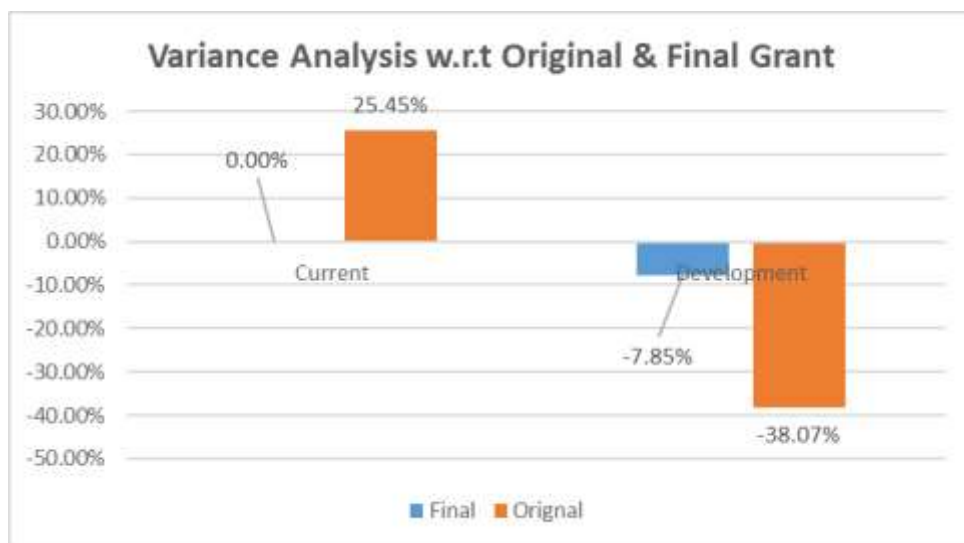
Audit noted that there was an overall saving of Rs.1,999.98 million, which was mainly due to saving in development grant.

Supplementary Grants obtained without careful cash forecasting

According to Para 71 of General Financial Rules (Volume I), while framing budget estimates, the authorities should exercise utmost foresight. Rules of good governance demand that budget processes are carried out in accordance with clearly defined expectations and assumptions and a coordinated calendar of activity.

As shown in the chart below, bifurcating total allocation into current and development expenditure, it was observed that, in case of development grant, there

was 38.07% saving w.r.t original grant which was finally reduced to 7.85% w.r.t final grant and in case of current grant, 25.45% excess was finally became 0% saving/excess.



15.3 Classified Summary of Audit Observations

Audit observations, amounting to Rs. 79,061.048 million, were raised in this report during the current audit of Kashmir Affairs and Gilgit Baltistan Division. Summary of the audit observations classified by nature is as under:

(Rupees in million)		
S. No	Classification	Amount
1	Non-production of record	
2	Reported cases of fraud, embezzlement and Misappropriation	
3	Irregularities	
A	<i>HR/Employees related Irregularities</i>	
B	<i>Procurement related irregularities</i>	
C	<i>Management of account with commercial banks</i>	
D	<i>Recovery</i>	
E	<i>Internal Control</i>	79,061.048
4	Value for money and service delivery	
5	Others	

15.4 Status of compliance with PAC Directives

Audit Year	Total No. of Audit Paras	No. of Actionable Points Issued	Compliance	Non/Partial Compliance	% of Compliance
1992-93	11	11	8	3	73
1994-95	4	4	2	2	50
2006-07	6	6	3	3	50
2009-10	5	5	1	4	20
2011-12	4	4	2	2	50
Total	30	30	16	14	

15.5 AUDIT PARAS

Ministry of Kashmir Affairs and Gilgit-Baltistan

15.5.1 Non-conducting of monitoring and evaluation of the Projects – Rs. 79,061.048 million

Para-20 (6) of Rules of Business states that the management of Kashmir Affairs and Gilgit-Baltistan have to process the development schemes reflected in the PSDP of M/o Kashmir Affairs and Gilgit-Baltistan at the level of CDWP and ECNEC.

As per Year Book of Ministry of Kashmir Affairs and Gilgit Baltistan Planning & Monitoring Wing (P&M Wing) is responsible for formulation of Annual & Mid Term Development Plan, scrutiny and appraisal of PC-Is of Developmental Projects of Governments of AJK & GB. It also provides technical support in the preparation of schemes of Annual Development Program (ADP) of Governments of AJK & GB. In addition, this wing is responsible to monitor and evaluate all developmental projects included in the Federal Public-Sector Development Program (PSDP) of Ministry of Kashmir Affairs & Gilgit-Baltistan. It processes and sanctions release requests of these PSDP projects to ensure timely completion of the planned projects activities.

The management of Kashmir Affairs and Gilgit Baltistan released amount of Rs.79,061.048 million to different PSDP projects at Azad Jammu & Kashmir

and Gilgit Baltistan during financial year 2019-20 and 2020-21. Details are as under:

Sr. No.	Financial Year	Azad Jammu & Kashmir			Gilgit Baltistan		
		Actual Release	Actual Utilization	(Excess) / Savings	Actual Release	Actual Utilization	(Excess) / Savings
1.	2019-20	28,094.083	27,492.025	602.058	15,974.703	15,974.703	-
2.	2020-21	28,318.077	28,558.490	(240.413)	6,674.185	3,717.156	2,957.029
Total Rs.		56,412.160	56,050.515	361.645	22,648.888	19,691.859	2,957.029

Audit observed as under:

- i. The management did not conduct monitoring and evaluation of the projects.
- ii. No execution and progress reports were available with the management.
- iii. No details of appointment of Project Directors in the light of letter No. PC-1(8)/2018 dated 30.12.2021 was provided.
- iv. Whereabouts of excess and savings and utilization of balance amounts were also not available.
- v. Most of the projects were under-utilized their released funds and some of the projects were over-utilized from their released funds as excess expenditure was made from available previous releases.

Audit is of the view that non-conducting of monitoring and evaluation of the projects resulted in the poor progress of these projects and the funds were also not utilized appropriately.

The management replied that the Planning Wing of this Ministry informed regarding audit observation pertain to the both Governments (AJK&GB) has been send for their reply. As and when reply received from the both Governments will be furnished to the Audit.

The management accepted the view point of Audit.

Audit recommends to properly monitor and evaluate the projects.

CHAPTER 16

MINISTRY OF MARITIME AFFAIRS

16.1 Introduction

As per Schedule II [Rule 3(3)] Distribution of Business among the Divisions read with Schedule III [rule-4(4)] Rules of Business 1973 (As amended upto 23rd April, 2019) following main business have been assigned to the Division amongst the other functions.

1. National Planning, research and international aspects of:
 - s) Inland water transport; and
 - ii) Coastal shipping within the same Province.
2. Diverted cargo belonging to the Federal Government.
3. Navigation and shipping, including coastal shipping but not including shipping confined to one Province; safety of ports and regulation of matters relating to dangerous cargo.
4. Light-houses, including lightships, beacons and other provisions for safety of shipping.
5. Admiralty jurisdiction; offenses committed on the highseas.
6. Declaration and delimitation of major ports and the constitution and power of authorities in such ports.
7. Mercantile marine; planning for development and rehabilitation of Pakistan merchant navy; international shipping and maritime conferences and ratification of their conventions; training of seamen; pool for national shipping.
8. Korangi Fisheries Harbor Authority, Karachi.
9. Office for promotion of Deep Sea Fisheries Resources in Exclusive Economic Zone.
10. Fishing and Fisheries beyond territorial waters.

11. Quality Control Laboratory Karachi.
12. Marine Fisheries Research Laboratory Karachi.
13. Fisheries Training Centre/Deep Sea Fishing Vessel.
14. Oceanography and Hydrological Research.
15. Marine Biological Research Laboratory, Karachi.
16. Welfare of Seamen; seamen Hostel Karachi.

ATTACHED DEPARTMENTS/AUTONOMOUS BODIES

- i. Directorate of Maritime Fisheries, Karachi.
- ii. Directorate of Dockworkers Safety, Karachi.
- iii. Karachi Port Trust
- iv. Karachi Dockyard Labour Board
- v. Pakistan Maritime Academy Karachi
- vi. Shipping Master Karachi
- vii. DG Ports & Shipping Karachi.

Sr. No.	Description	Total No.	Audited	Expenditure Audited (FY-2021-22) Rs. in million	Revenue / Receipt Audited (FY 2021-22) Rs. in million
1	Formations	10	3	5,463.600	25,559.299
2	Assignment Accounts (Excluding FAP)	-	-	-	-
3	Authorities / Autonomous Bodies etc. under the PAO	2	2	28,379.836	-
4	Foreign Aided Project (FAP)	-	-	-	-

16.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Maritime Affairs for the financial year 2021-22 was Rs. 5,728.48 million, out of which the Division expended an amount of Rs.

2,683.86 million. The Division had 3 current grant and 1 development grant. Grant-wise detail of current and development expenditure is as under:

(Rs. In million)

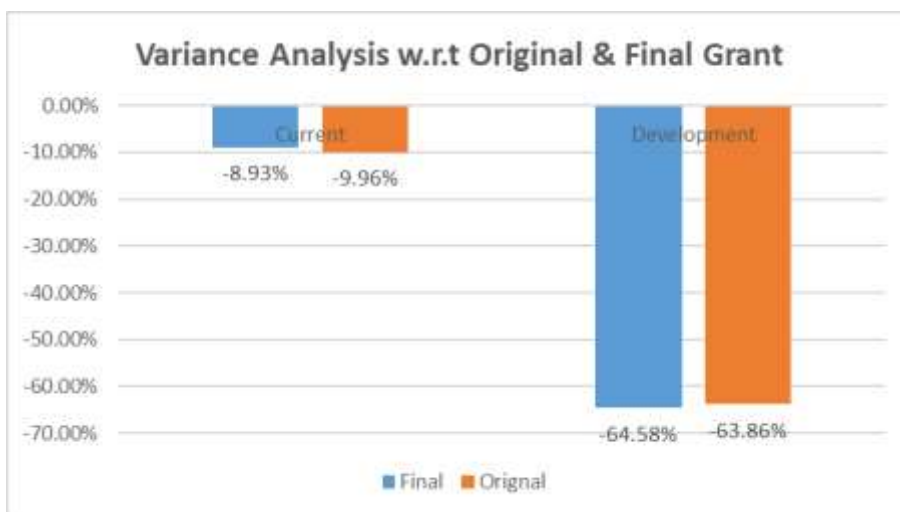
Grant No	Type of Grant	Original Grant	Suppl Grant	Surrender (-)	Final Grant	Actual Expenditure	Excess/ (Saving)	% age Excess/ (Saving)
69	Current	1,190.00	.00	-13.43	1,176.57	1,071.52	-105.05	-8.93%
126	Development	4,461.91	90.00	.00	4,551.91	1,612.35	-2,939.56	-64.58%
	Total	5,651.91	90.00	-13.43	5,728.48	2,683.86	-3,044.61	-53.15%

Audit noted that there was an overall savings of Rs.3,044.61 million, which was mainly due to saving in development grants.

Supplementary Grants obtained without careful cash forecasting

According to Para 71 of General Financial Rules (Volume I), while framing budget estimates, the authorities should exercise utmost foresight. Rules of good governance demand that budget processes are carried out in accordance with clearly defined expectations and assumptions and a coordinated calendar of activity.

As shown in the chart below, bifurcating total allocation into current, development and charge expenditure, it was observed that, in case of development grant, there was 63.86% saving w.r.t original grant which was finally increased to 64.58% w.r.t final grant and in case of current grant 9.96% saving was finally reduced to 8.93%.



16.3 Classified Summary of Audit Observations

Audit observations, amounting to Rs. 66,917.41 million, were raised in this report during the current audit of **Ministry Of Maritime Affairs**. Summary of the audit observations classified by nature is as under:

(Rupees in million)		
S. No	Classification	Amount
1	Non-production of record	
2	Reported cases of fraud, embezzlement and Misappropriation	
3	Irregularities	
A	HR/Employees related Irregularities	108.439
B	Procurement related irregularities	506.279
C	Management of account with commercial banks	62.78
D	Recovery	2,400.724
E	Internal Control	63,724.626
F	Civil Works	114.562
4	Value for money and service delivery	
5	Others	

16.4 Status of compliance with PAC Directives

Audit Year	Total No. of Audit Paras	No. of Actionable Points Issued	Compliance	Non/Partial Compliance	% of Compliance
2010-11	4	0	0	4	-
2011-12	8	0	0	8	-
2012-13	2	0	0	2	-
2013-14	1	0	0	1	-
2015-16	20	20	6	14	30
2016-17	2	0	0	2	-
2017-18	5	0	0	5	-
2018-19	92	0	0	92	-
2019-20	75	0	0	75	-
2020-21	47	0	0	47	-
2021-22	78	0	0	78	-
Total	334	20	6	328	

16.5AUDIT PARAS

Pakistan Marine Academy (PMA), Karachi

16.5.1 Payment for non-execution and defective work – 79.514 million

DDWP in its meeting held on 27.01.2020 approved a scheme “Rehabilitation of Administration Block, Cadet Block, Residential Block, Anwar Hall/ Quarter Deck and Officers Mess in Premises of Pakistan Marine Academy” at a cost of Rs. 79.514 million. The work would be executed by Pak-PWD.

Pakistan Marine Academy transferred an amount of Rs. 79.514 million to Executive Engineer, Pak-PWD, CCD, Karachi during 2020-21.

Audit observed that that Pak-PWD did not execute the following work despite receipt of full payment of Rs. 79.514 million as provided in the PC-I as mentioned in the PMA letter dated 12.05.2022:

- i. Replacement of doors at Admin Block, Cadets Block and Residential Blocks
- ii. Fixing of aluminum windows at residential Block.
- iii. Quality roof treatment of admin, Cadets, Residential Block
- iv. Paint work (weather shield) at admin and Residential Block
- v. Repairing of shades at Residential block
- vi. Change of low quality electrical equipment at residential block

Audit further observed that the Ministry of Maritime Affairs reported on 14.04.2022 that defective and sub-standard work was executed by Pak-PWD (Low Quality of Doors and Paint Work without removing / scraping, low quality of sanitary and plumbing work) to Secretary, Housing and Works but he did not take corrective actions despite the fact roof of a class room had also collapsed.

Audit is of the view that non-execution and defective execution is failure of the Chief Engineer, South, Pak-PWD, Karachi and the Executive Engineer, of the concerned Division as the matter was brought into the notice of both the officers.

The management did not reply till finalization of Audit & Inspection Report.

The management was requested to convene the DAC meeting vide letter dated 16.01.2023 but DAC was convened till finalization of the Report.

Audit recommends matter may be investigated to fix responsibility besides recovering the loss from the concerned and making corrective measures.

16.5.2 Un-authorized opening of bank accounts - Rs. 62.780 million

Rule 4(1) of the Treasury Single Account Rules, 2020 states that no Government office shall open, operate or maintain a bank account for any purpose, except in accordance with the Act and these rules.

Pakistan Marine Academy Karachi has been maintaining eleven (11) bank accounts in National Bank of Pakistan, Hawks Bay Road, Maripur, Karachi. The bank statements of these accounts showed balance of Rs. 62.780 million as on 30.06.2022. Details are as under:

(Rupees)					
S. No.	Accounts No	Bank title	Debit	Credit	Balance
1	4098656723	PMA receipt A/c	63,068,929	83,446,680	62,258,321
2	4098656625	Commandant & Accounts Officer	262,458	0	0
3	4098656956	PMA self Fianace schemes	4,027,332	1,279,657	1,500
4	4098656652	PMA Gas A/C	420,462	106,050	6,150
5	3098637996	PMA cadets uniforms	45,606	2,472	1,261
6	3098638226	PMA misc A/C	270,048	15,115	5,139
7	3098637923	PMA maintenance	134,431	11,356	3,954
8	3098638011	PMA Boarding	411,725	152,199	11,383
9	3098638039	PMA Stationary	13,063,004	753,827	374,922
10	4098664545	PMA new entry	688,104	117,500	117,500
11	4098664554	PM improvement fund	0	0	0
Total			82,392,099	85,884,856	62,780,130

Audit observed that (eleven) 11 bank accounts were maintained in violation of the rules and did not maintain the bank reconciliation statements.

Audit is of the view that the operation of the bank accounts by Pakistan Marine Academy, Karachi was unauthorized.

The management did not reply till finalization of Audit & Inspection Report.

The management was requested to convene the DAC meeting vide letter dated 16.01.2023 but DAC was convened till finalization of the Report.

Audit recommends that responsibility may be fixed for the irregularity besides taking corrective measures.

16.5.3 Non-deposit of receipt into government treasury – 85.885 million

Rule 37(1) of Public Financial Management Act, 2019 states that revenues collected by an autonomous entity, which arise from any Act or statutory instruments of the Federal Government shall be deposited into the treasury single account.

Pakistan Marine Academy, Karachi was declared autonomous body vide Cabinet Division Memorandum No. 4-11/2019-Min-I dated 23.12.2019.

During Financial Year 2021-22 an amount of Rs. 85.885 million was received by Pakistan Marine Academy, Karachi under various heads. Details are as under:

S. No.	Accounts No	Bank title	Debit	Credit	Balance
1	4098656723	PMA receipt A/c	63,068,929	83,446,680	62,258,321
2	4098656625	Commandant & Accounts Officer	262,458	0	0
3	4098656956	PMA self Finance schemes	4,027,332	1,279,657	1,500
4	4098656652	PMA Gas A/C	420,462	106,050	6,150
5	3098637996	PMA cadets uniforms	45,606	2,472	1,261
6	3098638226	PMA misc A/C	270,048	15,115	5,139
7	3098637923	PMA maintenance	134,431	11,356	3,954
8	3098638011	PMA Boarding	411,725	152,199	11,383
9	3098638039	PMA Stationary	13,063,004	753,827	374,922
10	4098664545	PMA new entry	688,104	117,500	117,500
11	4098664554	PM improvement fund	0	0	0
Total			82,392,099	85,884,856	62,780,130

Audit observed that the Academy obtained Rs. 200.905 million as one line budget from Government under A03985-Autonomous/Semi-Autonomous/Local Bodies for meeting its annual expenditure but receipt of Rs. 85.885 million was not deposited into the government treasury in violation of the Act.

Audit is of the view that non-deposit of receipt deprived the government from the benefit of its due revenue.

The management did not reply till finalization of Audit & Inspection Report.

The management was requested to convene the DAC meeting vide letter dated 16.01.2023 but DAC was convened till finalization of the Report.

Audit recommends receipt may be deposited into Government treasury.

16.5.4 Irregular appointment of faculty – Rs. 4.739 million

Cabinet Secretariat Establishment Division Notification No F.53/I/2008-SP dated 22.10.2014 for recruitment in Ministries/Divisions/ Attached/ Departments/ Subordinate Offices / Autonomous Bodies /semi-Autonomous envisages that vacancies as per the Provincial/Regional quota etc. shall be advertised through widely published National/Provincial/Regional newspapers.

Pakistan Marine Academy appointed 13 faculty members for fixed term and paid an amount of Rs. 4.739 million during financial year 2021-22.

Audit observed that the appointments were made without any approved rules and without advertising the vacancies in the newspapers.

Audit is of the view that appointment of the faculty was made in violation of rules.

The management did not reply till finalization of Audit & Inspection Report.

The management was requested to convene the DAC meeting vide letter dated 16.01.2023 but DAC was convened till finalization of the Report.

Audit recommends that responsibility may be fixed for the irregularity besides making future appointments through open competition.

Karachi Dock Labour Board

16.5.5 Loss due to non-reduction of the strength of registered dock workers – Rs. 813.626 million

As per Clause (a) of the Board Resolution No 36/2006 dated 18.11.2006 the required level of registered dock workers to remain on KDLB Roster shall be 1700 workers.

The management of KDLB offered Golden Hand shake scheme to Dock Workers to improve economic viability of the Board in 2006

Audit observed that during June 2022, 2692 workers were registered with KDLB as per record provided by KDLB management to Audit. This shows that 992 dock workers were in excess of actual requirement since 2006.

Audit is of the view that non compliance of Board Resolution No 36/2006 dated 18.11.2006 is serious lapse on the part of local management which resulted in loss of Rs 813,626,496 (based on minimum guaranteed wages to day shift workers) $(2692-1700 \times 12 \times 68,349)$ to the KDLB.

The management did not reply till finalization of this report.

Audit recommends to responsibility for non implementation of Board Resolution and take steps for implementation the same.

The management did not reply till finalization of this report.

The management was requested to convene the DAC meeting vide letter dated 16.01.2023 but DAC was convened till finalization of the Report.

Audit recommends fixing the responsibility for non implementation of Board Resolution and expediting the process for implementation of the same.

16.5.6 Procurement of medicines in non transparent manner– Rs 118.525 million

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

S.No	Particulars	Amount (Rs)
1	M/s Haider Medicos	65,337,581
2	Platinum Medical Store	3,676,527
3	Danish Medical Store	2,946,317
4	AA Medicos	46,565,432
	Total	118,525,857

Audit observed that medicines were purchased without open competition in violation of Rule 4 &12(2) of the Public Procurement Rules, 2004.

Audit further observed that:

- i. Approved rules & regulations for medical facility and hiring of services of four medical stores were not available on record.
- ii. Mechanism to monitor the purchase of medicines by the patients from these stores was not available. Therefore, non-existence of control mechanism provides huge opportunity to perpetrate fraud.

Audit is of the view that there is possibility of fraud due to weak internal control and non-existence of control mechanism. Audit further contends that non-introduction of monitoring mechanism promotes collusion for misappropriation/fraud.

The management did not reply till finalization of this report.

The management was requested to convene the DAC meeting vide letter dated 16.01.2023 but DAC was convened till finalization of the Report.

Audit recommends to fix the responsibility for non-transparent procurement.

16.5.7 Hiring of services of private Hospitals without open competition and non-existence of verification mechanism - Rs 300.228 Million

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

The management of KDLB hired outdoor and indoor services of five (5) private hospitals on its panel and incurred an expenditure of Rs 300,288,804 during 2021-22 as detailed below:-

Sr.	Hospital	Amount (Rs)
1.	Liaquat National Hospital	179,783,756
2.	Ziauddin Hospital	96,968,677
3.	N.I.C.V.D	5,353,607
4.	Altamash Hospital	16,653,612
5.	Hashmanis Hospital	1,469,152
	Total	300,228,804

Audit observed that:

- i. Services of panel hospitals were hired without open competition.
- ii. Monitoring mechanism to ascertain requirements of procedures performed by panel hospitals was not available on record.
- iii. Verification of bills is not being made with the records of panel hospitals
- iv. No officer /official is deputed for physical verification of admitted patients on daily or weekly basis to ascertain actual activity performed by the panel hospitals.

Audit is of the view that the selection of hospitals without open competition was irregular. Moreover, violation of PPRA rules and non-existence of verification mechanism of claims is reflection of collusive practices and fraudulent schemes.

The management did not reply till finalization of this report.

The management was requested to convene the DAC meeting vide letter dated 16.01.2023 but DAC was convened till finalization of the Report.

Audit recommends to fix the responsibility for hiring of services of private Hospitals without open competition and to develop a verification mechanism.

16.5.8 Recovery of outstanding rent of KDLB properties from the tenants - Rs 31.299 million

Para 26 of GFR-26 Vol-I states that “Subject to any special arrangement that may be authorized by competent authority with respect to any particular class of receipts, it is the duty of the departmental Controlling officers to see that all sums due to Government: are regularly and promptly assessed, realised and duly credited in the Public Account”.

The management of KDLB has rented out the five floors with covered area 46,172_Sq ft to different private/government offices.

Audit observed that an amount of Rs 31,299,015 is outstanding against 16 offices. No effort was made to recover the outstanding rent from the tenants. Detail is given below:

Sr No.	Name of Tenant	Area Occupied Sq.Ft	Outstanding rent upto 30.06.2022
1	M/s Inshipping (Pvt). Ltd. Office No. 05	3000	1,714,068
2	M/s Inshipping (Pvt). Ltd. Office No. 06	1000	864,396
3	M/s Insurvey Pakistan (Pvt) Ltd. Office No 07 & 10	8280	5,073,984
4	M/s Megarants Pakistan (Pvt). Ltd. Office No. 08	1400	1,094,688
5	M/s Megarants Pakistan (Pvt). Ltd. Office No. 09	2000	1,603,090
6	M/s SASPAK (Pvt). North side 1 st floor	6000	4,656,960
7	M/s X-Press Feeders Shipping Agency Pak. (Pvt). Ltd. South Side	2958	700,064
8	M/s Amna Industries (Pvt) Ltd. South Side A	3978	2,216,566
9	M/s Amna Industries (Pvt) Ltd. South Side B	2055	2,176,025
10	M/s Megatech (Pvt) Ltd. South Side	5968	2,730,718
11	M/s Imran Crown Cork (Pvt) Ltd. North side A	2572	2,648,132
12	Ebrahim Textile Mills Ltd. North Side-A1	2500	2,574,000
13	M/s Gul Agencies (Pvt) Ltd. North Side-B	961	709,218

14	EFU (G) Insurance Co. Ltd	2200	1,684,474
15	M/s Inshipping (Pvt) Ltd. South Side-07	550	306,896
16	M/s A. Razzak Baramchari, South side-10	750	545,736
Total			31,299,015

Audit is of the view that non-recovery of outstanding rent from the tenants is a serious lapse on the part of the management which deprived the Board of its due receipts of Rs 31.299 million.

The management did not reply till finalization of this report.

The management was requested to convene the DAC meeting vide letter dated 16.01.2023 but DAC was convened till finalization of the Report.

Audit recommends to fix the responsibility for non recovering of outstanding dues and strenuous steps may be taken to collect the rent on time.

Karachi Port Trust, Karachi

16.5.9 Non recovery of outstanding lease receivables from tenants –Rs. 4,968.384 million

Section 84 of KPT Act, 1886 states that all fees and sums due on account of property for the time being vested in the Board and all arrears of tolls, charges, rates and dues imposed under this Act, may be recovered, in addition to the other modes hereinbefore provided, upon a summary proceedings before a magistrate in the manner provided in the Code of Criminal Procedure, 1882, for the recovery of fines.

Para 125 of the Manual of the Estate Department of KPT states that if a tenant fails to make payment the authorized officer shall cause to recover the dues in any one or more of the following manner.

- i. By stopping the transaction of the tenants with the Board.
- ii. By adjusting the outstanding amount from any amount due to the tenants.
- iii. By taking action under Section 84 of the KPT Act for the recovery of the amount due or through civil suit or under any other law for the time being in force.

- iv. By recommending cancellation of allotment to the Board, if the tenant is persistent defaulter.

As per computerized record provided by KPT, an amount of Rs 4,968,384,487 is outstanding on the accounts of lease receivable from various tenants.

Audit observed that an amount of Rs 4,968.384 million is out standing up to 30.06.2022.

Audit is of the view that non recovery of outstanding lease receivables on account of rent from property is a lapse on the part of KPT which shows a weakness of estate department because of which KPT is deprived of valuable funds.

The management did not reply till finalization of this report.

The management was requested to convene the DAC meeting vide letter dated 16.01.2023 but DAC was convened till finalization of the Report.

Audit recommends to fix responsibility for non recovery of outstanding from tenants.

16.5.10 Non Recovery of Bills outstanding regarding temporary storage charges – Rs 1,913.434 million

Section 84 of KPT Act, 1886 states that all fees and sums due on account of property for the time being vested in the Board and all arrears of tolls, charges, rates and dues imposed under this Act, may be recovered, in addition to the other modes hereinbefore provided, upon a summary proceedings before a magistrate in the manner provided in the Code of Criminal Procedure, 1882, for the recovery of fine.

The management of KPT allotted temporary storage facilities to M/s Pakistan International Container Terminal (PICT) and Karachi International Container Terminal (KICT) for container storage.

Audit observed that an amount of Rs 1,913,433,600 is outstanding against M/s PICT and KICT for the period from 01.06.2021 to 31.10.2022 as per record

provided by KPT management. (PICT No of containers 74 amount Rs 395,510,920 and KICT No of Containers 136 amount Rs 1,517,922,680).

Audit is of the view that non collection/Recovery of outstaying bills worth Rs 1,913.434 million is lapse on the part of local management which deprived KPT from its due receipts on due time.

Management did not reply till finalization of this report.

The management was requested to convene the DAC meeting vide letter dated 16.01.2023 but DAC was convened till finalization of the Report.

Audit recommends to expedite recovery involved.

16.5.11 Non recovery of outstanding Licence fees - Rs 379.044 million

Section 84 of KPT Act, 1886 states that all fees and sums due on account of property for the time being vested in the Board and all arrears of tolls, charges, rates and dues imposed under this Act, may be recovered, in addition to the other modes hereinbefore provided, upon a summary proceedings before a magistrate in the manner provided in the Code of Criminal Procedure, 1882, for the recovery of fines.

Para 125 of the Manual of the Estate Department of KPT states that if a tenant fails to make payment the authorized officer shall cause to recover the dues in any one or more of the following manner.

- i. By stopping the transaction of the tenants with the Board.
- ii. By adjusting the outstanding amount from any amount due to the tenants.
- iii. By taking action under Section 84 of the KPT Act for the recovery of the amount due or through civil suit or under any other law for the time being in force.
- iv. By recommending cancellation of allotment to the Board, if the tenant is persistent defaulter.

KPT licensed out different shops and stalls and hoardings to various individuals and companies. As per MIS data an amount of Rs 379,044,325 was outstanding on account of license fees.

Audit observed that an amount of Rs 379,044,325 on account of license fees is outstanding up to 30.06.2022.

Audit is of the view that a non recovery of outstanding license fees is a lapse on the part of KPT which shows a weak internal control in the organization.

The management did not reply till finalization of this report.

The management was requested to convene the DAC meeting vide letter dated 16.01.2023 but DAC was convened till finalization of the Report.

Audit recommends to expedite recovery involved.

16.5.12 Irregular appointment of 94 Employees on contract basis beyond allowable period of two years

Establishment Division's O.M. No.F.10/52/95-R.2 dated 18.07.1996 regarding appointment on contract basis in the Ministries, Divisions, Attached Departments and other Organizations under them states that the initial period of Contract from the date of appointment shall not exceed two years.

The management of KPT appointed 94 employees (31 officers and 63 staff) on contract basis for a period of three years during the financial year 2021-22.

Audit observed that appointment of 94 employees on contract basis for a period of 03 years was irregular as maximum period for initial appointment on contract basis is two years in terms of Establishment Division's O.M. No.F.10/52/95-R.2 dated 18.07.1996.

Audit is of the view that appointment of contract employees for a period of more than two years was irregular.

Management did not reply till finalization of this report.

The management was requested to convene the DAC meeting vide letter dated 16.01.2023 but DAC was convened till finalization of the Report.

Audit recommends to fix responsibility for irregular appointments on contract basis beyond two years.

16.5.13 Irregular and unjustified payment of professional fee in advance to a legal advisor - Rs 9.700 million

Under Ministry of Law, Justice and Human Rights policy guidelines for nominations/recommendations for appointment of legal advisors and engagement/placement of advocates on the panel of advocates of various department issued vide letter No F.6/1/2013-LA dated 03.06.2015, every Government department or Semi Government or Public Corporate Body shall seek concurrence of the Law, Justice and Human Rights Division for engagement of lawyer where professional exceed Rs 300,000. In such a case, the concerned Department will send a Panel of at least three Advocates for selection of one of them along with proposed professional fee for approval of the Law, Justice and Human Rights Division. Any failure in doing so will render the engagement of Advocate/Counsel etc. void and no ex-post facto approval will be allowed.

The implementation agreement (IA) was executed between Karachi Port Trust and M/s Pakistan International Container Terminal Ltd (PICT) whereby KPT out sourced berth No 6-9 situated at east Wharf which is expiring on 01.01.2023.

By virtue of terms and conditions of Implementation Agreement KPT has to issue cancelation notice to PICT so that KPT management may be able to award the contract for the same through open tender. Accordingly PICT filed suit No 2933/2021 against Federation of Pakistan and others in the High Court of Sindh, Karachi.

The Management of KPT hired services of Barrister Abid Shahid Zuberi Advocate and paid professional fee and miscellaneous expenses amounting to Rs 9,700,000 in advance on 28.01.2022.

Audit observed that payment of professional fee to advocate amounting to Rs 9,700,000 in advance was unauthorized as engagement of advocate was made without approval of the Ministry Of Law and Justice and Human Rights.

Audit is of the view that engagement of the advocate and payment beyond prescribed legal fee was unauthorized.

The management did not reply till finalization of this report.

The management was requested to convene the DAC meeting vide letter dated 16.01.2023 but DAC was convened till finalization of the Report.

Audit recommends to fix responsibility for unauthorized payment of professional/legal fee beyond prescribed fee in advance.

16.5.14 Non withholding of Sales tax on supplies - Rs 16.994 million

Section 3 (7) of the Sales Tax Act 1990 states that sales tax shall be withheld at the rate as specified in the Eleventh Schedule (20% or 1/5th of tax), by any person or class of persons being purchaser of goods or services, other than the services liable to pay sales tax under a Provincial enactment, as withholding agent for the purpose of depositing the same, in such manner and subject to such conditions or restrictions as the Board may prescribe in this behalf through a notification in the official Gazette.

The management of KPT purchased goods and services worth Rs 782,711,355 during the financial year 2021-22. The sales tax on this amount is Rs. 84,969,761.

Audit observed that management of KPT did not withhold 1/5th of the sales tax amounting to Rs. 16,993,952 in violation of Section 3 (7) of the Sales Tax Act 1990.

Audit is of the view that non deduction/withholding of sales tax from the suppliers of Goods and services is laps on the part of local management which deprived the Government from its due receipts of Rs. 16.994 million in the shape of sales tax.

The management did not reply till finalization of this report.

The management was requested to convene the DAC meeting vide letter dated 16.01.2023 but DAC was convened till finalization of the Report.

Audit recommends to fix responsibility for the irregularity.

16.5.15 Non Auction of Used oil/lubricants – 62,911 litres

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

As per the record provided by KPT management, used oil/lubricants with a volume of 62911 litres was returned from different ships and boats to stores department.

Audit observed that used oil was not auctioned despite lapse of an year as no such record was provided to Audit.

Audit is of the view that non auctioning of used oil is a lapse on the part of local management which deprived KPT from due receipts in due time.

The management did not reply till finalization of this report.

The management was requested to convene the DAC meeting vide letter dated 16.01.2023 but DAC was convened till finalization of the Report.

Audit recommends that used oil should be disposed of and sale proceeds deposited into KPT account.

16.5.16 Loss due to delay in finalization of award of construction contract – Rs. 114.562 million

Rules 38 (1)(d) & 38 (2) of the Public Procurement Rules,2004 state that the procuring agency shall consider single bids in goods, works and services if it has financial conformance in terms of rate reasonability and make decision with

due diligence and in compliance with general principles of procurement like economy, efficiency and value for money.

The management of KPT invited Tender for the construction of Connectivity Bridge between East and West Wharf at Karachi Port during the month of November 2020. Bidding and contract documents revealed that period of bid validity was 180 days and Sindh Sales tax @8% on construction services was required to be included in the rates provided in BOQ. Four bidders participated in the Tendering process and two bidders namely National Logistics Cell (NLC) and M/s China Civil Engineering Construction Corporation (CCECC) Usmani International Associates (pvt) LTD joint venture Islamabad were qualified technically.

Financial bids of the technically successful bidders were opened with following quoted prices.

Sr.No	Name of Contractor	Bid with Out Sindh Sales tax	Rate of sales tax	Bid inclusive of sales tax	Gross Bid amount
01	NLC	2,162,081,308.72	2%	43,241,626	2,205,322,935
02	CCECC-Usmani JV	2,148,041,398.41	8%	171,843,312	2,319,884,710

Audit observed that financial bid of the NLC was not accepted despite being lowest with the view that lower SST was quoted by NLC. Although Clarification was sought from M/s NLC vide letter dated 29.07.2021 regarding lesser SST quoted (2% instead of 8%). M/S NLC clarified vide its letter dated 30.07.2021 as under.

- i. Rates quoted in BOQ are inclusive of SST.
- ii. All taxes are included in rates quoted in BOQ as per clauses of the tender documents.

Finance Division has clarified that bidding clause stipulate that bid prices should be inclusive of all taxes (including SST).

The Bid of NLC was determined as the most advantageous bid at a gross price of Rs. 2,205,322,935 which was not accepted by the management of KPT and meanwhile time bid validity period was expired and M/s NLC did not agree to extend its validity due to cumbersome procedure. Resultantly the tender was

awarded to M/s CCECC-USmani JV at higher rate of Rs. 114,561,775 (Rs. 2,319,884,710 – Rs. 2,205,322,935).

Audit is of the view that the management of KPT could not finalize the tender process on time which resulted in the loss of Rs. 114.562 million to KPT due to award of tender at higher rate to left over single bidder.

The management did not reply till finalization of this report.

The management was requested to convene the DAC meeting vide letter dated 16.01.2023 but DAC was convened till finalization of the Report.

Audit recommends to fix the responsibility for delay in finalization of award of tender and shifting to a single bidder having non financial conformance in terms of rate reasonability.

16.5.17 Non deduction of Sindh sales tax on Hiring Charges of Pilotage Boats-Rs. 5.684 million

Section 8 of the Sindh Sales Tax on Services Act, 2011 states that there shall be charged, levied and collected a tax known as sales tax on the value of a taxable service at the rate specified in the Schedule in which the taxable service is listed.

Second Schedule Part B item No 9805.2100 of Sindh Sales Tax on Services Act, 2011 states that shipping management services shall be charged sales tax @ 13%.

The management of KPT hired services of two Boats from M/s Sea Max (pvt) Ltd Karachi and M/s Ocean World (pvt) Ltd Karachi for pilotage i.e picking and dropping pilots to carry Ships from deep sea to the port and back to the deep sea. The pilotage charges are Rs 119,786 per day for two boats which comes to Rs 43,721,890 for the financial year 2021-22.

Audit observed that the management of KPT failed to impose Sindh Sales tax Sindh Sales Tax on Services Act, 2011 @ 13% on shipping management services amounting to Rs 5,683,846 for the financial year 2021-22.(43,721,890 *0.13).

Audit is of the view that non imposing of sales tax on services is a lapse on the part of KPT management which deprived the provincial Government of its due receipt of Rs. 5.684 million.

The management did not reply till finalization of this report.

The management was requested to convene the DAC meeting vide letter dated 16.01.2023 but DAC was convened till finalization of the Report.

Audit recommends to fix responsibility for non recovery of Sindh Sales Tax from the supplier.

16.5.18 Irregular Procurement of Lubricants and Greases without open competition - Rs 8.012 million

Rule 42(c) (ii) of the Public Procurement Rules, 2004 states that a procuring agency shall only engage in direct contracting if only one manufacturer or supplier exists for the required procurement provided that the procuring agencies shall specify the appropriate fora, which may authorize procurement of proprietary object after due diligence.

The management of KPT entered into an agreement for direct procurement of lubricants, Greases and Oil on rate running basis with M/s Shell Pakistan limited for a period of three years in November 2019 and paid an amount of Rs. Rs 8,012,554 during financial year 2021-22 for said procurement on repeat order basis.

Audit observed that procurement of Lubricants, Greases and Oil directly from M/s Shell Pakistan limited without competition was irregular as M/s Shell Pakistan limited is not only one manufacturer/supplier for Lubricants, Greases and Oil. But More than one manufacturer such as Castrol, Mobil and PSO, etc. also produce Lubricants, Grease and Oil. Therefore, procurement on repeat order basis is also irregular and without competition.

Audit is of the view that direct procurement of lubricants, Greases and oil from single supplier was irregular which deprived KPT from the benefits of open competition.

The management did not reply till finalization of this report.

The management was requested to convene the DAC meeting vide letter dated 16.01.2023 but DAC was convened till finalization of the Report.

Audit recommends to fix responsibility for the irregularity.

CHAPTER 17

MINISTRY OF NATIONAL HEALTH, SERVICES, REGULATIONS AND COORDINATION

17.1 Introduction

As per Schedule II [Rule 3 (3)] Distribution of Business among the Divisions read with Schedule III [rule-4(4)] Rules of Business 1973 (As amended up to 23rd April, 2019) following main business have been assigned to the Division amongst the other functions.

1. Oversight for regulatory bodies for health services
2. National and international coordination in the field of public health
3. Population welfare programme and coordination
4. Training services in all health-related fields.
5. Coordination of Vertical Health Programmes including interaction with GAVI, EPI and the Global Fund for AIDS, TB, Hepatitis and Malaria.
6. Medical and health services for Federal Government employees.
7. Dealing and agreements with other countries and international organizations in the field of health, drugs and medical facilities abroad.
8. Scholarships / fellowships, training courses in health from International Agencies such as WHO. and UNICEF.

ATTACHED DEPARTMENTS / AUTONOMOUS BODIES

- i. Directorate of Central Health Establishment.
- ii. Federal Government Services Hospital, Islamabad.
- iii. Pakistan Institute of Medical Sciences.
- iv. Pakistan Medical and Dental Council.
- v. Pakistan Council for Nursing.
- vi. College of Physicians and Surgeons.

- vii. National Councils for Tibb and Homeopathy.
- viii. Pharmacy Council of Pakistan.
- ix. Directorate of Central Health Establishment.
- x. Drug Regulatory Authority of Pakistan.
- xi. National Institute of Health.
- xii. National Health Emergency Preparedness and Response Network.
- xiii. Pakistan Medical Research Council.
- xiv. Health Services Academy, Islamabad.
- xv. Directorate of Central Warehouse and Supplies, Karachi.
- xvi. Human Organ Transplant Authority.
- xvii. Shaheed Zulfiqar Ali Bhutto Medical University, Islamabad.
- xviii. Federal Medical and Dental College, Islamabad.
- xix. Federal General Hospital, Islamabad.
- xx. National Institute of Rehabilitative Medicine.
- xxi. District Population Welfare Office.
- xxii. Federal Government Tuberculosis Centre, Rawalpindi.

Sr. No.	Description	Total No.	Audited	Expenditure Audited (FY-2021-22) Rs. in million	Revenue / Receipt Audited (FY 2021-22) Rs. in million
1	Formations	70	17	17,041.714	5.483
2	Assignment Accounts (Excluding FAP)	11	-	-	-
3	Authorities / Autonomous Bodies etc. under the PAO	8	8	3,846.423	-
4	Foreign Aided Project (FAP)	-	-	-	-

17.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the National Health Services, Regulations and Coordination Division for the financial year 2021-22 was Rs. 172,327.36 million, out of which the Division expended an amount of Rs. 162,380.16 million. Grant-wise detail of current and development expenditure is as under:

(Rs. In million)

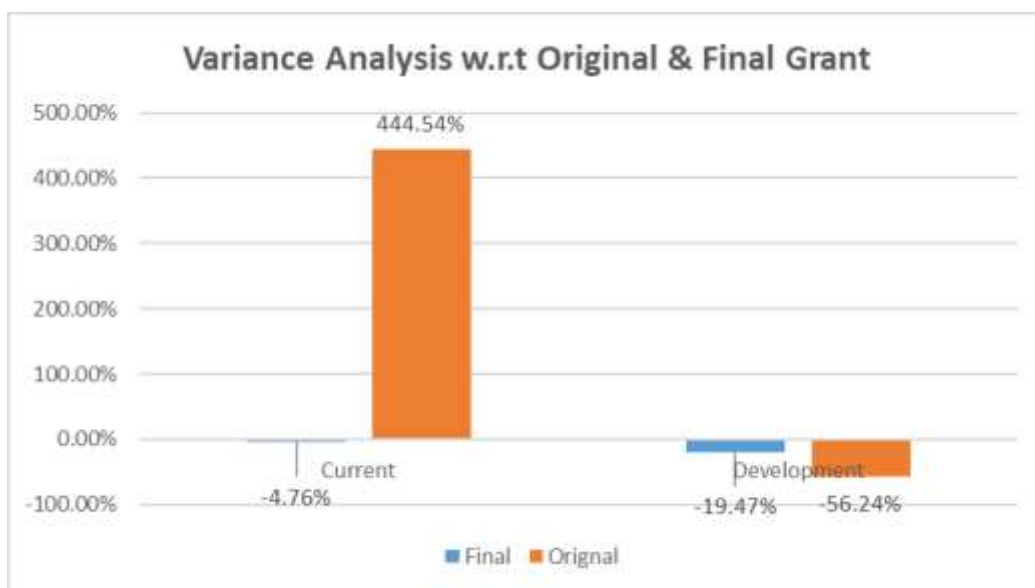
Grant No	Type of Grant	Original Grant	Suppl Grant	Surrender (-)	Final Grant	Actual Expenditure	Excess/ (Saving)	% age Excess/ (Saving)
74	Current	28,074.00	140,376.17	-7,927.05	160,523.12	152,874.76	-7,648.37	-4.76%
114	Development	21,722.51	200.00	-10,118.27	11,804.23	9,505.40	-2,298.83	-19.47%
	Total	49,796.51	140,576.17	-18,045.32	172,327.36	162,380.16	-9,947.19	-5.77%

Audit noted that there was an overall Saving of Rs. 9,947.19 million, which was due to less expenditure in grants.

Supplementary Grants obtained without careful cash forecasting

According to Para 71 of General Financial Rules (Volume I), while framing budget estimates, the authorities should exercise utmost foresight. Rules of good governance demand that budget processes are carried out in accordance with clearly defined expectations and assumptions and a coordinated calendar of activity.

As shown in the chart below, bifurcating total allocation into current, development and charge expenditure, it was observed that, in case of development grant, there was 56.24% saving w.r.t original grant which was finally reduced to 19.47% w.r.t final grant and in case of current grant 444.54% excess was finally became 4.76% saving.



17.3 Classified Summary of Audit Observations

Audit observations, amounting to Rs. 3,081.224million, were raised in this report during the current audit of **Ministry Of National Health, Services, Regulations And Coordination**. Summary of the audit observations classified by nature is as under:

(Rupees in million)

S. No	Classification	Amount
1	Non-production of record	
2	Reported cases of fraud, embezzlement and Misappropriation	
3	Irregularities	
A	<i>HR/Employees related Irregularities</i>	
B	<i>Procurement related irregularities</i>	454.303
C	<i>Management of account with commercial banks</i>	760.853
D	<i>Recovery</i>	1,649.718
E	<i>Internal Control</i>	216.35
4	Value for money and service delivery	
5	Others	

17.4 Status of compliance with PAC Directives

Audit Year	Total No. of Audit Paras	No. of Actionable Points Issued	Compliance	Non/Partial Compliance	% of Compliance
2010-11	5	3	0	5	-
2011-12	19	0	0	19	-
2012-13	30	0	0	30	-
2013-14	27	27	8	19	30
2014-15	17	0	0	17	-
2015-16	3	3	2	1	67
2016-17	30	10	0	30	-
2017-18	18	12	0	18	-
2018-19	30	0	0	30	-
2019-20	44	11	4	40	36
2020-21	21	0	0	21	-
2021-22	31	0	0	31	-
Total	275	66	14	261	

17.5 AUDIT PARAS

Federal Medical Teaching Institute (FMTI), Islamabad

17.5.1 Delay in the project resulting Cost Overrun- Rs.204.756 million

“Construction of Female Doctors Hostel at Pakistan Institute of Medical Sciences Islamabad” was approved vide Administrative Approval No.7-2/2007 dated 05-10-2007 by the DDWP in the meeting held on 6th June, 2007, the cost of the project was Rs.39.356 million, completion period was one year i.e. 04.10.2008.

Similarly, Up-gradation of Department of Nephrology at Federal Medical Teaching Institute (FMTI), Islamabad (PSDP) was approved on 11.05.2018 by DDWP for Rs.49.950 million. The Administrative Approval was issued on 30.05.2018. Extension in execution period was granted on 01.08.2019. The revised PC-I was prepared in January 2020 and revised cost of the project was Rs.72 million, completion period was one year i.e.30.06.2020.

Audit observed that the original cost of the Construction of Female Doctor Hostel project was Rs.39.356 million which was over run to Rs. 222.062 million. An increase of 465% in the original cost was noticed by the audit team. This abnormal increase in the cost of the project burdened the national exchequer by Rs.182.706 million and the cost of Up-gradation of Department of Nephrology at

Federal Medical Teaching Institute (FMTI), Islamabad when the project was conceived was Rs.49.950 million which was over run to Rs.72.00 million. An increase of 30.6% in the original cost was noticed by audit. This increase in the cost of the project burdened the national exchequer by Rs.22.05 million

Due to non-completion of the project within time the desired objectives mentioned in the PC-I could not be achieved besides cost overrun which is serious negligence and incompetency on the part of the project management.

Audit is of the view that non-completion of the project within the stipulated time period reflects ill planning and mis-management of financial and human resources.

The management did not reply.

Audit recommends that the matter may be inquired and corrective action required to be taken against the person held responsible.

17.5.2 Non-delivery of MRI Machine – Rs. 385.845 million

As per supply order dated 30.04.2021 the vendor was required to deliver the equipment complete in all respects within 120 days after the establishment of L.C.

The management of PIMS floated a tender on 19.09.2020 through print media for procurement of MRI equipment from Radiology Department of PIMS which was opened on 15.10.2020 and awarded to M/s Siemens Healthcare (Pvt) Ltd.

Audit observed that the Letter of Credit (L.C.) was established on 27.04.2021 but the equipment was not delivered to-date while the firm was bound to deliver and install the equipment complete in all respects within 120 days after the Establishment of L.C.

The management did not take any action against the firm for non-delivery of the equipment despite lapse of considerable time.

Audit is of the view non-delivery of equipment complete in all respects has deprived the public at large for their due right of MRI facility at a Government Hospital.

The management did not reply.

Audit recommends to inquire the matter to fix the responsibility.

17.5.3 Non imposition of penalty for late supply- Rs 41.386 million

According to terms and condition of award letter, if the supply order is not completed within 35 days one or more of the following penalties can be applied against the firm according to the gravity of the situation. A penalty @ of 0.5% per day of the amount of pending item (s) of the supply order shall be imposed or risk purchase will be made at the cost of supplier and amount will be deducted from the bills of supplier.

According to HMIS data Federal Medical Teaching Institute (FMTI), Islamabad purchased the following medicines and injections from various supplier during the year 2020-21. Details are at Annexure-6.

Annexure of penalty on account of medicines for Rs 1,497,065 is attached.

Audit observed that the contractors did not supply the medicines (injections and tablets) within the given time period. According to the cash register the management imposed a penalty of Rs 8,004,368 only during the year 2020-21.

Audit is of the view that less imposition of penalty on late supply is an undue favor to the suppliers.

Audit recommends to recover the amount from the supplier and deposit it into government account under intimation to audit.

17.5.4 Supply of Oxygen by the same supplier on higher rates than other hospitals – Rs. 9.512 million

Sr. No.14 of the instructions for filling of the contract documents for supply of liquid medical oxygen to PIMS states that the bidder should submit an

undertaking on judicial paper, for the items of same specification; quality/ brand etc that the price quoted in the tender are not more than the price charged from any other public sector in Islamabad. In case of any discrepancy, the bidder will refund the excess amount or excess amount will be deducted from the outstanding bills/ Deposit at call of said firm.

PIMS paid an amount of Rs. 46.992 million to M/s Sharif Oxygen for supply of liquid oxygen @ Rs. 49.50 per M3 during 2020-21.

Audit observed as under:

- i. The firm supplying the liquid oxygen @ Rs. 39.48 per M3 to FGSH during 2020-21 as per report of the Survey Committee.
- ii. Due to award of contract at higher rate the government suffered a loss of Rs. 9.512 million $(49.50 - 39.48) \times 949,328 \text{ M3}$.
- iii. No action was taken by the management in line with the undertaking submitted by the vendor for refund of the excess amount nor deducted from the bills at source.

Audit is of the view that the vendor was being overpaid as the vendor was supply the liquid oxygen at lower rates to other hospitals.

The management did not reply.

Audit recommends that the matter may be inquired to fix the responsibility.

National Institute of Health (NIH)

17.5.5 Non-depositing of receipt in treasury single account- Rs.4,356.497 million

Section 37 (1) of Public Finance Management Act, 2019 states that revenues collected by an autonomous entity, which arise from any Act or statutory instruments of the Federal Government shall be deposited into the treasury single account.

The management of National Institute of Health (NIH), Islamabad was re-organized through Act 2021. The management generated receipt of Rs.4, 356,496,658 during the year 2021-22.

Audit observed that management did not deposit its receipts into treasury single account so far. Cash Management & Treasury Single Account Policy 2019-29 was approved by the Federal Cabinet on 03-06-2019 and was consequently made part of the Public Finance Management Act, 2019. The Policy is a vital instrument devised by Finance Division for improved Public Finance Management with the objective of timely availability of cash to meet obligations, economizing on cash within Government so as to save interest costs and management of government's cash flows efficiently in a way that benefits debt management, and monetary policy.

Audit is of the view that non-depositing of receipts in treasury single account was violation of Public Finance Management Act.

The management did not reply.

Audit recommends that depositing of receipts in treasury single account at the earliest.

17.5.6 Non-depositing of sale proceeds of Corona Vaccine Production in to fund account - Rs. 3,878.360 million

Section 20 of the National Institute of Health Act, 2021 states that immediately and not later 30 days after the commencement (re-organize and create the NIH) Ordinance, the Federal Government shall establish the National Health Fund to provide for the operations and functions of the NIH and its institutes and centers. The National Health Fund shall consist including the;

special grant by the Federal Government to provide for any shortfall in the annual approved budget of the NIH and grants in aid from the Federal Government and Provincial Government;

sale proceeds of vaccine sera, fee from laboratory tests and health certificates;

receipts from such sources as may be approved by the Board

Section 23 (2) of Public Finance Management Act, 2019 states that no authority shall transfer public moneys for investment or deposit from government account including the assignment accounts to other bank account without prior approval from the Federal Government Provided that the principal accounting officer in respect of all the spending units under his control shall submit a certificate to the Finance Division on half yearly basis.

The management of Biological Production Division (BPD), National Institute of Health (NIH), Islamabad generated receipt of Rs.4, 772,864,604 from National Disaster Management Authority (NDMA) on account of supply of 19,000,000 doses of PakVac (Covid-19) Vaccine during the period 30.09.2021 to 05.09.2022.

Audit observed that management deposited the sale proceeds into the contractor security money account No 3018233634 maintained in NBP, NIH branch instead depositing to main receipt account/ National Health Fund. The management is maintaining contractor security money bank account without approval. An amount of Rs. 3,978,675,470 was available in the bank account as on 30.06.2022.

Audit further observed that BPD, s record shows that 20,605,370 doses of PakVac (Covid-19) Vaccine were manufacturing and supply to EPI whereas NDMA paid for only 19,000,000 PakVac (Covid-19) Vaccine. The whereabouts of cost of remaining 1,605,370 PakVac (Covid-19) Vaccine doses was missing. In addition to above, the management also donated 479,730 and 125,640 doses to EPI and Special Assistant to PM on Health for vaccination campaign.

Audit is of the view that non-depositing of sale proceeds in to main receipt account/ National Health Fund was violation of NIH Ordinance and Public Finance Management Act.

The management did not reply.

Audit recommends conducting of fact-finding to probe the matter.

17.5.7 Irregular expenditure on the hiring of Security Services without competitive rates - Rs.13.420 million

Rule 20 of Public Procurement Rules 2004 states that, save as otherwise provided hereinafter, the procuring agencies shall use open competitive bidding as the principal method of procurement for the procurement of goods, services and works.

Section 153 (1) (b) of Income Tax Ordinance, 2001 states that every prescribed person making a payment in full or part including a payment by way of advance to a resident person or permanent establishment in Pakistan of a non-resident person for the rendering of or providing of services

The management of National Institute of Health (NIH), Islamabad hired the services of security firm M/s Gray Security Services (pvt) Ltd since January, 2018 and paid Rs. 13,420,000 up to August, 2022 for internal/external security of NIH's offices. An amount of Rs. 4,422,000 was only paid to M/s Gray Security Services (pvt) Ltd during the year 2021-22. The services of M/s Gray Security Services (pvt) Ltd were initially hired in the year 2016 and such arrangement is still in practice after a lapse of 07 years.

Audit observed that the contract for hiring the security services was done without open competition and increase in numbers of guards was made from 02 to 19. Income tax was not deducted while payment made to the firm.

Audit is of the view that hiring of the security services in contravention of rules is held irregular and non-deducting of income tax was deprived the Government its due income.

The management did not reply.

Audit recommends conducting of fact-finding to probe the matter besides recovery of income tax amount.

17.5.8 Irregular withdrawal of cash from fund account – Rs. 11.594 million

Rule-157 of Federal Treasury Rules states that “Cheques drawn in favour of Government officers and departments in settlement of Government dues shall always be crossed as "A/c payee only not negotiable".

The management of NIH withdrew an amount of Rs. 11,594,704 in cash from the fund account through different cheques for different purpose instead of making payment through cross cheques during the year 2020-21.

Audit observed that third party payments were made in cash.

Audit is of the view that withdrawal of heavy amount in cash was not only serious violation of rules but could lead to mishandling of funds.

The management did not reply.

Audit recommends conducting of fact-finding to probe the matter.

17.5.9 Recovery of outstanding shops rent - Rs. 10,203.861 million

Para 5 (e) of Finance Division OM No.F.3(2)/Exp.III/2006, dated 13.09.2006 states that in the matter of receipts pertaining to the Ministry/Division, Attached Departments and subordinate Offices, the Principal Accounting Officer is expected to ensure that adequate machinery exists for due collection and bringing to account of all receipts of any kind connected with the functions of any kind connected with the functions of the Ministry/Division (s)/ departments and subordinate offices under his control.

Para 26 of GFR Volume 1 states that subject to any special arrangement that may be authorized by competent authority with respect to any particular class of receipt, it is the duty of the departmental controlling officers to see that all sums due to Government are regularly & promptly assessed, realized & duly credited in the public accounts.

The management of the National Institute of Health (NIH), Islamabad, rented out its shops placed in Welfare shopping Centre and building, Ground area to different departments/offices since long.

Audit observed that that an amount of Rs. 14,114,748 million was recoverable from 68 tenants of shops on account of rent but an amount of Rs.1,018,745,934 was outstanding against various departments on account of rent and utility charges as on 30.06.2022 and no serious effort was made to recover the outstanding amount.

Audit is of the view that non-recovery of outstanding rent charges and utility charges deprived the NIH from its due receipts.

The management did not reply.

Audit recommends that recovery of outstanding rent and utilities charges may be made besides taking corrective measures.

17.5.10 Non-utilization of Central Research Fund (CRF) - Rs. 4,760.853 million

Rule 3 of the Drugs (Research) Rules, 1978 states that the Federal Government may utilize the Fund for conducting research, development or evaluation of a drug either itself or through a research institution working under its control or disburse it among investigators or institutions for such purposes subject to such conditions as may be specified and for that matter, it may also utilize the fund to upgrade and establish Drugs Research and testing laboratories and a unit in the Drugs Control Section, Ministry of Health, for evaluation and monitoring of the research proposals and projects and management of the Fund.

Rule 19(2) of the Drug Regulatory Authority of Pakistan Accounting Procedure and Financial Rules, 2015 states that CRF shall be administered and utilized on the advice or recommendation of the Committee for the following purposes and objectives:

- i. Conducting basic and operational research, development or evaluation of drugs either by the Authority itself or through a

research institution working under its control or among investigators or institutions for such purposes subject to such conditions as may be specified;

- ii. Post marketing surveillance, evaluation and monitoring of safety, efficacy of registered drugs and inactive materials including the clinical and toxicological studies.
- iii. To meet capital or recurring expenses of research proposals or projects and strengthening the existing facilities of drug research and development, duly recommended by the Committee and approved by the Authority.
- iv. Establishing a technical unit in the Authority, for evaluation and monitoring of the Research proposals and development projects and management of CRF.
- v. Establishment and upgradation of Drug Research and Testing Laboratories.
- vi. Engagement of investigators and evaluators for research and research projects.
- vii. Any other activity related to research, development and evaluation of drugs as may be recommended by the Committee.

The Drug Regulatory Authority of Pakistan, Islamabad was maintaining Central Research Fund (CRF) and a balance of Rs. 4,760.853 million was available as on 30.06.2022.

Audit observed that the management accumulated the CRF and did not utilize it for conducting research, development or evaluation of drugs since inception of the Authority.

The audit observation(s) were also raised during audit of the accounts of the DRAP during previous year(s) but the management did not take action on audit recommendations.

Audit is of the view that non-utilization of CRF for the intended purposes defeated the objective/ utility of creation of the Fund.

Audit recommends fixing of responsibility for non-utilization of CRF besides utilization of the Fund on the intended purposes at the earliest.

Drug Regulatory Authority (DRAP)

17.5.11 Non-recovery of CRF receipts from 211 pharmaceutical companies

Rule 19(14) of Drugs (Licensing, Registering and Advertising) Rules, 1976 states that the Licensee shall, by the 30th June and the 31st December each year, whichever is immediately after the annual financial closing of the company contribute one per cent of his gross profit before deduction of income-tax towards the Central Research Fund to be maintained by the Federal Government and utilized by it in accordance with the Drugs (Research) Rules, 1978.

The management of Drug Regulatory Authority of Pakistan, Islamabad collected receipts on account Central Research Fund (CRF) amounting to Rs. 1,104.525 million from 434 pharmaceutical companies during 2020-21 & 2020-22.

Audit observed that there were 645 registered pharmaceutical companies (Licensees) and the management did not collect receipts on account of CRF from 211 pharmaceutical companies.

Audit is of the view that non-recovery of receipts deprived the DRAP from its due receipts.

Audit recommends fixing of responsibility for non-recovery besides recovery of the receipts at the earliest.

17.5.12 Non-withdrawal of stocks of suspended drug products from the market

The Registration Board of DRAP in its 317th Meeting held on 16-17 May, 2022 while discussing Cases No.1, 2 & 3 declared that in the light of the discussions, risk-benefit analysis and public health impact of (a) Diclofenac Potassium 75mg and 100mg, (b) Famotidine 10mg/5ml and 40mg/5ml, & (c) combination (Paracetamol 500mg, Thioridazine 3mg and Caffeine 70mg) made decisions, including followings:

- i. Suspended all drug registrations of (a) Diclofenac Potassium 75mg and 100mg, (b) Famotidine 10mg/5ml and 40mg/5ml Liquid Suspension, & (c) combination (Paracetamol 500mg, Thioridazine 3mg and Caffeine 70mg) under Section 7(11)(d) read with Section 42 of the Drugs Act, 1976 in the larger public interest, with immediate effect as these are neither approved by any Reference Regulatory Authority nor any safety and efficacy data regarding them is available with any registration holder.
- ii. Suspended manufacturing and import of these drug products immediately and directed to withdraw available stocks from the market in the larger public interest. QA&LT Division, DRAP will monitor and implement the decision in coordination with the respective provincial governments.
- iii. Recommended DRAP Authority for out of queue consideration of registration applications of Diclofenac Potassium 50mg, 25mg and 12.5mg Tablet and 50mg Sachet in order to facilitate the registration holders affected by the instant decision.

The management of Drug Regulatory Authority of Pakistan (DRAP), Islamabad was required to implement the decisions/recommendations of the DRAP's Registration Board.

Audit observed that the DRAP did not withdraw available stocks of (a) Diclofenac Potassium 75mg and 100mg, (b) Famotidine 10mg/5ml and 40mg/5ml, & (c) combination (Paracetamol 500mg, Thioridazine 3mg and Caffeine 70mg) from the market in the larger public interest.

Audit is of the view that non-withdrawal of available stock of these drugs from the market put the health/life of public at risk.

Audit recommends holding of inquiry to fix responsibility on person(s) at fault.

Health Services Academy, Islamabad

17.5.13 Unauthorized purchase of vehicle – Rs.4.140 million

Austerity Measures for financial year 2021-22 by Finance Division (expenditure wing) vide letter No. 7(1)Exp.IV/2016-440 Islamabad, dated 15.07.2021 states that there shall be complete ban on purchase of all types of vehicles both for current and development expenditure excluding motorcycles, student buses, ambulances and firefighting vehicles.

The management of Health Services Academy, Islamabad purchased vehicles for the Vice Chancellor vide Bpv-11-050 dated 30.11.2021 for Rs.4,140,000 for the Financial Year 2021-22.

Audit observed that management purchased vehicle without obtaining NOC and approval from Cabinet Division and Finance Division.

Audit is of the view that expenditure on purchased vehicle without obtaining NOC and approval from Cabinet Division and Finance Division is unauthorized.

Management replied that official vehicle GW-193 was not working properly. The said vehicle was purchased in 2010 and has completed its life as per Rules for the Staff Cars 1980, now it is risky to further use. The vehicle MG ZS, 1500 cc for the Vice Chancellor, HSA was purchased on the recommendation of procurement Committee for official use of Vice Chancellor of HSA.

The reply of the management was not acceptable as the Government imposed complete ban on purchase of all kind of vehicles.

Audit recommends to probe the matter besides fixing the responsibility.

17.5.14 Irregular appointment of Vice Chancellor

Section-12(1)(3)(4) of the Restructuring of Health Services Academy as a Degree Awarding Institute Act No. XXIX of 2018 dated 22.05.2018, states that the Vice-chancellor shall be appointed by the Chancellor on the basis of recommendation made by the Senate. The person proposed by the search committee

for appointment as VC shall be considered by the Senate and of these a panel of three, in order of priority shall be recommended by the Senate to the Chancellor. The VC shall be appointed for renewable tenure of 5 years on such terms and conditions as may be prescribed by the Statutes.

Section-42(2) of the Restructuring of Health Services Academy as a Degree Awarding Institute Act No. XXIX of 2018 dated 22.05.2018, states that, notwithstanding anything contained in this act, the first VC shall be appointed by the Chancellor for a period of 3 years.

Dr. Asad Hafeez was working as Executive Director of the HSA when the HSA restructuring Act-2018 was promulgated on 22.05.2018, and the post of Executive Director was replaced with Vice-Chancellor. Thereafter, the file record revealed that the incumbent Executive Director started working as Vice-Chancellor and thereafter, Dr. Shahzad Ali Khan assumed the charge of the Vice-Chancellor.

Audit observed as under:

- i. The appointment of Dr. Asad Hafeez as Vice-Chancellor for transition period under Section 42(2) was not forthcoming from the record.
- ii. Dr. Asad Hafeez left the Academy in March, 2021 and Dr. Shahzad Ali Khan, Associate Professor BPS-19 started working as Vice-Chancellor without any notification and his appointment by the President was also not forthcoming from the record.
- iii. The Act was enacted on 22.05.2018, even after lapse of four years the post of Vice-Chancellor was neither advertised nor search committee was established for the purpose of making recommendation for appointment of Vice-Chancellor to the senate and the President of Pakistan.

Audit is of the view that the appointment of the Vice-Chancellor without recommendation of Search Committee to the Senate and without approval of the President was irregular and unauthorized.

Management replied that appointment of Vice Chancellor was made by the Chancellor under section 12(07) of HSA Act 2018.

The reply is not acceptable as the Vice-Chancellor was appointed without constitution of search as per provisions of the rules.

Audit recommends to probe the matter.

17.5.15 Non-preparation of Rules, Regulations and Statutes

As per Section-27(1) of Restructuring of Health Services Academy as a Degree Awarding Institute Act No. XXIX of 2018 dated 22.05.2018 subject to the provisions of this Act. statutes, to be published in the official Gazette, may be made to regulate or prescribe all or any of the following matters, i.e. HSA fees and other charges, constitution of any pension, insurance, gratuity, provident fund and benevolent fund for HSA employees, scales of pay and other terms and conditions of service of officers, etc.

Health Services Academy, Islamabad was required to prepare Statutes, Regulations and Rules in the light of Act 2018.

Audit observed that the management did not prepare its Statutes, Regulations and Rules even after lapse of four years.

Audit further observed that due to non-preparation of Statutes, Service Rules, Financial Rules and other Administrative Rules the performance of the University is adversely affecting as most of the affairs are running on acting charge basis.

Audit is of the view that non-preparation of Rules, Regulations and Statutes is a serious lapse on the part of management.

Management replied that draft rules regulation and statutes has been prepared and in under process of discussion and it will be submitted to syndicate/ senate in the month of January,2023.

The reply of the management is not acceptable as Rules, Regulations and Statutes were neither prepared nor approved even after lapse of more than four years.

Audit recommends to probe the matter.

17.5.16 Irregular appointment of Registrar, Treasurer, controller of exam

Section-14(1) of the Restructuring of Health Services Academy as a Degree Awarding Institute Act No. XXIX of 2018 dated 22.05.2018, states that there shall be a Registrar of the HSA to be appointment by the Senate on the recommendation of Vice Chancellor on such terms and conditions as may be prescribed.

Section-15(1) of the Restructuring of Health Services Academy as a Degree Awarding Institute Act No. XXIX of 2018 dated 22.05.2018, states that there shall be a Treasurer of the HSA to be appointment by the Senate on the recommendation of Vice Chancellor on such terms and conditions as may be prescribed.

Section-16(1) of the Restructuring of Health Services Academy as a Degree Awarding Institute Act No. XXIX of 2018 dated 22.05.2018, states that there shall be a Controller of Exam of the HSA to be appointment by the Senate on the recommendation of Vice Chancellor on such terms and conditions as may be prescribed.

The Health Services Academy, Islamabad was required under the provision of the Act to made appointment of Registrar, Treasurer and Controller of Exam.

Audit observed that neither the above appointments were made by the Senate nor these were notified in the Gazette of Pakistan.

Audit is of the view that the appointments were made in contravention to the provisions of the Act and are held irregular and unauthorized.

The management replied that under section 11(05)(a) of the HSA Act 2018, the Vice Chancellor of HSA shall have the power to direct teachers, officers and other employees of the HSA to take up such assignments in connection with

examinations, administration and such other activities in the HSA as he may consider necessary for the purposes of the HSA.

The reply of the management is not acceptable as appointments were made in contravention to the HSA Act, 2018.

Audit recommends to probe the matter.

CHAPTER 18

NARCOTICS CONTROL DIVISION

18.1 Introduction

As per Schedule II [Rule 3 (3)] Distribution of Business among the Divisions read with Schedule III [rule-4(4)] Rules of Business 1973 (As amended up to 23rd April, 2019) following main business have been assigned to the Division amongst the other functions.

1. Policy on all aspects of narcotics and dangerous drugs, such as production, processing, marketing, import, export and transshipment, trafficking etc., in conformity with national objectives, laws and international conventions and agreements.
2. Legislation covering all aspects of narcotics and psychotropic substances, and matters ancillary thereto, in consultation with the Ministries/Divisions, etc., concerned.
3. Bilateral and multilateral cooperation with foreign countries against narcotics trafficking and all other international aspects of narcotics including negotiations for bilateral and multilateral agreements for mutual assistance and cooperation in the field of enforcement of narcotics laws.
4. Coordination of aid/assistance from foreign countries and of narcotics control interdiction for poppy crop substitution.
5. Policy on drug education, treatment and rehabilitation of narcotics/drugs addicts and grants-in-aid to Non-Governmental Organizations (NGOs) engaged in these fields.
6. Inter-Provincial coordination on all aspects of narcotics and dangerous drugs.
7. Monitoring of the implementation of policies on all aspects of narcotics and dangerous drugs.
8. Regulation of administrative, budgetary and other matters of Pakistan Narcotics Control Board.

Anti-Narcotics Force is an attached department of the Division..

Sr. No.	Description	Total No.	Audited	Expenditure Audited (FY-2021-22) Rs. in million	Revenue / Receipt Audited (FY-2021-22) Rs. in million
1	Formations	23	7	976.799	-
2	Assignment Accounts (Excluding FAP)	1	1		-
3	Authorities / Autonomous Bodies etc. under the PAO	-	-	-	-
4	Foreign Aided Project (FAP)	-	-	-	-

18.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Narcotics Control Division for the financial year 2021-22 was Rs.3,939.58million, out of which the Division expended an amount of Rs.3,927.23 million. Grant-wise detail of current and development expenditure is as under:

(Rs. In million)							
Grant No	Type of Grant	Original Grant	Suppl Grant	Surrender (-)	Final Grant	Actual Expenditure	Excess/ (Saving)
70	Current	3,534.00	.00	.00	3,534.00	3,521.65	-12.35
112	Development	489.39	.00	-83.81	405.58	405.58	.00
	Total	4,023.39	.00	-83.81	3,939.58	3,927.23	-12.35

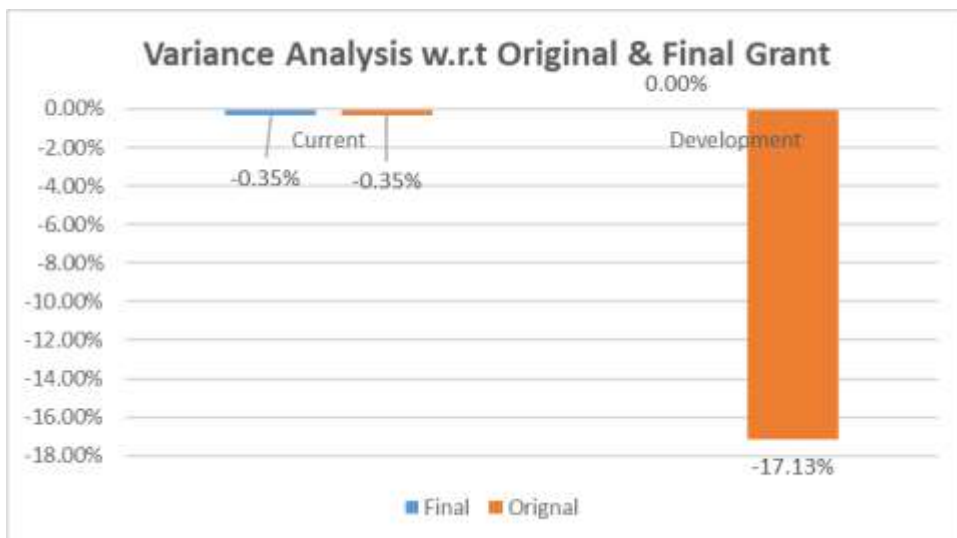
Audit noted that there was an overall savings of Rs.12.35 million, which was mainly due to saving in current grants.

Supplementary Grants obtained without careful cash forecasting

According to Para 71 of General Financial Rules (Volume I), while framing budget estimates, the authorities should exercise utmost foresight. Rules of good governance demand that budget processes are carried out in accordance with clearly defined expectations and assumptions and a coordinated calendar of activity.

As shown in the chart below, bifurcating total allocation into current, development and charge expenditure, it was observed that, in case of development

grant, there was 17.13% saving w.r.t original grant which was finally became zero w.r.t final grant and in case of current grant 0.35% saving was remained the same.



18.3 Classified Summary of Audit Observations

Audit observations, amounting to Rs. 21.071 million, were raised in this report during the current audit of **Narcotics Control Division**. Summary of the audit observations classified by nature is as under:

(Rupees in million)

S. No	Classification	Amount
1	Non-production of record	
2	Reported cases of fraud, embezzlement and Misappropriation	
3	Irregularities	
A	<i>HR/Employees related Irregularities</i>	14.421
B	<i>Procurement related irregularities</i>	
C	<i>Management of account with commercial banks</i>	
D	<i>Recovery</i>	6.65
E	<i>Internal Control</i>	
4	Value for money and service delivery	
5	Others	

18.4 Status of compliance with PAC Directives

Audit Year	Total No. of Audit Paras	No. of Actionable Points Issued	Compliance	Non/Partial Compliance	% of Compliance

2011-12	5	5	5	0	100
2012-13	2	2	2	0	100
2013-14	6	6	5	1	83
2019-20	5	1	0	5	-
2020-21	9	0	0	9	-
2021-22	20	0	0	20	-
Total	47	14	12	35	86

18.5 AUDIT PARAS

Anti Narcotics Force, Gilgit

18.5.1 Irregular payment of special pay and allowances - Rs. 1.550 million

In terms of Fundamental Rule 17(2) (Audit Instruction No. 1) a government servant will begin to draw the pay and allowances attached to his tenure of a post with effect from the date on which he assumes the duties of that post.

Para 10(v) of GFR (Vol-I) states that 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.

The payroll/record of Police Station, ANF, Gilgit show that there were 116 sanctioned and filled posts of officers/officials and were drawing their salaries from the budget allocated under the cost centre GL-3463 (PS, ANF, Gilgit). Furthermore, an expenditure of Rs. 1.550 million was incurred on payment of different allowances to eighty (80) officials during 2021-22, as per following details:

i. 25% Spl Pay (Gilgit)	Rs. 441,428
ii. Hard Area Allowance (Gilgit)	Rs. 1,003,392
iii. Hill Allowance (Gilgit)	<u>Rs. 105,400</u>
Total	<u>Rs. 1,550,220</u>

Audit observed as under:

- i. The eighty (80) officials were drawing their salaries from PS, ANF, Gilgit but they were performing their duties at Regional Directorate, ANF, Rawalpindi.

- ii. The allowances amounting to Rs. 1.550 million were paid to those eighty (80) officials who were not performing their duties at PS, ANF, Gilgit.

Audit is of the view that officials drawing their salaries from the budget allocated to PS, ANF, Gilgit but performing duties at Regional Directorate, ANF, Rawalpindi was irregular and unauthorized.

Audit is also of the view that payment of allowances to those officials who were not performing their duties at Gilgit was inadmissible.

The management did not reply till issuance of the report.

Audit recommends discontinuation of irregular practice, relocate posts (if so required) as per requirement and payment of salaries from the budget allocated to Regional Directorate, ANF, Rawalpindi besides recovery of already paid inadmissible allowances.

Anti-Narcotics Force, KP Peshawar

18.5.2 Un-authorized retention of Sales Proceeds – Rs.6.650 million

Rule 9(3) of the Disposal of Vehicles and other Articles (involved in the Narcotics Cases) Rules, 2013 states that The concerned Regional Directorate, Anti-Narcotics Force or the concerned office of other Law Enforcement Agencies on receipt of whole amount of the bid after approval of Director General or the Head of the Other Law Enforcement Agencies shall deposit in National Fund for Control of Drug Abuse after deduction of auction expenditures from sale proceed, incurred on account of auction proceedings including advertisement in newspapers, laboratory test charges; expenditures on transportation, rent of auction premises (if applicable), auctioneer fee and administrative arrangements and the amount received on account of duties and taxes shall be deposited in the relevant head of account/Government Treasury, after approval of Director General or the Head of the other Law Enforcement Agencies.

The management of Anti-Narcotics Force, KP Peshawar maintained a bank account No. 3011731788 in NBP Hayatabad Branch, Peshawar.

Audit observed that an amount of Rs.6,650,400 was received as sales proceeds of auction of 120 no, of cotton bales and deposited in the above account during Feb, 2022. Furthermore, the amount was retained in the bank account till date of audit i.e. Aug, 2022 and was not deposited in the National Fund for Control of Drug Abuse.

Audit is of the view that retention of the sale proceeds amounting to Rs.6.650 million was irregular.

The management replied that an amount of Rs.6,650,400 received as sale proceed of auction of 120 x Cotton Bales vide FIR No: 95/2021, PS ANF Peshawar has been deposited in bank account No. 3011731788 in NBP Hayatabad Branch, Peshawar maintained by RD ANF KP. As subject case is under trial in CNS Court Peshawar, the said amount shall be deposited in National Fund after conclusion/ disposal of said case from the court.

The reply was not correct as the Judicial Magistrate-II, Peshawar vide order dated 04.01.2022 directed the SHO/IO to auction the cotton bales as per law and deposit the sale proceed in Government Treasury against proper receipt. The same were auctioned, but the amount was retained in the bank account. Furthermore, documentary evidence of the subject case under trial in CNS Court Peshawar was also not provided to audit.

Audit recommends that sale proceeds of 120 cotton bales may be deposited into the National Fund for Control of Drug Abuse in accordance with aforementioned rules.

Regional Directorate of Anti Narcotics Force (ANF), Karachi

18.5.3 Irregular payment of law charges - Rs. 12.871 million.

Para 05 of Ministry of Law, Justice and Human Rights letter dated 03.06.2015 states that “ Every Government Department or Semi Government or Public Corporate Body shall seek concurrence of the Law, Justice and Human Rights Division for engagement of lawyer where professional fees exceeds Rs. 300,000/- (Rupees Three Lac). In such a case the concerned Department will send a Panel of at least three Advocates for selection of one of them along with proposed

professional fee for approval of the Law, Justice and Human Rights Division. Any failure in doing so will render the engagement of Advocate / Counsel etc. void and no ex-post facto approval will be allowed”.

The management of Regional Directorate of Antinarcotics Force, Sindh, Karachi paid a total of Rs. 12,871,107/- as law charges during the period 2021-2022.

Audit observed that the amount was paid to twelve (12) lawyers / advocates during 2021-22 without observing the conditions mentioned in above letter of the Ministry of Law, justice and Human Rights.

Audit is of the view that payment of law charges without observing above criteria is irregular and against the government rule.

The irregularity was reported to the management vide memo No. 01 dated 25.07.2022, but no reply was received till the close of audit.

Audit recommends that the responsibility may be fixed and the expenditure may be got regularized from the Law Division.

CHAPTER 19

NATIONAL HERITAGE AND CULTURAL DIVISION

19.1 Introduction

As per Schedule II [Rule 3 (3)] Distribution of Business among the Divisions read with Schedule III [rule-4(4)] Rules of Business 1973 (As amended up to 23rd April, 2019) following main business have been assigned to the Division amongst the other functions.

1. International agreements and assistance in the field of archaeology, national museums, and historical monuments declared to be of national importance.
2. National and other languages used for official purposes.
3. Naming of institutions in the name of Quaid-e-Azam and other high and distinguished personages.

ATTACHED DEPARTMENTS /AUTONOMOUS BODIES

- i. Quaid-e-Azam Papers Wing.
- ii. Pakistan Academy of Letters.
- iii. Pakistan National Council of Arts.
- iv. National Language Authority, Urdu Dictionary Board and Urdu Science Board.
- v. Quaid-e-Azam Academy.
- vi. Aiwan-i-Iqbal and Iqbal Academy Pakistan.
- vii. Quaid-e-Azam Mazar Management Board (QMMB).
- viii. Quaid-e-Azam Memorial Fund.
- ix. National Book Foundation.
- x. Department of Libraries.
- xi. Department of Archaeology and Museums.

Sr. No.	Description	Total No.	Audited	Expenditure Audited (FY-2021-22) Rs. in million	Revenue / Receipt Audited (FY-2021-22) Rs. in million
1	Formations	5	2	1,008.232	175.241
2	Assignment Accounts (Excluding FAP)	2	2		-
3	Authorities / Autonomous Bodies etc. under the PAO	-	-	-	-
4	Foreign Aided Project (FAP)	-	-	-	-

19.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Division for the financial year 2021-22 was Rs.1,702.16 million, out of which the Division expended an amount of Rs. 1,692.90 million. The Division had 3 current grants and 1 Development Grant. Grant-wise detail of current and development expenditure is as under:

(Rs. in million)

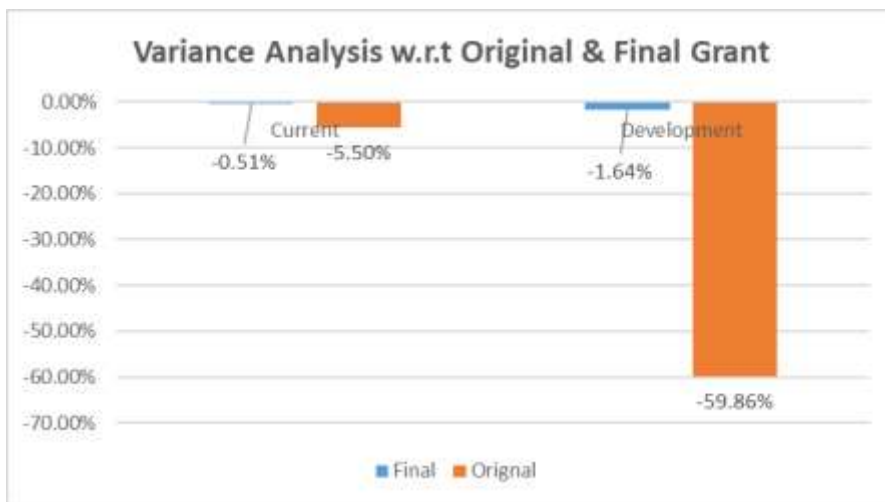
Grant No	Type of Grant	Original Grant	Suppl Grant	Surrender (-)	Final Grant	Actual Expenditure	Excess/ (Saving)	% age Excess/ (Saving)
40	Current	1,738.00	.00	-87.23	1,650.77	1,642.35	-8.42	-0.51%
101	Development	125.93	.00	-74.54	51.39	50.55	-.84	-1.64%
	Total	1,863.93	.00	-161.77	1,702.16	1,692.90	-9.26	-0.54%

Audit noted that there was an overall savings of Rs.9.26 million, which was mainly due saving in current grant.

Supplementary Grants obtained without careful cash forecasting

According to Para 71 of General Financial Rules (Volume I), while framing budget estimates, the authorities should exercise utmost foresight. Rules of good governance demand that budget processes are carried out in accordance with clearly defined expectations and assumptions and a coordinated calendar of activity.

As shown in the chart below, bifurcating total allocation into current, development and charge expenditure, it was observed that, in case of development grant, there was 59.86% saving w.r.t original grant which was finally reduced to 1.64% w.r.t final grant and in case of current grant 5.50% excess was finally reduced to 0.51%.



19.3 Classified Summary of Audit Observations

Audit observations, amounting to Rs. 143.736 million, were raised in this report during the current audit of **National History And Literary Heritage Division**. Summary of the audit observations classified by nature is as under:

(Rupees in million)		
S. No	Classification	Amount
1	Non-production of record	
2	Reported cases of fraud, embezzlement and Misappropriation	
3	Irregularities	
A	<i>HR/Employees related Irregularities</i>	10.532
B	<i>Procurement related irregularities</i>	8.587
C	<i>Management of account with commercial banks</i>	20.845
D	<i>Recovery</i>	86.676
E	<i>Internal Control</i>	17.096
4	Value for money and service delivery	
5	Others	

19.4 Status of compliance with PAC Directives

Audit Year	Audit Paras	Actionable Points	Compliance	Non/Partial Compliance	% of Compliance
1997-98	17	17	13	4	76
1999-00	16	16	0	16	-
2001-02	8	8	7	1	88
2005-06	4	4	0	4	-
2006-07	2	2	1	1	50
2007-08	7	7	6	1	86
2008-09	2	2	1	1	50
2009-10	2	2	0	2	-
2010-11	8	7	0	7	-
2013-14	3	3	2	1	67
2021-22	10	0	0	10	0
Total:	79	68	30	48	

19.5 AUDIT PARAS

National Heritage and Cultural Division

19.5.1 Variation in closing balance of bank statements - Rs. 13.705 million

Rule 8(A) of National Fund for Cultural Heritage (NFCH)-Financial Rules & Accounting Procedures, 2004 states that the DDO NFCH shall maintain Cash Book. The Cash Book will be closed regularly at the end of each month. The closing balance as on 30th June will be reconciled with balance shown in the bank statement.

National Heritage & Cultural Division (NH&CD) was maintaining National Fund for Cultural Heritage (NFCH) in MCB, Abpara Branch, account number 0070773691000323. The management provided two different bank statement.

Audit observed as under:

- i. As per bank statement provided on 14.02.2022, a balance of Rs. 3,694,607 was shown as closing balance as on 31.12.2021 whereas as per bank statement provided on 18.02.2022 a balance of [Rs. (9,879,052) Minus Balance] was shown resulting in

variation of Rs 13.705 million in the bank balance of same account.

- ii. Cash Book of the fund was not being maintained by the management as same was not provided during the audit.
- iii. The bank balances were not reconciled.
- iv. Complete disbursement record of fund was also not available with the management.

Audit is of the view that bank statement provided to audit was unauthentic and needs to be inquired. Furthermore, in absence of expenditure record and cashbook, the actual balance of bank cannot be reconciled

Management did not reply.

Audit recommends that matter may be inquired and report be shared with audit.

19.5.2 Loss due to delay in investment of NFCH fund –Rs 7.140 million

Rule 8(A) of National Fund for Cultural Heritage (NFCH)-Financial Rules & Accounting Procedures, 2004 states that the Fund shall consist of profits accrued / earned from investments.

The management of NFCH invested Rs.200 million in TDR with NBP for one year on 12.41% profit on 30.12.2019 with maturity date 30.12.2020.

Audit observed that Rs 200 million were placed idle with NBP current account from 31.12.2020 to 14.04.2021 (105 days) resulting a loss of Rs 7,140,000 ($200,000,000 \times 12.41\% \times 105 / 365$).

Audit is of the view that government funds were put to loss due to retention of the matured TDR in current account for 105 days.

Management did not reply.

Audit recommends that matter be inquired besides fixing responsibility for the loss.

19.5.3 Irregular grant and Non-recovery of loan – Rs 35.65 million

Para 9 of GFR states that 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.

National Heritage and Cultural Division granted loans amounting to Rs. 35.650 million to different departments out of National Fund for Cultural Heritage (NFCH) as per following details:

Name of Agency	Date of release	Amount
National Academy for Performing Art	13.08.2005	3.248
Rafi Peer Theater	28.12.2005	5.000
PNCA	29.12.2005	17.989
Lok Virsa	29.12.2005	9.413
Total		35.65

Audit observed that the loans were granted without any provision in fund rules and are still outstanding since 2005.

Audit is of the view that non-recovery of loan deprived the Fund from the benefit of its due profit from investments.

Management did not reply.

Audit recommends that loans may be recovered forthwith.

19.5.4 Irregular release of fund for the projects – Rs 17.096 million

Rule 8(C)(10) of the National Fund for Cultural Heritage (NFCH)-Financial Rules & Accounting Procedures, 2004 states that grants from National Fund for Cultural Heritage should not fund a project in its entirety and should be limited to a maximum of half or 2/3rd of the total estimate. The applicant must satisfy the Executive Committee that the self-funding or multiple funding constituting a matching grant exist.

The Management of NFCH released an amount of Rs 17.096 million for various projects during 2015-18 as detailed below:-

Sr	Project Name	Name of Individual	Cost of Project(million)	Release
1	Exploration & Documentation of Archaeological Sites and Monuments in DG Khan, Punjab. 28.01.2017 (1 year)	Mr Nidaullah Sehari, Lecturer, University of Peshawar.	1.6	1.6000
2	Archaeological Explorations and Excavations in Dist- Shangla. June 2015 (2 years)	Mr Ghani ur Rehman, Asst Professor, Quid-i-Azam university, Islamabad	1.834	1.834
3	Excavation and Exploration at Jinnan Wali Deheri, Texila	Dr Saeed Arif, Asst Professor, Quid-i-Azam university, Islamabad	1.689	1.689
4	Analysis of the Surface Decoration of Masjid Dilawar Ali Khan, Seithi House & Gorkhathri, Peshawar	Fazli Sattar Durrani, Associate Professor, Abdul wali Khan University, KPK	2.545	2.545
5	Topographic Survey and Archaeological excavations at Rehman Dheri on the Gomal Plain, northwest Pakistan 30.01.2017 (1 year)	Mr Zakir Ullah Jan, Associate Professor, University of Peshawar	2.000	2.000
6	Exploration & Excavation "Kashmir Smast" Babuzai, District Mardan	Muhammad Nasim Khan, Assistant Professor, University of Peshawar	5.428	5.428
7	Archaeological Excavation at Hund, Swabi, KPK (10 month)03/2017	Mr Ijaz Khan, Abdul Wali Khan University	2.000	2.000
				17.096

Audit observed that instead of releasing half or 2/3rd amount of the projects 100% amount was released in violation of the rules.

Audit is of the view that release of 100% project cost was irregular and unauthorized.

Management did not reply.

Audit recommends that responsibility for irregularity be fixed.

Pakistan National Council of Arts (PNCA)

19.5.5 Irregular retention of government money-Rs.45.524 million

Rules 7(1) of FTR Volume-1 states that all money received by or tendered to government officers on account of revenues of the Federal Government shall without undue delay be paid in full a treasury and shall be included in the Federal Consolidated Fund of the Federal Government. Moneys received as aforesaid shall not be appropriated to meet departmental expenditure, nor otherwise kept apart from the Federal Consolidated Fund of the Federal Government. No department of the Government may require that any moneys received by it on account of the revenues of the Federal Government be kept out of the Federal Consolidated Fund of the Federal Government.

Pakistan National Council of the Arts Islamabad received an amount of Rs.45.524 million on account of rent of auditorium and open space, art gallery cultural programmes etc. during financial year 2021-22 as detailed in Annexure-I. The departmental receipt of Rs.41.514 million was deposited into Bank Account No.115010000-776-7 maintained with Askari Bank, Kamran Centre Branch, Islamabad and Rs.4.010 million into Account No.0341-3177102789 maintained with National Bank of Pakistan, Civic Centre Branch, Islamabad.

Audit observed that receipt amounting to Rs. 45.524 million was not deposited into the Government Treasury.

Audit is of the view that Public Exchequer was deprived of its due receipt.

Management replied that a meeting of the PNCA Investment Committee was held on 29.11.2021. The Investment Committee has recommended that self-generated fund may be invested in saving account and the case may be taken up with the Finance Division for matching grant if the receipts are deposited in Federal Treasury.

The reply is not cogent as the Government receipt was required to be deposited into Government Account instead of bank accounts of PNCA. The matter was never taken up with Finance Division for matching grant as per decision of BoG.

Audit recommends to deposit the departmental receipt into government treasury.

19.5.6 Loss due to non-refund of advance payments by firms despite cancellation of contracts - Rs. 5.502 million

According to Minutes of the Meeting of Board of Governors held on 08-11-2021 “the PNCA invited bids through newspapers and PPRA website from professional /experts for preparing short films / documentaries on legendary artists. It was clearly mentioned in the advertisements that the rates should be inclusive of all taxes. Three firms participated in the bidding and quoted total of Rs.17.9 million. However, after opening of the bids, PNCA contacted all the three bidders and approved the revised target after adding the taxes and signed the contract agreements for a total amount of Rs.19.9 million with the following firms:

- i. M/S Black Box Sound
- ii. M/S Serendip Production
- iii. M/S All Pakistan Music Conference

The Chair directed the management to respond to the audit objection and settle the issues. It was also unanimously agreed that all three contracts should immediately be cancelled and the advance amount be recovered since the contracts were awarded in violation of the financial rules/procedures.”

The PNCA made advance payments of Rs.5.502 million to the following two firms:

S.No.	Name of firm	Total Contract cost	Amount of advance payment	Cheque No.& date
1	M/S All Pakistan Music Conference	8,532,370	2,471,653	00235869 dated 04.05.2021
2	M/s Black Box Sound	7,578,000	3,031,200	00221099 dated 22.03.2021
Total Rs.		16,110,370	5,502,853	

The PNCA issued letters to the firms for cancellation of contracts and refund of advance payments as under:

S.No.	Name of Firm	Letter No & date	Amount of Advance payment to be refunded
1	Black Box Sound	F.No.15(43)/2020-Admin dated 17.12.2021	3031200
2	All Pakistan Music Conference	F.No.15(43)/2020-Admin dated 17.12.2021	2471653
Total Rs.			5,502,853

Audit observed that despite cancellation of contracts the firms did not refund the advance payments of Rs.5.502 million to the PNCA till October, 2022.

Audit is of the view that the PNCA suffered financial loss due to non-refund of advance payments by the said two firms as per BoG decision.

Management replied that the expenditure was incurred with the approval of DG. The matter was placed before the BoG in its 20th meeting held on 08.11.2021 wherein it was decided to cancel the contract agreement with these parties for making of Documentaries and the amount paid to them may be recovered. Accordingly, PNCA cancelled the contract agreement and directed them to refund the amount.

The reply of is not cogent. No recovery of advance payments could be made from firms so far.

Audit recommends recovery of amounts from concerned firms besides taking appropriate action against the persons responsible for the lapse.

19.5.7 Irregular withdrawal of funds for cash purchases/activities – Rs. 8.587 million

Revised procedure of Assignment Account issued vide letter No.AC-II/1-39/08-Vol-V/632 dated September 24, 2008 states that the officers holding Assignment Accounts will ensure that no money is drawn from these accounts unless it is required for immediate disbursement. Moneys will not be drawn for deposit into chest or any bank account. The cheques for payments on account of purchases / supplies will be drawn in the name of contractor / supplier. Commercial account(s) and assignment-account(s) will not be interlinked in their operations for any purpose.

Rule 157 of Federal Treasury Rules provides that all third party payments shall be made through cheques drawn in the name of the recipients.

The management of Pakistan National Council of the Arts (PNCA), Islamabad drew an amount of Rs. 5,241,350 and Rs. 4,578,350 during the year 2020-21 from Assignment and Receipt Account respectively as advances in the name of employees for various activities like purchases and repair works.

Audit observed as under:

- a. The amounts were drawn without immediate requirement and third party payments were made in cash in violation of revised procedure of Assignment Account and Federal Treasury Rules.
- b. The advances were drawn frequently in the name of employees without adjusting previously undisbursed amounts available with them.
- c. Heavy purchases and repair works were made without open completion. Loss in shape of GST and income tax was made to Government.

Audit is of the view that withdrawal of funds from Assignment Account in violation of revised procedure of Assignment Account and Federal Treasury Rules was irregular.

The management did not reply.

Audit recommends that irregularity may be got regularized besides fixing of responsibility for the irregularity and taking remedial action for non-recurrence of such irregularity in future.

19.5.8 Irregular appointment of consultants/experts without approval-Rs.10.532 million

Section 7 of the PNCA Act,1973 states that Board of Governors of the Council is empowered to set up panels of experts in specific fields of the arts where necessary and perform any other function in the field of arts which the federal Government may direct or which the council may consider necessary or desirable.

Para 4 of Establishment Division O.M.No.6/2/2000-R.3 dated 29.04.2002 states that after concept clearance, the client Ministry/Division/Department/Organization should widely advertise the consultancy indicating the requirements. Similarly, engagement of retired officers as Consultants/Advisers etc. shall require prior permission of the government (i.e. Establishment Division) in case of retired civilian officers.

Pakistan National Council of the Arts (PNCA), Islamabad appointed 16 consultants/experts at the monthly salary ranging from Rs.50,000 to Rs.150,000. An amount of Rs.10,532,735 was paid as remuneration during financial year 2020-21.

Audit observed that all appointments were made without the approval of the Board of Governors of the Council. Neither the document like qualification, experience, and maximum age limit for various posts was available on record nor monthly salary and other requirement for the appointment of experts/consultants were observed/framed. Monthly salary ranging from Rs.50,000 to Rs.150,000 was fixed and appointments were made with the approval of Director General without any delegation.

Audit is of the view that appointment of consultant/experts without fulfilling the codal formalities and approval of Board of Governors was irregular.

The management did not reply.

Audit recommends inquiry to fix responsibility besides taking corrective measures.

CHAPTER 20

PAKISTAN ATOMIC ENERGY COMMISSION (PAEC)

20.1 Introduction

The history of Pakistan Atomic Energy Commission (PAEC) goes back to 1956, when the Atomic Energy Research Council was established. In 1964, 1965 and 1973 reorganization took place and the Atomic Energy Commission was incorporated as a statutory body under an Act, with considerable autonomy. In 1972, the Commission was transferred from the Science and Technology Research Division to the President's Secretariat.

PAEC is now the largest science & technology organization of the country, both in terms of scientific/technical manpower and the scope of its activities. Starting with a nuclear power reactor at Karachi (KANUPP) and an experimental research reactor at Nilore, Islamabad (PARR-I) the emphasis in the early years remained focused on the peaceful uses of nuclear energy. Consequently, research centers in agriculture, medicine, biotechnology and other scientific disciplines were set up all over the country. As the emphasis shifted towards concerns for national security, important projects were also initiated in this area.

Sr. No.	Description	Total No.	Audited	Expenditure Audited (FY-2018-19) Rs. in million	Revenue / Receipt Audited (FY 2018-19) Rs. in million
1	Formations	27	10	35,838.549	485.889
2	Assignment Accounts (Excluding FAP)	2	-	-	-
3	Authorities / Autonomous Bodies etc. under the PAO	-	-	-	-
4	Foreign Aided Project (FAP)	-	-	-	-

20.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Atomic Energy Commission for the financial year 2021-22 was Rs.40,032.54 million, out of which the Commission expended an amount of Rs. 31,932.54 million. Grant-wise detail of current and development expenditure is as under:

(Rupees in million)

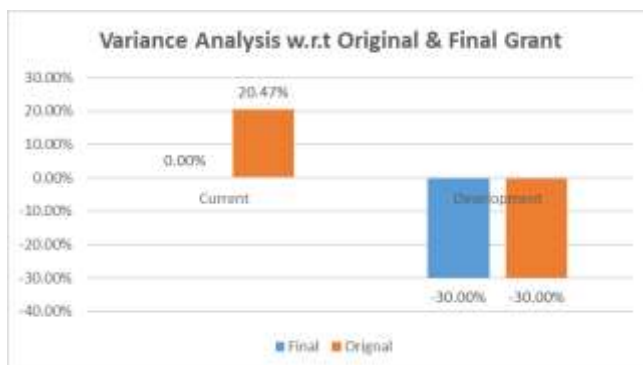
Grant No	Type of Grant	Original Grant	Suppl Grant	Surrender (-)	Final Grant	Actual Expenditure	Excess/ (Saving)	% age Excess/ (Saving)
5	Current	10,818.00	2,214.54	.00	13,032.54	13,032.54	.00	0.00%
118	Development	27,000.00	.00	.00	27,000.00	18,900.00	-8,100.00	-30.00%
	Total	37,818.00	2,214.54	.00	40,032.54	31,932.54	-8,100.00	-20.23%

Audit noted that there was an overall saving of Rs.8,100 million, which was mainly due to saving in development grant.

Supplementary Grants obtained without careful cash forecasting

According to Para 71 of General Financial Rules (Volume I), while framing budget estimates, the authorities should exercise utmost foresight. Rules of good governance demand that budget processes are carried out in accordance with clearly defined expectations and assumptions and a coordinated calendar of activity.

As shown in the chart below, bifurcating total allocation into current, development and charge expenditure, it was observed that, in case of development grant, there was 30% saving w.r.t original grant which was remained same w.r.t final grant and in case of current grant 20.47% excess was reduced to zero.



20.3 Classified Summary of Audit Observations

Audit observations, amounting to Rs. 1,485.311 million, were raised in this report during the current audit of **Pakistan Atomic Energy Commission (Paec)**. Summary of the audit observations classified by nature is as under:

(Rupees in million)

S. No	Classification	Amount
1	Non-production of record	
2	Reported cases of fraud, embezzlement and Misappropriation	
3	Irregularities	
A	<i>HR/Employees related Irregularities</i>	
B	<i>Procurement related irregularities</i>	517.595
C	<i>Management of account with commercial banks</i>	
D	<i>Recovery</i>	50.078
E	<i>Civil Works</i>	917.638
4	Value for money and service delivery	
5	Others	

20.4 Status of compliance with PAC Directives

Name	Audit Year	Total No. of Audit Paras	No. of Actionable Points Issued	Compliance	Non/Partial Compliance	% of Compliance
Pakistan Atomic Energy Commission	1989-90	2	2	2	0	100%
	1992-93	6	6	6	0	100%
	1993-94	1	1	1	0	100%
	1994-95	2	2	2	0	100%
	2006-07	1	1	0	1	0%
	2013-14	3	3	3	0	100%
	2017-18	3	3	3	0	100%
	2021-22	9	0	0	9	0
	Total	27	18	17	10	

20.5 AUDIT PARAS

Karachi Coastal Power Project / Karachi Nuclear Power Generation Station

20.5.1 Unauthorized expenditure on water charges – Rs. 465.013 million

Para 6.4.1(ii)(b) of PC-I of Karachi Coastal Power Project (Preliminary work for construction) states that the provision of water supply will be carried out by PAEC by installing a sea water desalination plant.

Table 4 of the approved PC-I of 2013 shows that a provision for civil work for construction of desalination Plant amounting to Rs. 850 million was existed for 3.5 million gallons per day capacity and water reservoir of 14 million gallons will also be part of the PAEC Scope.

Karachi Coastal Power Project purchased water amounting to Rs. 465.013 million from M/s Fareed & Company, M/s Al-Technique Corporation of Pakistan Limited and M/s NLC, etc. during the financial years 2021-22.

Audit observed that though Desalination Plant started its operation from July, 2021 but the management continued purchasing water amounting to Rs. 465.013 million which was not only undue financial aid to the contractors but also led to non-utilization of Desalination Plant.

Audit is of the view that incurrence of expenditure on purchase of water was held unauthorized.

The DAC in its meeting held on 07.02.2022 directed that liquidated damages charges may be recovered from the contractor due to delay in completion and completion certificate of DS plant may also be provided for verification.

Audit recommends that responsibility may be fixed for the irregularity.

20.5.2 Unjustified excess painting work – Rs. 14.588 million

The management of Karachi Coastal Power Project executed Construction of Category-III Structures, K2/K3, Karachi which contained execution of excessive

painting work by 18,605.954 cft as compared with the actual plaster work as per following details:

S. No.	Description	Plaster cft	Paining cft	Qty Excess cft	Rate per cft of Paint	Amount (Rs)
1.	Internal Surfaces	67,837.975	80,868.691	13,030.716	820	10,685,187
2.	External Surfaces	28,083.566	33,658.804	5,575.238	700	3,902,666
				18,605.954		
Total						14,587,853

Audit observed that the painting work was not commensurating with the measurement of plaster work as all internal and external surfaces were first plaster and then painting work was executed on plaster surface but paining quantities were increased from the quantities of plaster due to which an amount of Rs. 14.588 million was overpaid to the contractor.

Audit is of the view that entering of excess painting work in measurement book was unjustified and favor to the contractor.

The DAC in its meeting held on 07.02.2022. PAEC explained to DAC that plaster work was not required over fair-faced concrete portions of structures like RCC columns, beams, and slab ceilings which reduced the plaster quantities. Hence, paint was applied on plaster as well as fair-faced concrete surfaces. In this way, substantial cost of plaster was saved. DAC directed the management to provide the detailed recording of excluded items of painting work, sanding, rubbing in measurement book. Further, DAC also directed to provide exclusion of plaster work on RCC. If detailed measurement was not recorded than recovery may be initiated from the contractor.

Audit recommends matter may be investigated to fix responsibility.

20.5.3 Irregular execution of new/ extra items not provided in BOQ – Rs. 94.580 million

According to para 2.86 of B&R Code, the authority granted by a sanction to an estimate must remain strictly limited to the precise objects for which the

estimate was intended. If after the accord of technical sanction, alterations are contemplated, orders of the original sanctioning authority should be obtained even though no additional expenditure is involved.

The management of Karachi Coastal Power Project executed Construction of Category-III Structures, K2/K3, Karachi and executed new/extra items which was not provided in BOQ amounting to Rs. 94.580 million as per following details:

S. No.	Item Description	Amount
1.	Civil Work Extra Items	86,572,968.89
2.	Plumbing Work Extra Items	2,590,426.10
3.	DS Tank Extra Items	5,416,545.73
Total		94,579,940.72

Audit observed that extra items were executed in violation of rules and without any approval of rate analysis for these items.

Audit is of the view that execution of extra items was violation of rules.

The DAC in its meeting held on 07.02.2022 directed the management to provide the approval of variation order from the competent authority.

Audit recommends that responsibility may be fixed and recovery be made from the responsible for extra items without any provision in BOQ/ tender documents for execution of construction of Category-III.

20.5.4 Unauthorized payment for suspension of work period - Rs. 108.973 million

Clause 44.1 of the contract agreement states that the engineers shall, after due consultation with the employer and the contractor, determine the amount of such extension and shall notify the contractor accordingly, with a copy to the employer.

The management of Karachi Coastal Power Project awarded a work for 'Construction of Cat-II Structures & Internal Channel at K2/K3 to M/s Habib Rafique Private Limited which was to be commenced 27.03.2019 and to be completed on 26.03.2021. The contractor could not continue work because of non-availability of site which was under the possession of M/s CZEC another contractor,

resultantly the work on site remained suspended from January, 2020 to February, 2021.

The management paid an amount of Rs. 108.973 million to the contractor for salaries, accommodation, utilities, transportation, insurance, etc. for the suspension period, i.e. January, 2020 to February, 2021.

Audit observed that the payment of above charges for the period in which work remained suspended was not covered under Clause 44.1 and 44.2 of the contract which were meant for extension of time but mis-quoted / misinterpreted to the benefit for the contractor.

Audit is of the view that payment for the period during which suspension of work was made in violation of the contract agreement.

PAEC explained that due to COVID-19 restrictions and strict precaution and protection measures taken by CZEC, most of yard area of main plants (which is around 80% of the scope of that work) was declared inaccessible for local contractors and their labour. The access to the area remained suspended for more than a year i.e. from Jan 2020 till March 2021 resulting in a time extension in the contract period of completion. The contractor submitted its financial claims based on the clauses of contract accordingly. Extension of time was duly approved by the competent authority along with the reasonable and genuine financial cost due to such extension of time of completion.

The DAC in its meeting held on 07.02.2022 directed to recover the amount from M/s CZEC as the loss was occurred due to non-handing over the land by CZEC in time to the contractor.

Audit recommends that the amount may be recovered from contractor.

20.5.5 Unauthorized payment of secured advance in addition to mobilization advance – Rs. 484.842 million

According to Clause-60.11 of Standard Bidding Documents of PEC Edition June-2007, for providing financial assistance to the contractor, the employer may opt either secured advance on materials brought on site or mobilization advance.

The management of Karachi Coastal Power Project awarded a work for ‘Survey, Geotechnical Study, Design, Engineering, Manufacture, Supply, Laying, Construction, Installation, Erection, Testing Commissioning, Energizing and Handing over on Turnkey Basis a new 132KV Double Circuti Transmission Line’ to M/s Jaffer Brothers Private Limited Karachi JV M/s Construction & Project Management Services Krachi on 18.02.2021 at a cost of Rs. 2,515.387 million with a completion period of 365 days, i.e. 17.02.2022.

An amount of Rs. 251.538 million was paid to the contractor as mobilization advance on 28.06.2021.

Audit observed that an amount of Rs. 484.842 million was also paid to the contractor as secured advance in addition to the already paid mobilization advance in violation of the rules.

Audit is of the view that payment of secured advance in addition to mobilization advance was unauthorized.

The DAC in its meeting held on 07.02.2022 directed to recover the secured advance from contractor.

Audit recommends that secured advances may be recovered.

20.5.6 Irregular expenditure construction of main gate – Rs. 7.681 million

Para 9(b) of revised delegation of powers dated 11.11.2020 states that an individual item is not split up into parts merely to enable a part of the whole item to qualify a particular sanction.

As per revised delegation of powers dated 01.01.2021 General Manager/Director General was empowered to award work of Rs. 5 million only for Limited tenders, spot purchases and single /negotiated tenders.

The management of Karachi Coastal Power Project incurred an expenditure of Rs. 7.681 million on ‘construction material for gate at main entrance of K2/K3. Details are as under:

S. No.	Sanction No.	Detail of material	Amount
1.	K2/K3-045/2202/21-22 dated 09.06.2022	Cement, Sand,	2,013,219
2.	K2/K3-045/2434/21-22 dated 09.06.2022	Crush, Steel,	4,320,378
3.	K2/K3-045/2202/21-22 dated 09.06.2022	concrete,	865,650
4.	K2/K3-045/2434/21-22 dated 09.06.2022	porcelain tiles,	253,306
5.	K2/K3-045/2434/21-22 dated 09.06.2022	etc.	228,850
Total			7,681,403

Audit observed that the approval was granted by General Manager for spot purchase who was delegated financial power of Rs. 5 million only and against sanction of Rs. 4.997 million an expenditure of Rs. 7.681 million was incurred which creates doubts on whole process.

Audit further observed that expenditure on construction of main gate was not justified as different construction works at site were still under process by various contractors and it was not forthcoming from the record why only material for construction of gate was purchased.

Audit is of the view that the work was splitted up to avoid the approval of the higher forum which was irregular and in violation of the delegation of powers.

PAEC explained that different kind of civil works material were purchased by drawing temporary advances due to urgency as visit of Prime Minister of Pakistan was scheduled. These civil works material were used by utilizing own labor and work force and millions of rupees were saved.

The DAC in its meeting held on 07.02.2022 directed to produce the measurement book as the work was of civil work. The management apprised that work was executed without measurement book. Audit was of the opinion that measurement book should be maintained for all civil works as provided under the rules.

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

20.5.7 Irregular expenditure on additional work – Rs. 84.510 million

Clause 1.1.43 of the Standard Bidding Documents states that “EPC/Turnkey Basis” means where the Contractor takes total responsibility for design and execution of the project with little involvement of the Employer. Under the usual arrangements of turnkey projects the contractor carries out all the Engineering, Procurement and Construction (EPC) providing a fully equipped facility ready for operation. Total responsibility of the Contractor include; but not limited to; design, supply, installation and commissioning of all mechanical and electrical equipment, civil and other works necessary for the completion and commercial operation of the Plant and shall include all such items of Plant and equipment or work, whether mentioned in the Specifications, Bid drawings, Schedule of Prices or not, which are required to make the Plant operationally complete in accordance with the guarantees prescribed under the Contract.

As per Joint Venture Agreement signed between M/s FWO JV M/s Orient Water Technologies JV M/s ESLI Endustriyel LTD STI and KANUPP (K2/K3) signed on 23.04.2019 states that the contractors (JV) intends to collaborate for the purpose of designing, procurement, executing, testing & Commissioning of Land Based SWRO Desalination Plant of 10,000 m³/Day capacity at Hawks bay, Karachi on EPC/Turnkey Basis in line with the terms and conditions set out in the contract concluded between the Joint Venture and the Employer.

The management of Karachi Coastal Power Project awarded a contract to M/s FWO JV M/s Orient Water Technologies JV M/s ESLI Endustriyel LTD STI for construction of Sea Water reverse Cosmosis (SWRO) plant of capacity on EPC/Turnkey Basis at a cost of Rs. 1634.419 million. The management paid an extra amount of Rs. 84.510 million for additional items and withheld Rs. 7.695 million. Details are as under:

S. No.	Item	Amount
1.	Interconnecting System	11.725
2.	Additional Length of Cable	24.001
3.	Difference of aluminum to copper	37.053
4.	Breaker in MDP Panel	1.860
5.	Backfilling work of DAF and Substation	3.861
6.	Additional Work DS Transfer Interface	13.704
Total		92.204

Audit observed that payment of Rs.84.510 million additional items in a turnkey project was not justified.

Audit also observed that items for which extra payment has been made were already included in the scope of work.

Audit is of the view that payment of additional items amounting to Rs. 84.510 million was irregular and unjustified.

The DAC in its meeting held on 07.02.2022 directed the management that relevant record may be produced to audit. However, audit was of the opinion that for turn-key projects all cost was included which were mentioned in the BoQ or not as provided in the contract agreement.

Audit recommends additional amount may be recovered as provided in the contract agreement.

20.5.8 Irregular award of Work in excess of the quoted rates – USD 2.06 million

The management of Karachi Coastal Power Project awarded a work on 29.06.2016 for 'Water intake and outfall structure EPC Project' to M/s China Ocean Engineering Construction General Bureau (COECG) at a cost of USD 322.23 million with a completion date of 31.12.2019. The contractor, i.e. COECG quoted USD 322.23 million for open channel intake with provision of K4/K5 and USD 335.17 million for open channel intake with provision of K4/K5 and Heavy Cargo Terminal. The cost of heavy cargo terminal offered in bid was USD 12.94. The management awarded the work at a cost of USD 322.23 million excluding heavy cargo terminal on 29.06.2016.

The management later on vide addendum-1 revised the agreement and include the heavy cargo terminal at a cost of USD 15 million.

Audit observed that at the time of bidding the contractor had quoted the rate of heavy cargo terminal at a cost of USD 12.94 million which was excluded by the

management at that time and subsequently the same item was included at a cost of USD 15 million resulting in excess cost of USD 2.06 million. To keep the overall price of work within limit of USD 322.23 million a portion worth USD 15.67 million was deleted from the award to accommodate the revised cost of Heavy Cargo terminal at USD 15 million.

Audit is of the view that loss of USD 2.06 million occurred due to the reason that the management did not foresee that heavy cargo terminal was essential for smooth functioning of the project. This causes loss of USD 2.06 million to national exchequers.

The DAC in its meeting held on 07.02.2022. PAEC explained that Heavy Cargo Terminal is useful for transportation of heavy and oversized equipment of K-2/K-3 considering road condition, overhead bridges and public sentiments. The heavy cargo terminal was purchased within the cost of initial contract. Audit was of the opinion that cost of additional payment could have be saved if the heavy cargo jetty was made part of the original contract as it was part of the bidding documents.

Audit recommends that the para may be referred to PAC.

20.5.9 Doubtful purchase of Air Conditioner for Ceremony – Rs. 4.670 million

Revised Delegation of Powers of PAEC dated 11.11.2010 states that the expenditure is not, prim-facie, more than the occasion demands and that every employee in the organization exercises the same vigilance in respect of expenditure being incurred / liability undertaken from public funds as a person of ordinary prudence would exercise in respect of expenditure of his own money.

The management of Karachi Coastal Power Project incurred an expenditure of Rs. 4.670 million for purchase of 10 Air Conditioners for Ceremony from M/s Skyair Marketing during 2021-22 through spot purchase.

Audit observed that payment was made on 30.06.2022 thereafter quotations were received on 06.07.2022 and approval for said quotation was given prior to their receipt on 30.06.2022 which created doubts about the procurement.

Audit is of the view that the expenditure was incurred in haste by violating the rules and procedures.

The DAC in its meeting held on 07.02.2022 directed that documentary evidence regarding delivery/acknowledgment of air conditioners may be provided.

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

20.5.10 Excess payment for change in quantities over & above the BOQ – Rs. 118.180 million

Para 56 of CPWD Code provides that Technical Sanction is a guarantee that the proposal is structurally sound and that the estimates are accurately calculated and based on adequate data. It shall be issued on the basis of detailed estimates for the project as a whole, after administrative approval is accorded.

Karachi Coastal Power Project awarded contract for Construction of Category-II Structures and Internal Channel K2/K3, Karachi to M/s Habib Rafiq Private Limited.

Audit observed that during execution of contract, quantities of some favorable items were increased which resulted in to excess payment of Rs. 118.180 million. Details are as under:

S. No.	Sub-Head	Item	Qty in BOQ	Qty recorded in MB	Difference (cft)	Rate	Amount
1	Yard Area (Civil Work)	Excavation for foundation and trenches in all type of murum soil and back filling	31,360.00	88,517.64	57,157.64	424.00	24,234,841.06
2	Yard Area (Civil Work)	Providing, laying and spreading 6% cement stabilized 448isinte...	20,212.00	23,721.28	3,509.28	3,514.00	12,331,595.86
3	Yard Area (Plumbing Work)	Excavation / Cutting in soft or	36,137.00	49,395.79	13,258.79	845.00	11,203,677.55

		449isintegrated rock					
4	Internal Channel	Excavation / Cutting except Rock	232,724.00	435,634.26	202,910.26	347.00	70,409,860.22
Total							118,179,974.69

Audit is of the view that without any change of drawing and design the excess quantities could not be justifiable.

PAEC explained that contract was awarded for the Rain water drainage system, pipes up to 2000 mm dia. The drain system was laid down to a depth of around 8 meters (around 26 feet). For such deep excavation, safety and technical workability as per standard construction practices for excavators, dumpers and that of workers need to be ensured by making extra cuttings/slopes & its protection. Such provisions, as per site requirements, are the main cause of increase in quantities of excavation, etc. The DAC in its meeting held on 07.02.2022 directed to produce the record of co-related items executed which had direct relation with the items executed mentioned in the audit para.

Audit recommends matter may be probed to fix responsibility.

20.5.11 Irregular purchase of furniture – Rs. 5.208 million

Para 9(b) of revised delegation of powers dated 11.11.2020 states that an individual item is not split up into parts merely to enable a part of the whole item to qualify a particular sanction.

As per revised delegation of powers dated 01.01.2021 General Manager/Director General was empowered to award work of Rs. 5 million only for Limited tenders, spot purchases and single /negotiated tenders.

The management of Karachi Coastal Power Project incurred an expenditure of Rs. 8.929 million on purchase of furniture from M/s Master Offisys Private Limited during 2021-22.

Audit observed as under:

- i. A case for purchase of furniture amounting to Rs. 20 million was submitted for approval of GM on 07.07.2021 for HI Building which was returned by Procurement Division due to the reason that GM competency in such cases was restricted up to Rs. 5 million.
- ii. Thereafter, Procurement Division on 09.12.2021 submitted the case for approval of the Chairman, PAEC and again GM directed that quantity be reduced and only four million rupee was allowed. Further the GM also instructed of each stakeholder of HI Building to raise separate procurement case of furniture.
- iii. In compliance of the instructions of General Manager cases were resubmitted for an amount of Rs. 3.948 million and Rs. 1.260 million for purchase through spot purchase without open competition.

Audit is of the view that the purchase was reduced to enable a part of the whole procurement (furniture) to bring the procurement within the sanctioning competency of GM.

The DAC in its meeting held on 07.02.2022 directed to stop such practice in future.

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

20.5.12 Irregular payment to contractor for testing and cutting – Rs. 4.284 million

Clause 36.3 of General Condition of Contract states that the cost of making any test shall be borne by the contractor if such test is clearly intended by or provided for in the contract.

Para 8.6.2 of Technical Specifications states that the payment of item of steel railing shall include fabrication, erection and protective coating. Fabrication shall include other incidental expenses necessary for the completion of the works to the entire satisfaction of Engineer.

Karachi Coastal Power Project executed a work for Construction of Category-III Structures, K2/K3, Karachi the work was awarded to M/s Izhar Construction.

Audit observed that the contractor was paid for following items:

S. No.	Item	Amount
1.	Cutting of top of reinforced cement concrete piles of any size	364,000
2.	Testing for design purpose of RCC	1,960,000
3.	Testing of already driven work RCC Piles	1,960,000
Total		4,284,000

Audit observed that testing and cutting was included in the rates for which separate payment was irregular.

Audit is of the view that the undue favor was extended to the contractor.

The DAC in its meeting held on 07.02.2022 directed DAC directed that PAEC may consult/examine the contract and if recovery is admissible as per contractual obligation, then amount may be recovered otherwise outcome of the same may be presented to audit for verification.

Audit recommends that the amount may be recovered from the contractor.

20.5.13 Non Recovery of Temporary Advances – Rs. 50.078 million

The management of Karachi Coastal Power Project gave temporary advances amounting to Rs. 122.072 million to its employees during 2021-22.

Audit observed that out of Rs. 122.072 million an amount of Rs. 50.078 million is still outstanding.

Audit also observed that an amount of Rs. 50.978 million was just spent on temporary advances during the month of June, 2022.

Audit is of the view that non-recovery of temporary advance was a violation of rules.

Audit is also of the view that temporary advance amounting to Rs. 50.978 million was granted to avoid the lapse of funds during the month of June, 2022.

The DAC in its meeting held on 07.02.2022 directed to recover the amount from employees and practice of granting heavy advances in the month of June may be avoided in future.

Audit recommends recovery of outstanding advances may be made at earliest.

20.5.14 Irregular award of work for diversion channel without open tender – Rs. 40.644 million

Rule 12(2) of Public Procurement Rules, 2014 states that all procurement opportunities over two million rupees should be advertised on the Authority's website as well as in other print media or newspapers having wide circulation. The advertisement in the newspapers shall principally appear in at least two national dailies, one in English and the other in Urdu.

The management of Karachi Coastal Power Project awarded a work for 'Construction of Culvert for Diversion channel for K-2/K-3, Karachi to M/s China Ocean Engineering Construction General Bureau (COECG) on 01.03.2018. The work was completed on 14.04.2018 and final payment was made to the contractor.

Audit observed that the work was awarded without open competition in violation of PPRA rules.

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

The DAC in its meeting held on 07.02.2022 directed that such practice should be stopped in future.

Audit recommends that responsibility may be fixed for the irregularity.

CHAPTER 21

MINISTRY OF RELIGIOUS AFFAIRS AND INTERFAITH HARMONY

21.1 Introduction

As per Schedule II [Rule 3 (3)] Distribution of Business among the Divisions read with Schedule III [rule-4(4)] Rules of Business 1973 (As amended up to 23rd April, 2019) following main business have been assigned to the Division amongst the other functions.

1. Pilgrimage beyond Pakistan; Muslim pilgrims' visits to India.
2. Ziarat and Umra and Welfare and safety of pilgrims and Zairian.
3. Islamic studies and research including holding of seminars, conferences, etc., on related subjects.
4. Training and education of Ulemas and Khatibs etc.
5. Error-free and exact printing and publishing of the Holy Quran.
6. Exchange of visits of scholars.
7. Ruet-e-Hilal.
8. Tabligh.
9. Observance of Islamic Moral Standards.
10. Donations for religious purposes and propagation of Islamic Ideology abroad.
11. Marriage and divorce, infants and minor's adoption.
12. Policy and legislation with regard to interfaith harmony.
13. International agreements and commitments in respect of all religious communities and implementation thereof.
14. Representation of Pakistan at UN Sub-Commission on Prevention of Discrimination to Minorities.

ATTACHED DEPARTMENTS / AUTONOMOUS BODIES

- i. Hajj and Umrah Directorate (06) subordinate offices.
- ii. Council of Islamic Ideology.
- iii. Pakistan Madrassah Education Board.
- iv. Evacuee Trust Property Board.
- v. National Commission for Minorities.

Sr. No.	Description	Total No.	Audited	Expenditure Audited (FY-2021-22) Rs. in million	Revenue / Receipt Audited (FY 2021-22) Rs. in million
1	Formations	10	2	215.283	
2	Assignment Accounts (Excluding FAP)	-	-	-	-
3	Authorities / Autonomous Bodies etc. under the PAO	33	4	84.875	-
4	Foreign Aided Project (FAP)	-	-	-	-

21.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Religious Affairs And Interfaith Harmony Division for the financial year 2021-22 was Rs.3,544.93 million, out of which the Division expended an amount of Rs.3,502.31 million. Grant-wise detail of current and development expenditure is as under:

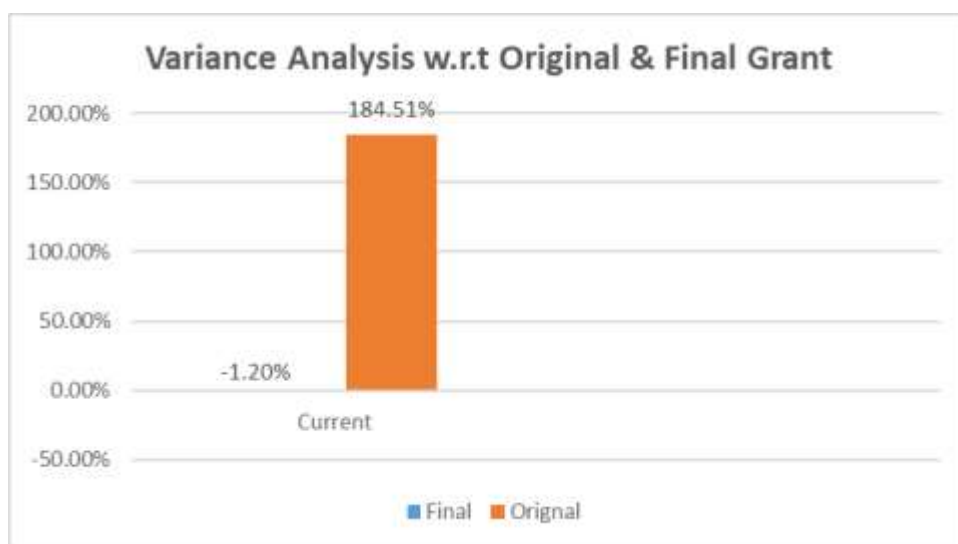
(Rs. In million)								
Grant No	Type of Grant	Original Grant	Suppl Grant	Surrender (-)	Final Grant	Actual Expenditure	Excess/ (Saving)	% age Excess/ (Saving)
81	Current	1,231.00	2,440.00	-126.07	3,544.93	3,502.31	-42.62	-1.20%

Audit noted that there was an overall saving of Rs.42.62 million in current grants.

Supplementary Grants obtained without careful cash forecasting

According to Para 71 of General Financial Rules (Volume I), while framing budget estimates, the authorities should exercise utmost foresight. Rules of good governance demand that budget processes are carried out in accordance with clearly defined expectations and assumptions and a coordinated calendar of activity.

As shown in the chart below, bifurcating total allocation into current expenditure, it was observed that there was 184.51% excess w.r.t original grant which became 1.20% saving w.r.t final grant.



21.3 Classified Summary of Audit Observations

Audit observations, amounting to Rs. 1,787.188 million, were raised in this report during the current audit of **Ministry Of Religious Affairs And Interfaith Harmony**. Summary of the audit observations classified by nature is as under:

(Rupees in million)

S. No	Classification	Amount
1	Non-production of record	
2	Reported cases of fraud, embezzlement and Misappropriation	
3	Irregularities	
A	<i>HR/Employees related Irregularities</i>	
B	<i>Procurement related irregularities</i>	25.21

C	<i>Management of account with commercial banks</i>	476.096
D	<i>Recovery</i>	112.149
E	<i>Internal Control</i>	1,175.733
4	Value for money and service delivery	
5	Others	

21.4 Status of compliance with PAC Directives

Audit Year	Total No. of Audit Paras	No. of Actionable Points Issued	Compliance	Non/Partial Compliance	% of Compliance
2012-13	6	0	0	6	-
2013-14	7	6	1	6	17
2014-15	4	4	2	2	50
2015-16	25	0	0	25	-
2016-17	11	4	1	10	25
2019-20	12	0	0	12	-
2020-21	20	0	0	20	-
2021-22	1	0	0	1	-
Total	86	14	4	82	

21.5 AUDIT PARAS

Ministry of Religious Affairs and Interfaith Harmony

21.5.1 Non-refund of unutilized remittances by Directorate General Hajj, Jeddah for the Hajj-2020-Rs. 8,500 million (US\$ 54.870 million)

Rule 668 of Federal Treasury Rules states that advance granted under special orders of competent authority for departmental or allied purposes, subject to adjustment of detail accounts supported by vouchers or by refund, as may be necessary.

Para-5 (vi) of the Hajj Pilgrims Welfare Fund states that “Funds not required for use during next 3 months may be kept in a short or long term deposit account by D.G Director Hajj to earn profit on the spare cash balance which would form part of the Fund”.

The management of the Ministry of Religious Affairs and Interfaith Harmony, Islamabad remitted amount of Rs. 8,500 million to the Directorate

General Hajj, Jeddah on account of payment of accommodation charges at Makkah/Madinah, Salawat/Intercity Transport Facilities, Catering and other services for Hajj-2020 during the financial year 2020-21. The said amount was released from NIDA Account No. 3035236135, National Bank of Pakistan, Islamabad as under:

Sr. No.	Cheque No.	Date	Amount in Pak Rupees	US Dollar in million
1	123053	30.01.2020	6,000,000,000	38.710
2	123072	27.02.2020	2,500,000,000	16.160
Total			8,500,000,000	54.870

The Saudi Minister for Hajj and Umrah announced on 23.06.2020 that no pilgrim from outside the Kingdom will be allowed to perform Hajj this year.

Audit observed as under:

- i. The Directorate General Hajj, Jeddah neither refunded the unutilized remittances nor utilization status/adjustment accounts submitted to the MORA, Islamabad despite lapse of more than two years.
- ii. Undue retention of remittance with DG Hajj, Jeddah leads to non-investment of funds and ultimately put into loss the Pilgrims Welfare Funds.

Audit is of the view that non-refund of remittances is violation of Federal Treasury Rules.

Audit is also of the view that non-refunding of remittances by the DG Hajj, Jeddah reduced the Foreign Currency Reserves of the country and leads to misappropriation.

Management did not reply till finalization of report.

Audit recommends that responsibility may be fixed for the said lapses besides formation of accounting procedure.

21.5.2 Irregular and unauthorized earnings of Interest (Riba) on the Hajj dues of Pilgrims against Sharia and Constitution of Pakistan – Rs. 474.096 million

An Expression of Interest (EOI) from scheduled banks for collection of Hajj applications from intending pilgrims for Hajj 2020 was called on January 09, 2020 through Daily newspapers Pakistan Observer.

Clause 14 of the Contract agreement signed between banks and MORA&IH states that for retention of Hajj dues of successful intending pilgrims by the Second Party (Banks), profit rates shall be as follows:

Sr No.	Detail	Rate of Profit
1.	Retention of Hajj dues for 60 days	7.50%
2.	Retention of Hajj dues beyond 60 days and up to 120 days	8.50%
3.	Retention of Hajj dues beyond 120 days and up to reconciliation	9.50%

Article 38 (f) of the Constitution of Islamic Republic of Pakistan states that the State shall eliminate Riba as early as possible.

The Federal Shariat Court in its decision dated November, 1991 states that any additional amount over the principal in a contract of loan or debt is the “RIBA” prohibited by the Holy Qur'an in several verses. The Holy Prophet, Sall-Allahualayhiwasallam, has also termed the following transactions as Riba:

- i. A transaction of money for money of the same denomination where the quantity on both sides is not equal, either in a spot transaction or in a transaction based on deferred payment.
- ii. A barter transaction between two weighable or measurable commodities of the same kind, where the quantity on both sides is not equal, or where the delivery from any one side is deferred.
- iii. A barter transaction between two different weighable or measurable commodities where delivery from one side is deferred.

It is, therefore, held that all the prevailing forms of interest, either in the banking transactions or in private transactions do fall within the definition of "Riba".

The management of Ministry of Religious Affairs and Inter-Faith Harmony (MORA&IH), Islamabad has called for EOI from schedule banks for collection of Hajj applications from pilgrims for Hajj 2020 through print media and 13 banks were selected in Hajj-2020. An amount of Rs. 49,969.054 million from 105,413 received from successful applicants for Hajj 2020.

Audit observed that:

- i. The management made the pilgrims amount as source of income and systematically earned Rs. 474.096 million as interest during the period 13.03.2020 to 25.06.2020 from 13 banks on Hajj dues.
- ii. The management of (MORA&IH) mixing the Hajj dues of Pilgrims with “RIBA” which against the spirit of Constitution of Islamic Republic of Pakistan.
- iii. The earning of interest on Pilgrims sanctified amount is against the directions of Qur’an and the decision of Federal Shariat Court.

Audit is of the view that earning of interest on holy amount of pilgrims is against the ruling of Qur’an /Islam, Federal Shariat Court and the Constitution of Islamic Republic of Pakistan.

Management did not reply till finalization of report.

The said audit Para was also raised during the last audit.

Audit recommends that the matter should be referred to Council of Islamic Ideology or Federal Shariat Court for seeking guidance.

21.5.3 Irregular printing of Hajj material from private press without calling open tender- Rs. 25.210 million

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

The management of Ministry of Religious Affairs and Inter-Faith Harmony (MORA&IH), Islamabad got printed Hajj material for Hajj-2020 from Pakistan Post Foundation (Press Division) amounting to Rs. 25,210,533/- vide cheque No. 68322614 dated 30.12.2020 during financial year 2020-21.

Audit observed that the printing work was assigned to Pakistan Post Foundation without calling open tender in violation of rule 12(2) of Public Procurement Rules, 2004 .

Audit is of the view that printing of Hajj material without competition was irregular.

Management did not reply till finalization of report.

Audit recommends to fix the responsibility for the irregularity.

Forensic Audit of Evacuee Trust Property Board

21.5.4 Non-retrieving 40 kanal land at Mauza Asal Kundal, Raiwind, Lahore from Army Welfare Trust

Section 25 of the Evacuee Trust Property Board Act 1975 states that the Chairman, an Administrator, a Deputy Administrator, or an Assistant Administrator may eject or cause to be ejected any person in possession or occupation of any evacuee trust property whose possession or occupation is not authorized by or under any of the provisions of this Act or who contravenes or may have contravened any of the terms and conditions under which the property is held by him, or who has failed to pay public dues, or has willfully caused damage to any such property or any person in occupation or possession of any evacuee trust property which is required for an object which is considered to be a public purpose by the Federal Government, after giving him notice, and for the purposes of such ejectment may use or cause to be used such force as may be considered necessary.

Lahore High Court vide its judgment dated 17.11.2016 restored the rights of land of 40 kanals, situated at Mauza Asal Kundal, Raiwind, Lahore to Evacuee Trust Property Board (ETPB).

Audit observed as under:

- i. Despite LHC Order, the ETPB had not taken steps to take control of the Trust land from AWT.
- ii. The Deputy Administrator, ETP Lahore-II made an attempt for auction of the land on 14.04.2020 but could not materialize as the land was under illegal occupation of Army Welfare Trust (AWT).

Audit was of the view that the Trust land was under illegal occupation by AWT.

The management replied that the land was under illegal possession of AWT, which auctioned in April 2020, but the AWT did not hand over the possession to the lessee.

The management accepted the audit observation.

During the DAC meeting held on 31st October-2nd November 2022, the management informed that they were considering the case with land sharing with AWT on DHA model. The DAC directed that case of AWT may be dealt in accordance with the Order of the Supreme Court and already decision taken by the Board.

Audit recommends that ejectment proceedings may be initiated against the AWT, Trust land be retrieved back and utilized for development purposes.

(Para 2.2 of Forensic AR, ETPB Phase-1/Agri-1/Part-1/ AY2021-22)

21.5.5 Non-retrieving of 130 kanals 14 marlas land situated at Mouza Motta Sing, Tehsil Cantt Lahore from Defence Housing Authority

The Evacuee Trust Property Board in its meeting held on 10th March 2021 decided that all pending sale cases in which sale deeds not executed are annulled.

The Dy. Administrator, Lahore-II, advertised on 08.08.2020 in newspaper (Daily Ausaf and Dunia Lahore) for auction of lots No.11 and 22 at Mouza Motta Sing, Tehsil Cantt, Lahore. Bids were opened on 25.08.2020, as detailed below:

Sr. No.	Successful bidder	Lot No. (Khasra No)	Area Kanal – Marla	Lease money for one year received/Rs.
1	Hafiz Muhammad Zulfiqar s/o Muhammad Hussain	11 (638, 640, 641, 643 to 647)	59 – 15	194,000
2	Mr. Raheel Tufail s/o Muhammad Tufail	22 (682 to 691)	70 – 19	321,000
Total			130 – 14	

Audit observed as under:

- i. The ETPB advertised the Trust land for lease through public auction without ejecting the illegal occupant Defence housing Authority (DHA) Lahore.
- ii. As the land was under illegal occupation of DHA, they filed WP No.43815/2020 in Lahore High Court in September 2020 against the auction process resultant possession of the land could not be handed over to successful bidders.

The management replied that DHA filed WP No.43815/2020 with the Lahore High Court and the Court on 01.07.2021 granted status quo and directed that during the pendency of this case before the Supreme Court of Pakistan, the disputed property shall not be leased out without the permission of the Hon'ble Supreme Court of Pakistan.

DAC meeting was held on 5-6th Dec 2022, the DAC was informed that the land pointed out in the audit para was part of DHA deal which was not mutated in the name of DHA. The case is pending before Lahore High Court, Lahore. The DAC directed that the present status of the Court case and copies of the Court specific judgement/order may be provided to the Ministry and Audit. The DAC further directed that detailed report in respect of agreement between DHA and ETPB regarding exchange of E.T land against DHA plots may be submitted to the Ministry and Audit. The Chairman, ETPB should hold a meeting with DHA for resolution of long outstanding issue.

Audit recommends that the detailed report of the agreement made between ETPB and DHA be provided besides cancelling the deal. Further, the land be retrieved back from DHA.

(Para 2.4 of Forensic AR, ETPB Phase-1/Agri-1/Part-1/ AY2021-22)

21.5.6 Illegal capturing of ETPB land 44 kanals, 5 marlas for Manga Bypass and non-payment of compensation by National Highways Authority (NHA)

Section 4(1) of the Evacuee Trust Property Board Act 1975 states that function of Board includes general supervision and control of all evacuee trust property shall, subject to any directions that may be given by the Federal Government, vest in the Board, and the Board shall take such action as it deems fit for the proper management, maintenance and disposal of such property in accordance with the provisions of this Act and the rules, scheme, or directions made or issued thereunder.

The Assistant Administrator, ETPB Lahore signed an agreement with Secretary Tehzib ul Akhlaq Trust Lahore on 19.02.1992 for the lease of 421 kanals, 18 marlas land situated at Mauza Manga Autar, Lahore, out of which National Highways Authority occupied 44 kanals, 5 marlas land situated at Manga Bypass. The Land Acquisition Collector, NHA Lahore vide Note No.2 of Para 4 of Award No.4 dated 24.03.2003 excluded the Khasra No. 1456, 1458, 1476, 1482, 1483, 1512, 1511, 1514, 1516, 1515, 1521, 1522, 1484 from the award being ownership of Gurdhwara.

Audit observed that the Deputy Administrator, ETP Lahore-II neither rejected the award dated 24.03.2003 nor made effort for allotment of land in place of the land captured by NHA nor taken up the case for recovery of the compensation.

Audit is of the view that the ETPB was deprived the Trust land by National Highway Authority.

The management replied that that NHA illegally acquired the land and ETPB filed a case with District Civil Court Lahore and pending there.

The DAC meeting was held on 5-6th Dec 2022 and the DAC directed the ETPB that matter may be taken up with the Ministry of Communications for provision of alternate land.

Audit recommends that alternate land be obtained from the NHA.

21.5.7 Illegal Abadies over 991 kanal Trust land situated at Phool Nagar Tehsil Pattoki District Kasur

Evacuee Trust Property Board (ETPB) in its 293rd meeting held on 07.10.2015 stated that ETPB agricultural lots were chronically under manipulated occupation of influential figures exercising clouts with lots leased out to their cronies, collectively acting as mafia. The Board resolved to widely publish/ media coverage (electronic and print media) for adequate service on these influential families warning them to surrender excessive occupancy of the land failing which after expiry of 42 days (6 weeks), the Board would be constrained to file NAB references against these big wings for recovery of perpetual loss sustained by the Board.

The Deputy Administrator, Kasur finalized Survey Report of January/February 2016 which revealed that 1586 illegal structures were built on 991 kanal land. Details of illegal Abadies is at Annexure-7.

Audit observed that 991 kanal 18 marla evacuee trust land had illegally occupied by constructing 1585 structures (houses etc.) as seven (7) Abadies.

The management replied that show cause notices were issued to the illegal occupants, operation had been started against illegal occupants with coordination of AC, Pattoki and with the help of local police in 2019 but was stopped by the then DC Kasur.

DAC meeting was held on 5-6th Dec 2022. The Administrator, (E.Z), Lahore informed the DAC that ejectment proceedings were being taken against the illegal occupants of seven Abadies. The DAC directed that ejectment proceedings be finalized within a month.

Audit recommends that the ejectment proceedings be finalized, and the land be retrieved.

21.5.8 Illegal sale of 15 kanals 6 marlas land situated at 75 Ravi Road, Lahore to M/s. Pervez Textile Mills Ltd. Lahore – Rs.36.715 million

Section 4(2) (d) of the Evacuee Trust Property Board (ETPB) Act 1975 the function of the Board shall be with the prior approval of the Federal Government, to sell, dispose of, transfer or make an endowment or otherwise manage evacuee trust property consistent with the objects of this Act or a scheme or "for any other object which is considered to be a public purpose by the Federal Government.

Section 6 of the Evacuee Trust Property Board (ETPB) Act 1975 states that all evacuee trust property shall vest in the Federal Government.

ETPB had owned a piece of trust land measuring 15 kanals 6 marla which at that time was under lease with M/s Pervez Textile Mills Ltd. Lahore and the land was sold to them in 2004 for amounting to Rs.36.715 million by the Chairman ETPB on the request of Mr. Manzoor Illahi, Managing Director, of the mill. As per report dated 09.10.1984 by the Deputy Administrator, ETP Lahore the mill had included 31 units or residencies in residential colony. The ETPB Lahore vide letter No. 12273 dated 25.11.1998 addressed to MD Pervez Textile Mills Ltd. Lahore conveyed approval of the Chairman for sale price of Rs.36,715,740 for 15 kanals, 15 marlas, 74 sft. (@ Rs. 240,000 per marla for 4 kanal, 18 marlas, 195 sft and @ Rs.60,000 per marla for remaining areas) subject to the approval by the Board and federal government.

Audit observed that neither the Board recommended nor federal government accorded approval for sale of the land, however sale deed was executed on 31.07.2004 between Assistant Administrator (Urban), ETP Lahore and Ch. Manzoor Illahi (Pervez Textile Mills) for total consideration of Rs.36,715,740.

Audit was of the view that sale of the trust land was a violation of the Act, and it was sold without recommendations of the Board and approval of the Federal Government.

During DAC meeting held on 5-6th December 2022, Audit informed the DAC that the then Chairman approved the case for sale without approval of Federal Government which was mandatory as per ETPB Act, 1975. The DAC directed that

the case may be submitted through the Board to the Federal Government by explaining all the facts. The DAC further directed that ETPB may identify the same nature cases of sale.

Audit recommends that the trust property was illegally sold and matter be reported to the Board and Federal Government for appropriate action by them.

Audit Para is based on para-No.7.2(Agri-Part-1) of Forensic Audit Report of ETPAB Phase -1 (AY 2020-21) I

21.5.9 Illegal sale of 29 kanals 19 marlas land situated at Mauza Achintgarh Awa Budha Lahore to M/s Modern Floor and General Mills Lahore – Rs.42.074 million

Section 4(2) (d) of the Evacuee Trust Property Board (ETPB) Act 1975 the function of the Board shall be with the prior approval of the Federal Government, to sell, dispose of, transfer or make an endowment or otherwise manage evacuee trust property consistent with the objects of this Act or a scheme or "for any other object which is considered to be a public purpose by the Federal Government.

Section 6 of the Evacuee Trust Property Board (ETPB) Act 1975 states that all evacuee trust property shall vest in the Federal Government.

Trust land measuring 29 kanals 19 marlas, 111 sft. situated at Mouza Achintgarh (Awa Budhu) Shalimar Link Road, Lahore was sold to M/s. Modern Floor and General Mills Lahore for amounting to Rs.42.074 million of which lease deed for 30 years (commencing 04.11.1961) was signed by Chairman with Ch. Pervez Elahi (tenant) on behalf of M/s. Modern Floor and General Mills Lahore on 02.04.1979. Ministry of Minorities Affairs Islamabad on 10.02.1992 conveyed its approval, to the disposal of the trust land by public auction with a reserve price of Rs.70,000 per marla, with right of first refusal to the present occupant as approved by the Board in its 167th meeting .The Board in its subsequent meeting No. 204, held on 07.12.1998 recommended for sale price @ Rs.80,000 per marla (15 x 165sft) and rest @ Rs.70,000 per marla for total consideration of Rs.42,074,535, in favour of M/s. Modern Floor and General Mills Lahore after approval from federal government.

Audit observed as under:

- i. The Ministry of Minorities Affairs accorded vide letter dated 10.02.1992 for disposal of the trust land through open public auction with a reserve price of Rs.70,000 per marla, with right of first refusal to the present occupant as approved by the Board in its 167th meeting but neither public auction was held nor federal government approval was obtained.
- ii. Subsequent to the ministry letter 10.02.1992, the Board in its meeting No. 204, held on 07.12.1998 decided that the proposed land under occupation of M/s Modern Floor and General Mills Lahore, Shalimar Road Lahore recommended for sale @ Rs.80,000 per marla (15 x 165sft) and rest @ Rs.70,000 per marla for total consideration of Rs.42,074,535, subject to the approval from federal government.
- iii. Again, the ETPB after Board decision dated 07.02.1998 approval from federal government was neither obtained nor public auction was held rather it was directly sold to the occupant.

During DAC meeting held on 5-6th December 2022, Audit informed the DAC that the then Chairman approved the case for sale without approval of federal government which was mandatory as per ETPB Act, 1975. The DAC directed that the case may be submitted through the Board to the Federal Government by explaining all the facts. The DAC further directed that ETPB may identify the same nature cases of sale.

Audit recommends that the trust property was illegally sold and matter be reported to the Board and Federal Government for appropriate action by them.

Audit Para is based on para-No.7.3(Agri-Part-1) of Forensic Audit Report of ETPAB Phase -1 (AY 2020-21)

21.5.10 Loss due to sale of 29 kanals 19 marlas land situated at Mauza Achintgarh Awa Budha Lahore to M/s Modern Floor and General Mills Lahore at reduced rates – Rs.65.944 million

Section 4(2) (d) of the Evacuee Trust Property Board (ETPB) Act 1975 the function of the Board shall be with the prior approval of the Federal Government, to sell, dispose of, transfer or make an endowment or otherwise manage evacuee

trust property consistent with the objects of this Act or a scheme or "for any other object which is considered to be a public purpose by the Federal Government.

Trust land measuring 29 kanals, 19 marlas and 111 sft. bearing khasra No.190 situated at Mouza Achint Garh (Awa Budhu) Lahore was under occupation of M/s. Modern Floor and General Mills Lahore under lease agreement signed between Chairman and Ch. Pervez Elahi on behalf of the mills on 02.04.1979 for 30 years, commencing from 04.11.1961.

The ETPB Lahore vide item No.14 of Working Paper for 204th Board meeting held on 07.12.1998 proposed residential property rate of Rs.80,000 per marla for front and Rs.70,000 for back area, instead of commercial rate amounting to Rs. 190,000 and Rs.180,000 respectively. The Board recommended the sale price @ Rs.80,000 per marla (15 x 165sft) and rest @ Rs.70,000 per marla for total consideration of Rs.42,074,535 (by applying the residential rates) in favour of M/s Modern Floor and General Mills Lahore, Shalimar Road Lahore, subject to approval from the federal government.

Audit observed as under:

- i. A comparative analysis of residential rate applied, and commercial rate was to be charged revealed loss of Rs. 65,943,900 occurred to ETPB.

Description	Rate	Kanal	Marla	Sft	Conversion into marla	Total amount
Front area: (15 x 165) / 225 sft =11 marla	80,000		11			880,000
Remaining area	70,000	29	8	0.49	588.49	41,194,300
Price charged as per Residential rate						42,074,300
Front area: (15 x 165) / 225 sft=11 marla	190,000		11			2,090,000
Remaining area	180,000	29	8	0.49	588.49	105,928,200
Price was to be charged as per Commercial rate						108,018,200
Loss due to reduced price charged						(65,943,900)

- ii. The ETPB was put to loss by selling the trust land at residential rate instead of commercial rate, as the land was sold for commercial activities.

DAC in its meeting held on 5-6th December 2022 directed that the Ministry level inquiry in the matter be conducted.

Audit recommends that inquiry be conducted by the Ministry and responsibility be fixed.

Audit Para is based on para-No.7.4(Agri-Part-1) of Forensic Audit Report of ETPAB Phase -1 (AY 2020-21)

21.5.11 Loss of tenancy fee and rent – Rs. 57.279 million

Section 4(2) (d) of the Evacuee Trust Property Board (ETPB) Act 1975 the function of the Board shall be with the prior approval of the Federal Government, to sell, dispose of, transfer or make an endowment or otherwise manage evacuee trust property consistent with the objects of this Act or a scheme or "for any other object which is considered to be a public purpose by the Federal Government.

ETPB owned a property No. S-19-R-66 bearing demand No. 11411-7-0069-0 measuring 11 marlas & 125 sft. at Shahrah-e-Quid-e-Azam, Lahore. The Assistant Administrator (Urban) Lahore transferred the tenancy rights vide order dated 30.11.2000 from M/s Shahid Arif Investment (Pvt) Ltd to M/s Borjan (Pvt) Ltd, Lahore. The rent of property was Rs.12,411 per month which was enhanced to Rs.130,000 by Revising Authority/Secretary Ministry of MA&IF vide order dated 07.06.2013 as it was previously assessed on 28.04.2006 by Administrator (EZ), Lahore.

Audit observed as under:

- iii. M/s Borjan (Pvt) Ltd, Lahore submitted an application for sending bills in the name of M/s Services Sales Corporation (Pvt) Ltd, and the same was allowed by Deputy Administrator, ETP Lahore-I, on 18.05.2016 without recovery of tenancy fee amounting to Rs.16,215,936 (monthly rent Rs.337,832 x 48 months/ 4 years) in violation of the provision of the Scheme of 1977.

- iv. The rent amounting to Rs. 41,064,031 upto 30.06.2021 was less recovered as detailed below

(Amount in Rupees)		
S No.	Period	Amount
1	01.07.2006 to 29.02.2020	33,846,343
2	01.03.2020 to 30.06.2020 (monthly report Rs.425,571 x 4 months)	1,702,284
3	01.7.2020 to 30.06.2021 (with 8% annual increase monthly rent Rs.459,617	5,515,404
Total rent recoverable		41,064,031

- v. An inquiry was conducted which concluded that the rent Rs.130,000 per month (applicable w.e.f. 01.07.2006 as per Scheme, 1977) decided by the Revising Authority/ Secretary Ministry of MA&IF and case being change of tenancy for which tenancy fee was to be recovered, were not applied by the Deputy Administrator (Mrs. Uzma Shahzadi) ETP Lahore.

The management replied that rent assessment decided by the Joint Secretary vide order dated 07.06.2013 was challenged by the tenants in Lahore High Court and pending there. As soon as the court decides the case pending dues/tenancy fees will be recovered from the tenant accordingly.

DAC meeting held on 31 October – 2nd November 2022. The DAC directed that documents on the basis of which billing was made in the name of M/s. SSC and references mentioned in the reply and during discussion in DAC meeting may be provided to Audit. The DAC pended the para till decision of the Lahore High Court, however, as regards recovery of the rent decided by the Joint Secretary MoRA on 03.03.2022, the same be recovered from M/s. Borjan if there was no stay order. Further, a reassessment of the building rent may also be made. The DAC also directed that case of change of tenancy may be decided at the earliest.

Audit recommends that the tenancy fee and outstanding rent be recovered from the tenant.

Audit Para is based on para-No.3.10(U-Part-1) of Forensic Audit Report of ETPAB Phase -1 (AY 2020-21)

21.5.12 Fake allotment/transfer of trust land 2 kanal 14 marla at Lahore

Section 4(1) of the Evacuee Trust Property Board Act 1975 states that function of Board includes general supervision and control of all evacuee trust property shall, subject to any directions that may be given by the Federal Government, vest in the Board, and the Board shall take such action as it deems fit for the proper management, maintenance and disposal of such property in accordance with the provisions of this Act and the rules, scheme, or directions made or issued thereunder.

ETPB owned property No. SE-36-R-140/142 bearing Khasra No. 170 & 171 measuring 34 kanals, 12 marlas & 150 sft at Village Kila Gujjar Singh, Railway Road, Lahore, the property had already been declared as “Evacuee Trust” by the Lahore High Court on 10.11.1992, upheld by the Supreme Court of Pakistan on 29.10.1999 and notified in the Gazette of Pakistan on 21.03.2001. The Chairman ETPB vide order dated 28.04.2005 cancelled all the PTOs and PTDs issued by the Settlement Department in respect of the said property, alienation/transaction on the basis of sale deed dated 29.07.1963 was also declared null and void. The Chairman again vide his order dated 05.08.2006, re-examined/re-scrutinized/re-adjudicated the cases and decided to cancel the PTDs.

On 07.12.2011, two applicants namely Mst. Rasheeda Begum W/o of Ch. Abdul Haq and Mr. Muhammad Ayub S/o Muhammad Sharif, filed an application to the Chairman, ETPB by stating that they were lawful owners and in possession of residential property measuring area 2 kanals, 14 marlas & 158 sft out of the said property since 1960 and requested that ETPB staff may be directed to avoid making undue interference and threatening.

Audit observed as under:

- vi. The then Chairman ETPB on 22.12.2011 issued an Executive Order that Mst. Rasheeda Begum and Mr. Muhammad Ayub were the bonafide owners in possession of said property. The Chairman also directed ETPB official to refrain from interference. The Chairman did not summon the concerned Assistant/Deputy Administrator ETP to provide them an opportunity to defend the trust property.

- vii. However, the then Chairman ETPB now through letter dated 24.01.2022 disowned Executive Order dated 07.12.2011 issued under the signature of the Chairman.
- viii. Subsequently, on the basis of the above decision dated 22.12.2011 of Chairman, the applicants succeeded in getting a decree of the property from a Court of Civil Judge Lahore on 25.09.2014.

The DAC meeting was held on 31st October-2nd November 2022. The DAC noted that this part of the property was part of the property which was declared as Trust property in 1999 as mentioned in the audit observation. However, subsequently on the applications of two persons, an Executive Order dated 07.12.2011 under the signature of the Chairman ETPB was issued (which was now disowned by the then Chairman through his letter dated 24.01.2022) through which both applicants were declared as bonafide owner of the (Trust) property measuring 2 kanal, 14 marla and 158 sft. On the basis of this illegal order both persons succeeded in obtaining a decree of the property in their name from the Court of Civil Judge Lahore on 25.9.2014. The DAC noted that FIR No.90/2021 AC dated 03.12.2021 was registered by the FIA Lahore based on the audit observation. The DAC directed that the Trust property which was illegally given to the two persons be got retrieved by cancelling the illegal Executive Order, cancelling registry/mutation if any, taking back possession and all legal course of actions be adopted in this case. In addition to investigation by FIA, a joint inquiry by the Ministry and ETPB Lahore be conducted covering all aspects of the case.

Audit recommends that trust property illegally given be retrieved back besides conducting joint inquiry by the Ministry-ETPB.

Audit Para is based on para-No.4.1(U-Part-1) of Forensic Audit Report of ETPAB Phase -1 (AY 2020-21)

21.5.13 Illegal occupation and non-retrieval of residential properties measuring 9 marls 106 sq/ft situated at Bohar Bazar, Rawalpindi

Following properties measuring 9 marla 106 sqft comprising of seven (7) sub units situated at Bohar Bazar Rawalpindi were under illegal possession of an Ex-MNA. Deputy Administrator ETPO Rawalpindi passed ejectment orders on 19.11.2014 and same were upheld by Zonal Administrator during on 17.10.2016. However, Revisional Authority/Joint Secretary Ministry of Religious Affairs and

Interfaith Harmony (RA&IH) vide Order dated 15.01.2020 set aside the orders passed by the Zonal Administrator and Deputy Administrator and remanded back the case to Deputy Administrator with the direction to decide the pending application of petitioner within one month.

Evacuee trust residential properties under unauthorized occupation of Sheikh Rashid Ahmed MNA										
Sr. No.	Property No.	Demand No		Area			Rate of monthly rent mentioned in DA's order dated 19.11.2014	Date of Ejectment Order passed by DA	Date of Ejectment Order passed by Zonal Administrator	Ejectment Orders set aside by Revisional Authority /Joint Secretary M/o RA&IF Islamabad
				K	M	Sft				
1	D/329	1-1711-1-0226-0	Reported by Mr. Noor Aslam Khan Assistant Administrator Rawalpindi vide letter No.ETP/RWP/05/2871 dated 24.12.2005	0	5	20	518	19.11.14	17.10.16	15.01.20
2	D/329	1-1711-1-0221-0		0	1	24	27	19.11.14	17.10.16	15.01.20
3	D/158	1-1711-1-0191-0		0	0	140	339	19.11.14	17.10.16	15.01.20
		Say			6	184		19.11.14	17.10.16	15.01.20
1	D-329	1-1711-1-0225-0	Observed by Audit during Scrutiny of Record	0	0	90	185	19.11.14	17.10.16	15.01.20
2	D-329	1-1711-1-0227-0		0	0	248	339	19.11.14	17.10.16	15.01.20
3	D-329	1-1711-1-0222-0		0	0	144	214	19.11.14	17.10.16	15.01.20
4	D-329	1-1711-1-0218-0		0	0	234	306	19.11.14	17.10.16	15.01.20
		Say			2	172				
	Total				9	106				

Audit observed that Revisional Authority/Joint Secretary Ministry of RA&IF Islamabad referred back the case to the department on 15.01.2020 which resulted giving undue protection to continuity of the illegal occupation over ETPB properties by the illegal occupant. Furthermore, the case was to be decided in one month by the DA Rawalpindi but was still pending till date.

Audit was of the view that the properties were under illegal occupation and be got retrieved.

The management replied that notices were issued to the occupant for producing previous tenant for recording of his statement but in vain. The police assistance had been requested from CPO Rawalpindi to eject the illegal occupant from evacuee trust properties.

The DAC in its meeting held on 13-16 April 2022 noted that cases were lying pending with ETP Office Rawalpindi since 15.01.2020 which were to be decided in a month. DAC in its meeting held on 13-16 April 2022 directed that the cases may be decided in one month from the date of DAC meeting and report thereof may be provided by the Chairman ETPB to DAC.

Audit recommends that DAC recommendations be implemented and action be taken in the light decision of cases by the ETPB.

Audit Para is based on para-No.2.4(Urban) of Forensic Audit Report of ETPAB Phase -II (AY 2021-22)

CHAPTER 22

MINISTRY OF SCIENCE AND TECHNOLOGY

22.1 Introduction

As per Schedule II [Rule 3 (3)] Distribution of Business among the Divisions read with Schedule III [rule-4(4)] Rules of Business 1973 (As amended up to 23rd April, 2019) following main business have been assigned to the Division amongst the other functions.

10. Establishment of science cities.
11. Establishment of institutes and laboratories for research and development in the scientific and technological fields.
12. Establishment of science universities as specifically assigned by the Federal Government.
13. Planning, coordination, promotion and development of science and technology monitoring and evaluation of research and development works, including scrutiny of development projects and coordination of development programmes in this field.
14. Promotion of applied research and utilization of results of research in the scientific and technological fields carried out at home and abroad.
15. Guidance to the research institutions in the Federation as well as the provinces in the fields of applied scientific and technological research.
16. Coordination of utilization of manpower for scientific and technological research.
17. Promotion and development of industrial technology.
18. Promotion of scientific and technological contacts and liaison nationally and internationally, including dealings and agreements with other countries and international organizations.
19. Initiate promotional measures for establishment of venture capital companies for technological development and growth.

20. Support to NGOs concerned with development of science and technology.
21. Promotion of metrology Standards, Testing and Quality Assurance System.

ATTACHED DEPARTMENTS / AUTONOMOUS BODIES

- ii. National Commission for Science and Technology.
- iii. Pakistan Council of Scientific and Industrial Research.
- iv. Council for Works and Housing Research.
- v. Pakistan Science Foundation.
- vi. National Institute of Electronics.
- vii. Pakistan Council of Science and Technology.
- viii. National Institute of Oceanography.
- ix. STEDEC Technology Commercialization Corporation of Pakistan (Private) Limited.
- x. National University of Sciences and Technology.
- xi. Pakistan Standards and Quality Control Authority (PSQCA).
- xii. Prescription of standards and measures for quality control of manufactured goods.
- xiii. Establishment of standards of weights and measures.
- xiv. Development, deployment and demonstration of renewable sources of energy.
- xv. Pakistan National Accreditation Council (PNAC).
- xvi. Pakistan Council of Renewable Energy Technologies (PCRET).
- xvii. COMSATS Institute of Information Technology.
- xviii. Pakistan Engineering Council (PEC).
- xix. Pakistan Halal Authority.
- xx. National University of Science & Technology.

Sr. No.	Description	Total No.	Audited	Expenditure Audited (FY-2021-22) Rs. in million	Revenue / Receipt Audited (FY 2021-22) Rs. in million
1	Formations	80	10	1,945.597	10,857.036
2	Assignment Accounts (Excluding FAP)	9	-	-	-
3	Authorities / Autonomous Bodies etc. under the PAO	41	10	11,879.933	-
4	Foreign Aided Project (FAP)	-	-	-	-

22.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Science and Technology Division for the financial year 2021-22 was Rs. 13,430.85 million, out of which the Division expended an amount of Rs.13,365.46 million. Grant-wise detail of current and development expenditure is as under:

(Rs. In million)								
Grant No	Type of Grant	Original Grant	Suppl Grant	Surrender (-)	Final Grant	Actual Expenditure	Excess/ (Saving)	% age Excess/ (Saving)
82	Current	10,201.00	189.09	-5.80	10,384.29	10,333.47	-50.82	-0.49%
116	Development	8,341.00	.00	-5,294.44	3,046.56	3,031.99	-14.57	-0.48%
	Total	18,542.00	189.09	-5,300.24	13,430.85	13,365.46	-65.38	-0.49%

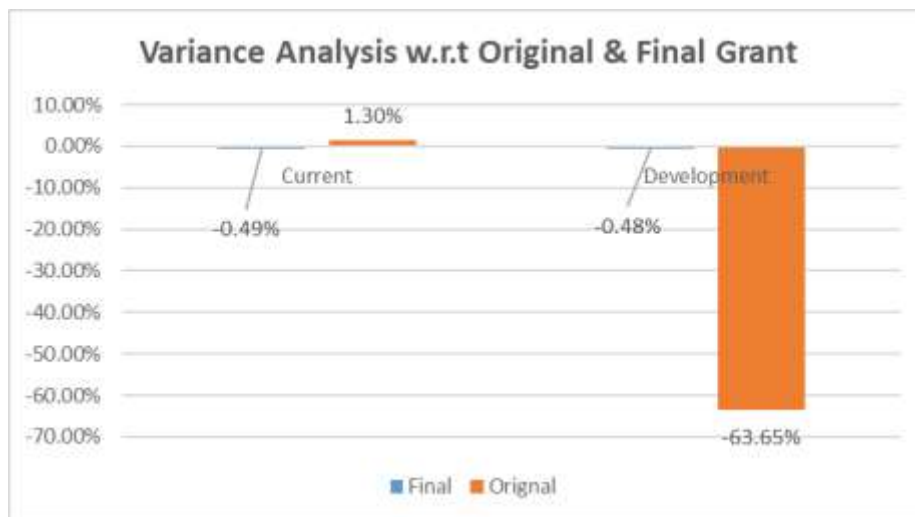
Audit noted that there was an overall savings of Rs.65.38 million, which was mainly due to saving in current grant.

Supplementary Grants obtained without careful cash forecasting

According to Para 71 of General Financial Rules (Volume I), while framing budget estimates, the authorities should exercise utmost foresight. Rules of good governance demand that budget processes are carried out in accordance with clearly defined expectations and assumptions and a coordinated calendar of activity.

As shown in the chart below, bifurcating total allocation into current and development expenditure, it was observed that, in case of development grant, there was 63.65% saving w.r.t original grant which was finally reduced to 0.48% w.r.t

final grant and in case of current grant 1.30% excess was finally became 0.49% saving.



22.3 Classified Summary of Audit Observations

Audit observations, amounting to Rs. 1,550.143 million, were raised in this report during the current audit of **Ministry Of Science And Technology**. Summary of the audit observations classified by nature is as under:

(Rupees in million)		
S. No	Classification	Amount
1	Non-production of record	
2	Reported cases of fraud, embezzlement and Misappropriation	
3	Irregularities	
A	<i>HR/Employees related Irregularities</i>	
B	<i>Procurement related irregularities</i>	16.219
C	<i>Management of account with commercial banks</i>	176.596
D	<i>Recovery</i>	462.802
E	<i>Internal Control</i>	894.526
4	Value for money and service delivery	
5	Others	

22.4 Status of compliance with PAC Directives

Audit Year	Total No. of Audit Paras	No. of Actionable Points Issued	Compliance	Non/Partial Compliance	% of Compliance
2010-11	5	5	2	3	40
2011-12	3	0	0	3	-
2012-13	6	0	0	6	-
2013-14	3	3	2	1	67
2014-15	5	0	0	5	-
2015-16	2	2	0	2	-
2016-17	24	18	0	24	-
2017-18	2	2	1	1	50
2018-19	3	3	0	3	-
2019-20	18	0	0	18	-
2020-21	12	0	0	12	-
2021-22	17	0	0	0	-
Total	100	33	5	78	

22.5 AUDIT PARAS

Ministry of Science and Technology (Main)

22.5.1 Non-recovery of rent and utility expenses - Rs. 41.104 million

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

The management of MoST, Islamabad rented out office premises to different organizations for official use. The detail is as under:-

Sr. No.	Name of Organization/ Office	Space provided	Period of Agreement	Particular	Amount Due (Rs.)
1	M/o Planning, Development and Reforms & CPEC Authority	1 st Floor + 75% of 5 th Floor	01.08.2016 to 31.07.2019	Outstanding Rent=30,524,422 and utility charges=9,152,754	39,677,176
2	Economic Cooperation Science	25% of 5 th Floor	No Agreement	Outstanding Utility Charges	1,426,512

	Foundation (ECOSF)				
				Total	41,103,688

Audit observed that Ministry of Planning occupied office building w.e.f. 01.08.2016 for the period of 03 years but did not pay rent and utility charges amounting to Rs. 39.67 million, as per agreement.

Audit further observed that utility charges of Rs. 1,426,688/- was also outstanding against Economic Cooperation Science Foundation (ECOSF).

Audit is of the view that non-recovery of rent and utility charges from allottees deprived the Government from its due receipts.

Management did not reply.

The management was requested to convene the DAC meeting vide letter dated 22.12.2022 but DAC was convened till finalization of the Report.

Audit recommends that amount may be recovered and deposited in to Govt. treasury.

National Testing Service

22.5.2 Irregular Hiring of Security Company without open competition - Rs.11.232 Million

Rule 20 of Public Procurement Rules 2004, states that save as otherwise provided hereinafter, the procuring agencies shall use open competitive bidding as the principal method of procurement for the procurement of goods, services and works.

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

NTS, Islamabad entered into contract with M/s Askari Guard (Pvt.) Ltd, Rawalpindi for hiring the services of security guards for a period of 24 months from 16.08.2019 to 14.08.2021 for Islamabad, HQ and regional offices and paid Rs.11,232,954 during the financial year 2019-2020 and 2020-21. The detail is given below.

Sr. No.	Year	Amount
1	2019-2020	6,145,358
2	2020-2021	5,087,596
	Total	11,232,954

Audit observed that the contract for hiring the services of the security guards was awarded without open competition in violation of the Public Procurement Rules, 2004.

Audit is of the view that hiring of the services of the Security Guards without open competition deprived the NTS from the benefit of competitive rates.

Management did not reply.

The management was requested to convene the DAC meeting vide letter dated 22.12.2022 but DAC was convened till finalization of the Report.

Audit recommends that matter may be inquired and responsibility be fixed.

22.5.3 Irregular appointments without advertisement and following due procure

Rule 11(a) of NTS Service Rules 2012 states that "appointments to all posts shall be made by initial recruitment on the basis of merit and fitness, after due publicity of the vacancies in the national press, in accordance with the conditions of educational/professional qualifications and experience."

Management of NTS made 44 appointments during the financial year 2020-2021.

Audit observed that the appointments were made without conducting screening test, advertisement and selection criteria.

Audit is of the view that appointments without advertisement, selection criteria and screening test is violation of instructions of Establishment Division.

Management did not reply.

The management was requested to convene the DAC meeting vide letter dated 22.12.2022 but DAC was convened till finalization of the Report.

Audit recommends that matter may be inquired and responsibility be fixed.

22.5.4 Appointment of Chief Executive Officer (CEO) without Concurrence of the Government and BoD approved criteria

Rule 5(2) of Public Sector Companies (Corporate Governance) Rules, 2013 states that the Board shall evaluate the candidates based on the fit and proper criteria and the guidelines specified by the Commission for appointment to the position of the chief executive and recommend at least three candidates to the Government for its concurrence for appointment of one of them as chief executive of the Public Sector Company, except where the chief executive is nominated by the Government. On receiving concurrence or nomination of the Government, as the case may be, the Board shall appoint the chief executive in accordance with the provisions of the Ordinance. The Board shall also be responsible for development and succession planning of the chief executive.

The Board in its 51st meeting held on 04.09.2020 approved the following criteria for the appointment of CEO: "must have minimum eighteen years of education in relevant fields that is Business, Management, Engineering, IT, Sciences and/or allied disciplines from accredited institutions."

Mr. Tahir Aqeel was offered the position of CEO vide letter No. NTS/HR/20-21/12845 dated 07.10.2020 at a fixed salary of Rs. 500,000 per month and 1300/1600CC chauffeur driven Car with fuel (petrol) limit of 300 liters per month till 20.05.2022. Mr. Tahir Aqeel joined the organization on 08.10.2020. The contract was further extended vide resolution dated 16.05.2022 till the completion of the process of forthcoming election of the Directors.

Audit observed that appointment of Chief Executive Officer (CEO) was made without the concurrence of the Government.

Audit further observed that the qualification of the CEO i.e Masters in War studies and Defence Management does not fulfill the relevant qualification criteria as approved by the BoD in its 51st meeting dated 04.09.2020.

Audit is of the view that appointment of Chief Executive Officer (CEO) without the concurrence of the Government is not only violation of Public Sector Company (Corporate Governance) Rules, 2013 and also violation of BoD approved criteria.

Management did not reply.

The management was requested to convene the DAC meeting vide letter dated 22.12.2022 but DAC was convened till finalization of the Report.

Audit recommends that matter may be inquired and responsibility be fixed.

Pakistan Standards and Quality Control Authority

22.5.5 Unauthorized continuation of investment – Rs.4,176.596 million

Finance Division's O.M. No. F.4(1)NTR/2002-666/2022 dated 18.05.2022 states that instruction/policy issued by Finance Division vide OM No.F.4(1)/2002-BR-II dated 02.07.2003, 06.09.2004, 22.09.2005 and 23.12.2014 withdrawn with immediate effect and the approval accorded to any Public Sector Entities (PSE) with respect to maintain working balance are also withdrawn.

Pakistan Standards and Quality Control Authority (PSQCA), Karachi made investment of Rs. 4,176.596 million with National Bank of Pakistan, Karachi. Details are as under:

(Rupees in million)				
S.No.	Particulars	Bank/Branch	Duration of Investment	Amount
1	TDR	National Bank of Pakistan, Passport Office Karachi	01.07.2022 to 31.12.2022	841.956
2	TDR	National Bank of Pakistan, M.A Jinnah Road Karachi	01.07.2022 to 31.12.2022	859.887

3	TDR	National Bank of Pakistan, High Court Building Karachi	01.07.2022 to 31.12.2022	780.836
4	TDR	National Bank of Pakistan, High Court Building Karachi	01.07.2022 to 31.12.2022	751.572
5	TDR	National Bank of Pakistan, High Court Building Karachi	01.07.2022 to 31.12.2022	521.286
6	TDR	National Bank of Pakistan, Passport Office Karachi	20.09.2022 to 20.03.2023	117.722
7	TDR	National Bank of Pakistan, Passport Office Karachi	01.07.2022 to 31.12.2022	29.613
8	Savings A/c	National Savings Center, Karachi	To be matured on 08.04.2023	232.150
9	Saving Certificate	National Savings Center, Karachi	Under process of withdrawal	41.574
Total				4,176.596

Audit observed that despite Finance Division instructions for withdrawal/discontinuation of investment, PSQCA re-invested the matured investments.

Audit is of the view that continuation of investments was in violation of government instructions and held unauthorized.

The management did not reply.

The management was requested to convene the DAC meeting vide letter dated 22.12.2022 but DAC was convened till finalization of the Report.

Audit recommends that the investments may be withdrawn and surplus / working balances be deposited into government treasury.

22.5.6 Non-receipt of profit on investments – Rs. 21.636 million

Regulation 7(1)(s) of Financial Management and Powers of Principal Accounting Officers Regulations, 2021 states that for proper record of all assets, liabilities, commitments, revenues and expenditures to be maintained under the relevant rules, regulations, procedure and approved formats.

Pakistan Standards and Quality Control Authority (PSQCA), Karachi invested an amount of Rs. 727.256 million with National Bank of Pakistan, High Court Building Branch, Karachi in Term Deposit Receipts (TDR) @ 7.00% per

annum for a period of six (06) months w.e.f. 30.06.2021 with maturity date of 30.12.2021.

Audit observed that the profit of Rs.21.636 million on investment for the period of six (06) months was not credited by the Bank into the PSQCA's account.

Audit is of the view that the non-recovery of profit on investment from the bank was lapse on the part of management which deprived the department from profit receipt.

The management did not reply.

The management was requested to convene the DAC meeting vide letter dated 22.12.2022 but DAC was convened till finalization of the Report.

Audit recommends that amount of profit be recovered from bank besides fixing responsibility for negligence.

22.5.7 Non-reconciliation of investments

Regulation 7(1)(t) of Financial Management and Powers of Principal Accounting Officers Regulations, 2021 states that principal accounting officer shall be responsible for providing statement of revenues and expenditures related to public entities under his control on half yearly basis to Finance Division through chief finance and accounts officer.

Pakistan Standards and Quality Control Authority (PSQCA), Karachi invested an amount of Rs.4,176.596 million with National Bank of Pakistan, Karachi and National Saving Centers.

Audit observed that as under:

- i. Investments were made without the approval of Board of Directors (BoD)
- ii. Sources of the invested amount, bank statements, ledgers containing title of accounts was not maintained.
- iii. Reconciliations of investments by the department with the banks were not carried out.

Audit is of the view that in the absence of above mentioned record, the actual amount of investments made and profit earned thereon cannot be ascertained.

The management did not reply.

The management was requested to convene the DAC meeting vide letter dated 22.12.2022 but DAC was convened till finalization of the Report.

Audit recommends that reconciliation of investments be made besides fixing responsibility.

22.5.8 Non-deposit of revenues in Treasury Single Account – Rs.1,148.977 million

Section 37 (1) of Public Finance Management Act, 2019 states that revenues collected by an autonomous entity, which arise from any Act or statutory instruments of the Federal Government shall be deposited into the Treasury Single Account (TSA).

Pakistan Standards and Quality Control Authority (PSQCA), Karachi generated Rs. 2,089,280,000 revenues/incomes through various sources during 2021-22 and deposited into nineteen (19) bank accounts, detail of closing balances amounting to Rs. 1,148,976,786 available in bank accounts as on 30.06.2022 is as under:

(Amount in Rupees)

S.No	Office Name	Account Number	Balance as on 30.06.2022
1.	PSQCA HQ	3117136418	935,317,916
2.	QCC,Karachi	3082597069	29,697,986
3.	SDC,Karachi	3110615823	31,765,541
4.	Imp/Exp,Karachi	4057723932	84,185,066
5.	SDC,GUJRANWALA	4051420085	0
6.	SDC-HATTAR	4148491805	4,213,235
7.	SDC,ISLAMABAD	4138363981	0
8.	SDC,HYDERABAD	12426-9	0
9.	SDC,FASILABAD	4320263624	8,374,468
10.	SDC,PESHAWAR	4011762477	2,714,225
11.	TSC,LAHORE	4036055257	0
12.	SDC,LAHORE	3139298677	40,155,608
13.	SDC,BAHWALPUR	4321603588	0

14.	QCC,PESHAWAR	411758222	998,400
15.	SDC,MULTAN	3075931442	6,126,982
16.	SDC,HUB	3094-4	221,266
17.	SDC,QUEETA	3004333356	823,393
18.	QCC,LAHORE	12235-9	4,382,700
19.	SSC,LAHORE	4171511598	0
Total			1,148,976,786

Audit observed that revenues was not deposited in treasury single account in violation of the Act.

Audit is of the view that non deposit of revenues in TSA was irregular.

The management replied that for transparency and reconciliation of collection of levy fees i.e. Application Fee, Inspection Fee, License Fee, Testing Fee, Renewal of License Fee, Sale of Standards, TRC/NOC and also Marking Fee. Due this reasons the Regional /Liaison Office to maintained the Revenue Collection Accounts separately to facilitation to Licensees/Stakeholders.

The PSQCA is autonomous and self-financed organization established through as Act of Parliament (Act VI of 1996) and not getting any financial support from the Federal Government and it meets all its expenditures from its own earnings.

The reply is not tenable as PSQCA cannot retain revenues in violation of Section 37 (1) of Public Finance Management Act, 2019.

The management was requested to convene the DAC meeting vide letter dated 22.12.2022 but DAC was convened till finalization of the Report.

Audit recommends that all accounts should be closed and balances be transferred in Treasury Single Account.

22.5.9 Non-achievement of physical targets of project – Rs.65.00 million

Para 10.11 of Guidelines for Project Management, 2019 states that the Management Information System of an organization plays an important role in the decision-making. No sizeable organization can work effectively without a well-managed information system. To introduce professional project management in the

public sector and to make the projects monitoring and evaluation more effective, a web-based Project Monitoring and Evaluation System (PMES) has been developed. It is facilitating the line ministries and divisions for projects' planning, progress tracking, monitoring and timely identification of corrective actions.

Pakistan Standards and Quality Control Authority, Karachi planned a project titled "External Development of PSQCA Building Complex, Gulistan-e-Johar, Karachi". For this purpose, a PC-I was approved by the Development Working Party in its meeting held on 04.04.2016 at a cost of Rs.56.00 million which was revised on 20.09.2021 with cost of Rs.65.00 million with time limit of eight (08) months completing on 30.06.2022.

Audit observed that despite 82% expenditure amounting to Rs. 53,253,684 of approved cost, while physical progress was only 23% up to 30.06.2022 which showed consumption of funds without due diligence.

Audit is of the view that physical progress was not correlating with financial progress which showed that funds were not utilized on intended purposes.

The management replied that the contract was awarded to M/s Saleem & Co. with completion date 30.06.2022 but due to slow progress from the contractor side an amount of Rs.36.677 million was surrendered and an amount of Rs.17.875 million was held at that time for the utilization till 30.06.2022 against the commitment of Contractor out of which Rs. 11.725 million was lapsed. After expiring of project completion date, a show cause was also issued to the contractor.

The management accepted that due to poor performance the project was not completed in time.

The management was requested to convene the DAC meeting vide letter dated 22.12.2022 but DAC was convened till finalization of the Report.

Audit recommends that responsibility may be fixed.

22.5.10 Non-imposition of liquidated damages - Rs. 4.987 million

Clause 47.1 of Particular Conditions, Part-II of the contract agreement dated 03.12.2021 between PSQCA and M/s Saleem & Co states that PKR 100,000 for each day of delay in completion of the Works subject to a maximum of 10% of Contract Price stated in the Letter of Acceptance.

Pakistan Standards and Quality Control Authority, Karachi awarded a contract for External Development of PSQCA Building Complex, Gulistan-e-Johar, Karachi to M/s Saleem & Co at a cost of Rs. 49.868 million with extended completion date of 30.06.2022.

Audit observed that the work was not completed up to 30.06.2022 but liquidated damages amounting to Rs. 4.987 million was not imposed.

Audit is of the view that non-imposition of liquidated damages was a violation of contract agreement and undue favor to the contractor.

The management replied that several notices were issued to the contractor but he failed to complete the project within due time line. Therefore process for imposing liquidated damages as per contract @ PKR 100,000/- each day of delay in completion of the work subject to maximum of 10% of contract price written in the contract agreement i.e. Rs.4.987 million is stated and will be imposed to contractor after fulfillment of all legal formalities..

The management has accepted the audit point of view and will impose the liquidated damages on the M/s Saleem & Co (Contractor).

The management was requested to convene the DAC meeting vide letter dated 22.12.2022 but DAC was convened till finalization of the Report.

Audit recommends that liquidated damages may be recovered and deposited into government treasury.

22.5.11 Recovery for payments of rent of residential buildings - Rs.13.139 million

Ministry of Housing & Works O.M No. F.4 (8)/ 92-Policy dated 18.10.2011 states that there are only six specified stations for the purpose of rental ceiling throughout Pakistan which are Islamabad, Rawalpindi, Lahore, Quetta, Peshawar and Karachi.

Pakistan Standards and Quality Control Authority (PSQCA), Karachi incurred expenditure of Rs.13,139,160 on rent of residential buildings of 53 officers/officials of its different offices / centers (non-specified station). Details are as under:

S.No	Centre	No. of Employees	Amount (in rupees)
1.	SDC, Baluchistan	04	801,510
2.	SDC, Multan	09	1,966,164
3.	SDC, Hyderabad	14	4,098,108
4.	PSQCA, Faisalabad	05	1,802,196
5.	PSQCA, Sialkot	07	1,839,636
6.	SDC, Bahawalpur	06	1,275,012
7.	SDC, Haripur	08	1,356,534
Total			13,139,160

Audit observed as under:

- i. The rent of residential building / rental ceiling was paid for non-specified stations.
- ii. The cheques were issued in the name of employees.

Audit is of the view that the payment of house rent ceiling for non-specified stations is violation of Ministry of Housing & Works guidelines, which is recoverable from the employees to whom the payments were made.

The management replied that PSQCA established its Liaison Offices in the Industrial areas of country to facilitate the business community and easy approach to the consumers. In this connection, PSQCA has established offices at Hub, Gujranwala, Multan, Hyderabad, Faisalabad, Bahawalpur and other main cities like Karachi, Lahore, Quetta and Peshawar. The employees who are working in these offices have same terms of employment and same facilities to the working in PSQCA. In this connection, PSQCA placed as an agenda item before the BoD in its 10th meeting of Board of Directors under the Agenda Item No. 07 and the Board

approved the proposal and allowed House Rent Ceiling to PSQCA Employees at different Centers/ Liaison Officers besides prescribed Centers.

Similar Para was discussed in DAC meetings dated 31.03.2021, 10.01.2022 and 13.01.2022 wherein “DAC directed the management to stop the practice forthwith. Further, DAC directed to recover the amount from concerned” and PAC directives dated 13.01.2022 that rules be framed and got approved from the competent forum.

The management was requested to convene the DAC meeting vide letter dated 22.12.2022 but DAC was convened till finalization of the Report.

Audit recommends that the practice be stopped and recovery be made from the employees besides framing rules as per PAC directives.

22.5.12 Recovery of unauthorized payment of incentive share to employees – Rs. 220.710 million

Regulation 11 of Pakistan Standards and Quality Control Authority (PSQCA) Service Regulations, 2015 states that the employees of the Authority shall be entitled for pay and allowances and other allied facilities as admissible to civil servants of the Federation.

Pakistan Standards and Quality Control Authority (PSQCA), Karachi paid Rs. 220,710,000 as incentive share to employees @ 10% of revenue earned during the year 2021-22.

Audit observed that the payment of incentive share to PSQCA employees was made in violation of service regulations.

Audit is of the view that payment of incentive share to PSQCA employees was unauthorized.

The management replied that PSQCA came into being by virtue of Act No. VI of 1996 passed on 17 March 1996 after merging of three departments i.e Central Testing Laboratory (CTL), Pakistan Standards Institution (PSI), Metals Industry Research and Development Centre (MIRDC) in the Act at Chapter VI of 37 Clause

(i) which is self-explanatory (Copy enclosed). “The benefits shall not be less favorable than in their previous organization.”

The CTL was allowed by the Government of Pakistan to distribute 40% of Testing Fee earned amongst the employees of the CTL. When CTL became a Constituent part of PSQCA, the same distribution was allowed/continued amongst all the employees of PSQCA for the purpose of equity and uniformity among all the Employees. For this permission was obtained in 1st BOD meeting dated: 23.07.2005 vide item No. 8 and which was subsequently implemented w.e.f. 2011.

The DAC meeting held on 31.03.2021 directed the PSQCA management that the Rules for payment of incentive share to the employees be got approved from the Finance Division within six months. If Rules are not approved then recovery should be made from the concerned.

Furthermore, the similar nature of Para had been developed in AIR 2019-20 the same has been discussed in PAC meeting held on 13.01.2022 and decided that PSQCA will formulate a draft Financial Rules and duly approved by Finance Division. Proposed Draft Financial Rules 2021 has been sent to Ministry of Science & Technology vide PSQCA letter No.5 (32)/PSQCA/HQ/2021(661) dated 10th December,2021 and same have been sent to the Finance Division for approval.

The management was requested to convene the DAC meeting vide letter dated 22.12.2022 but DAC was convened till finalization of the Report.

Audit recommends that recovery be made from the employees and deposited into government treasury.

22.5.13 Irregular release of 23 mandatory items without pre-shipment inspection– Rs. 829.526 million

Serial No.02 of the checklist issued for post-shipment inspection for mandatory product by PSQCA states that Pre-shipment Inspection Report (PSI) issued by accredited Inspection Body be obtained against the articles.

The management of PSQCA, Karachi issued Temporary Release Certificates (TRC) against the import consignments / articles during 2021-22 as per detail given below:

S. No	Description	No. of articles / cases	Amount
1	Bulk items	3,088	345,320,079
2	Mandatory items	20,267	484,206,222
Total			829,526,301

Audit observed as under:

- i. Instead of Pre-shipment Inspection Report the management issued temporary release certificates for the safe custody by the importer within the premises as per terms and conditions contained in their undertaking and not to be disposed off / sold/ traded upon further till issuance of Conformity Assessment Report with embossed PSQCA Conformance Mark and in case of non-conformity, it would be consider as seized.
- ii. The importers sold/ issued the mandatory/edible articles without test conformity reports which was criminal lapse on part of PSQCA management as non-conformity articles (canola oil, cooking oil, refined palm oil, liquid milk, iodized salt, curry powder, Chilli powder, etc.) were also consumed by the public including infants.
- iii. Marking fee was not charged which proved that the items were sold without any inspection.
- iv. Record of articles which were declared non-conformity was not available in the record.

Audit is of the view that the non-obtaining of PSIs and issuance of TRC is violation of the PSQCA Act 1996 guidelines and non-assurance of standardization of articles imported.

The management replied that TRCs are being issued for the mandatory items in compliance of High Court of Sindh order no. C.P No.D-116 of 2009 dated 08th June, 2012 and for the purpose of facilitation to the importers / business community and to save them from financial burden / cost as per International

practice, it is not mandated at import stage as post-shipment inspection are carried out.

The reply is not tenable. The management should obtain Pre-shipment Inspection Report as mandated by their checklist issued for import articles.

The management was requested to convene the DAC meeting vide letter dated 22.12.2022 but DAC was convened till finalization of the Report.

Audit recommends that inquiry may be held to fix the responsibility besides forensic audit of last five years may be carried.

22.5.14 Non-deduction of Income tax – Rs.2.736 million

Section 149 of Income Tax Ordinance 2001 states that every person responsible for paying salary to an employee shall, at the time of payment, deduct tax from the amount paid at the employee's average rate of tax computed at the rates specified in Division I of Part I of the First Schedule on the estimated income of the employee chargeable under the head "Salary"

PSQCA did not recover the income tax amounting to Rs.2,735,673 from the salaries of employees for the financial year 2021-22.

Audit is of the view that non-deduction of income tax amounting to Rs.2,735,673 was irregular.

The management replied that non deduction of income tax on PSQCA employees' salaries is to be recovered from respective employees' salaries.

The management accepted the audit observation.

The management was requested to convene the DAC meeting vide letter dated 22.12.2022 but DAC was convened till finalization of the Report.

Audit recommends that recovery be made from the employees and deposited into government treasury.

22.5.15 Non-recovery of Marking Fee - Rs.14.500 million

Under Government of Pakistan, Ministry of Science & Technology Islamabad SRO No. 29 (KE) 2008 dated. 27.02.2008, PSQCA is required to charge Marking Fee from various companies.

Pakistan Standards and Quality Control Authority (PSQCA), Karachi was required to charge Marking Fee in light of above mentioned notification.

Audit observed as under:

- i. As per the information provided by the management, an amount of Rs. 14.500 million was outstanding on account of marking fee.
- ii. Complete record of marking fee for the period 2021-22 was not available.
- iii. No mechanism was available to ascertain the accuracy and correctness of the calculations of Marking Fee.

Audit is of the view that non-recovery of Marking Fee from the companies is violation of the SRO issued by the Ministry.

The management replied that no any dues are outstanding to the units in lieu of marking fees except the unit is in litigation. Marking fee is being calculated as per SRO No. 29(KE)/2008 amendment in 2010, i.e. for the food product marking fee is calculated @ 0.05% of ex-factory price and for non-food product it was calculated @ 0.1% of ex-factory price.

The reply is not tenable as management failed to produce the record of outstanding marking fee of all Centre of PSQCA.

The management was requested to convene the DAC meeting vide letter dated 22.12.2022 but DAC was convened till finalization of the Report.

Audit recommends that recovery be made from the clients and deposited into government treasury.

CHAPTER 23

STATES AND FRONTIER REGIONS DIVISION

23.1 Introduction

As per Schedule II [Rule 3 (3)] Distribution of Business among the Divisions read with Schedule III [rule-4(4)] Rules of Business 1973 (As amended up to 1st December, 2021) following main business have been assigned to the Division amongst the other functions.

Issues of policy directives to the Governments of Khyber Pakhtunkhwa and Baluchistan regarding Tribal Areas;

1. Matters relating to the Durand Line;
2. Anti-subversion measures;
3. Administrative control of the contingents of Levies.
4. Matter relating to Afghan Refugees.
5. Affairs of the former and acceding States.

The Government through 25th constitutional amendment bill in 2018 merged the Federally Administered Tribal Areas with the Province of Khyber Pakhtunkhwa. This has drastically curtailed the functions of Ministry of State and Frontier Region.

ATTACHED DEPARTMENTS / AUTONOMOUS BODIES

- i. Chief Commissioner Afghan Refugees.

Sr. No.	Description	Total No.	Audited	Expenditure Audited (FY-2021-22) Rs. in million	Revenue / Receipt Audited (FY 2021-22) Rs. in million
1	Formations	35	1	2,367.773	
2	Assignment Accounts (Excluding FAP)				
3	Authorities / Autonomous Bodies etc. under the PAO				

23.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the States and Frontier Regions Division for the financial year 2021-22 was Rs. 3,289.73 million, out of which the Division expended an amount of Rs.3,3784.96 million. Grant-wise detail of current expenditure is as under:

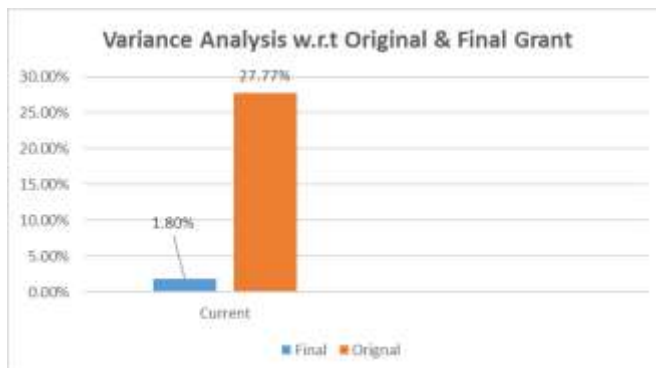
Grant No	Type of Grant	Original Grant	Suppl Grant	Surrender (-)	Final Grant	Actual Expenditure	Excess/ (Saving)	% age Excess/ (Saving)
83	Current	2,621.00	668.73	.00	3,289.73	3,348.96	59.23	1.80%

Audit noted that there was an overall excess of Rs.59.23 million, which was mainly due to saving in current grant.

Supplementary Grants obtained without careful cash forecasting

According to Para 71 of General Financial Rules (Volume I), while framing budget estimates, the authorities should exercise utmost foresight. Rules of good governance demand that budget processes are carried out in accordance with clearly defined expectations and assumptions and a coordinated calendar of activity.

As shown in the chart below, bifurcating total allocation into current expenditure, it was observed that there was 27.77% excess w.r.t original grant which was finally reduced to 1.80% w.r.t final grant.



23.3 Classified Summary of Audit Observations

Audit observations, amounting to Rs. 28.415 million, were raised in this report during the current audit of **States and Frontier Regions Division**. Summary of the audit observations classified by nature is as under:

(Rupees in million)		
S. No	Classification	Amount
1	Non-production of record	
2	Reported cases of fraud, embezzlement and Misappropriation	
3	Irregularities	
A	<i>HR/Employees related Irregularities</i>	20.208
B	<i>Procurement related irregularities</i>	8.207
C	<i>Management of account with commercial banks</i>	
D	<i>Recovery</i>	
E	<i>Internal Control</i>	
4	Value for money and service delivery	
5	Others	

23.4 Status of compliance with PAC Directives

Audit Year	Total No. of Audit Paras	No. of Actionable Points Issued	Compliance	Non/Partial Compliance	% of Compliance
1987-88	7	7	7	0	100%
1988-89	13	13	3	10	23%
1989-90	5	5	5	0	100%
1990-91	7	7	5	2	71%
1991-92	12	12	8	4	67%
1992-93	30	30	28	2	93%
1994-95	15	15	13	2	87%
2000-01	4	4	0	4	0%
2005-06	4	4	1	3	25%
Total	97	97	70	27	72%

23.5 AUDIT PARAS

Balochistan Levies

23.5.1 Irregular continuation of services beyond the age of 60 years – Rs. 20.208 million

According to Para-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 Federal Levies Force Balochistan with its Headquarter/D.G Levies Office situated in Quetta has a total strength of 6559 Personnel deputed in 16 Districts of Balochistan and working under the control of respective Deputy Commissioners.

Audit observed from the sample based review of the record of Federal Levies deputed at District Quetta under the control of Deputy Commissioner Quetta, that 10 Levies Personnel above the age of 60 were still in Service and in receipt of Regular Pay & Allowances despite attaining the age of superannuation. Detail is given below:

S#	Designation	Personal #	Name	Father Name	Date of Birth	Age
1	Jamadar	20043292	Ahmed Khan	Haji Bor Muhammad	15.08.1957	63
2	Sepoy	20043310	Abdul Zahir	Muhammad Ahbar	01.07.1957	63
3	Sepoy	20043321	Fateh Muhammad Khan	Alif Khan	04.03.1952	69
4	Sepoy	20043323	Ghulam Rasool	Jalal Shah	01.07.1954	66
5	Hawaldar	20043338	Shah Wali	Sarfaraz Khan	12.03.1954	67
6	Sepoy	20043423	Khair Shah	Muhammad Essa	01.07.1957	64
7	Sepoy	20043653	Shad Muhammad	Muhammad hayat	01.07.1959	62
8	Sepoy	20044004	Izaat Khan	Ghulam Nabi	01.07.1948	72
9	Sepoy	20044006	Aziz Ullah	Muhammad Azam	01.07.1953	67
10	Sepoy	20043611	Mir Ahmed	Muhammad Akram	01.07.1961	60

Audit holds that Levies Personnel are required to be retired on attaining the age of Superannuation i.e. 60 years and the continued payment of Pay & Allowances amounting to Rs. 20.208 million to such Personnel was therefore, held irregular.

Audit is of the view that due to non-stoppage of Pay of Levy personnel at the age of 60/superannuation, the Government was put into a loss of Rs.20.208 million.

DAC in its meeting held on 22.12.2022 directed the management to probe the matter of drawing salaries beyond the age of 60 years.

Audit recommends that an inquiry may be made into the subject matter and the personnel mentioned above and all similar may be retired besides ensuring the placement of preventive measures to avoid such irregularities in future.

23.5.2 Doubtful expenditure incurred on fictitious bills on account of repair of furniture - Rs. 8.207 million

Rule 205 of FTR, a Govt officer entrusted with the payment of money shall obtain for every payment he makes, a voucher setting forth full and clear particulars of the claim and all information necessary for its proper classification and identification in the accounts. Every voucher must bear an acknowledgement of the payment signed by the person, by whom the claim is put forward. The acknowledgement shall be taken at the time of payment.

The management of Balochistan Levies Force at Quetta incurred a total expenditure of Rs.8,207,464 under the following object heads during the financial year 2020-21.

Object Head	Expenditure
A13001-Repair of Vehicle	5,492,298
A13201-Repair of Furniture	1,366,979
A13101-Repair of Machinery & Equipment	1,348,187
Total	8,207,464

Audit observed that the same items were shown repaired gain and again for the sake of drawl of the available funds, through fictitious bills which were although shown supplied by different suppliers yet all the bills and the quotations had the following similarities and deficiencies:

- i. All the quotations and bills were missing pre-printed invoice number, dates and the official stamp and signature of the suppliers/bidders.

- ii. All the invoices / comparative statements / work orders / quotations were prepared on the same format with the same fonts and spelling mistakes.
- iii. Most of the comparative statements and Sanction to the expenditure were not signed.
- iv. No delivery challan/ work completion certificates were available on record.
- v. The voucher/claims were split into small bills and the same were executed through 3 quotations to avoid the provisions of Open Tender as prescribed in PPRA Rules-2004.
- vi. Comparative statements were not signed by all members.

Audit is of the view that the available funds were drawn through fictitious bills due to the expenditure was held unauthentic and for the reason mentioned above, the probability of misappropriation cannot be overruled.

The management of Balochistan Levies Force replied that quotations are prepared by bidders/ suppliers and any mistakes in quotations are attributable to suppliers. The bills were split when need of such expenses arose. The vehicles were used by the officers of Levies for operational requirements. The vehicle movement register and copies of log books have been provided to audit.

The DAC in its meeting held on 22.12.2022 directed the management of BLF that the Inquiry may be conducted and responsibility be fixed.

Audit recommends that the matter may be inquired into to arrive at a more factual position besides fixing responsibility against the personnel responsible.

ANNEXURES

Annexure – I Memorandum for Departmental Accounts Committee (MFDAC)

(Rs. in million)

S. No.	PAO	No. of Paras	Amount
1	Accountant General Pakistan Revenue	6	138,909,000
2	Aviation Division	14	370,771,000
3	Board of Investment (BOI)	4	23,346,000
4	Cabinet Division	32	2,519,440,600
5	Election Commission of Pakistan	11	238,411,000
6	Establishment Division	15	630,788,000
7	FATF	9	128,200,000
8	Fed. Shariat Court	1	20,689,000
9	FIO	1	22,009,000
10	Food and Aggriculture	4	96,634,000
11	FPSC	1	8,580,000
12	HEC	51	2,978,721,000
13	Interior	342	25,463,244,572
14	M/o IPC	41	3,235,351,000
15	M/o Law & Justice	3	75,588,000
16	M/o SAFRON	12	321,433,000
17	Maritime Affairs	12	1,056,150,000
18	Ministry of Commerce	5	210,970,000
19	Ministry of Communication	8	125,640,000
20	Ministry of Federal Education and Professional Training	11	390,145,000
21	Ministry of Finance	10	643,575,000
22	Ministry of Health Services Regulation	43	3,109,466,000
23	Ministry of Housing and Works	4	63,264,690
24	Ministry of Information & Broadcasting	5	92,560,000
25	Ministry of Science and Technology	13	357,798,000
26	Ministry of Textile Industry	10	633,534,000
27	Narcotics Control Division	12	301,119,000
28	National Heritage and Cultural Division	4	40,631,000
29	National Heritage and Culture Division	7	190,381,000
30	NAVTTTC	19	1,059,615,000
31	Pakistan Bureau of Statistics	9	254,454,000
32	President Secretariat (Public), Islamabad	1	7,890,000
33	Supreme Court of Pakistan	10	619,839,000
34	Wafaqi Mohtasib	3	108,006,000
	Grand Total	733	45,537,152,862

Annexure – 1 Irregular obtaining of pay orders in the name of ASFF
Surety Fund – Rs. 65.865 million

Sr No.	Item	Firm	PO Nos.	PO Date	PO Amount Rs.
1	Shirting	Nishat Mill	8032021BG 230	24.12.21	26,332,500
2	Trouser	Iqbal silk	8852289	29.11.21	1,200,500
3	Stiched Camo	Nishat Mill	8032021BG 231	24.12.21	3,747,500
4	Shalwar Cloth	Iqbal silk mill	8852288	29.11.21	232,760
5	Oxford Shoes	Askari shoes	RWP0006/1121	27.12.21	1,356,000
6	DMS	Farhaj Footwera	9146874	25.4.22	1,636,633
7	Female shoes	Farhaj Footwera	8924283	15.10.21	211,866
8	Web Belt	NFK Traders	9261	11.10.21	166,124
9	Jersey Feale / Jersey Pull over	Askari Woolen mill	597361	3.9.21	967,270
10	Jersey Hi.neck	Askari Woolen mill	597438	1.2.22	160,875
11	Winter Jackets	Excel Tex mill	17031203	12.10.21	970,650
12	T-shirt H/s	Excel Tex mill	1567744	18.11.21	682,500
13	T-shirt F/s	Excel Tex mill	1567743	18.11.21	590,980
14	Force sign	Ms Starz enter	BC-05519503	11.10.21	120,000
15	Hand Bag Ladies	Ms Emaan Consumer	5276757	28.4.22	68,950
16	solar panels	Azam Enterprises	14822020	1.11.21	419,330
17	batteries & Chargers / walki talki sets	Azam Enterprises	14822019	1.11.21	150,300
18	Batteries & Headphone	Azam Enterprises	14822018	1.11.21	180,200
19	Batteries 12 V	Secure Tech	9179604/9179622	30.10.21	48,000
20	Batteries 12 V 150 AH	Secure Tech	9179605	29.10.21	276,000
21	Batteries 12 V 100 AH	Secure Tech	9179606	29.10.21	177,000
22	NVR 16 Channels	Secure Tech	9179607	29.10.21	90,000
23	Optice Fiber	Secure Tech	9179608	29.10.21	65,000
24	Telepohone sets	Secure Tech	9179609	29.10.21	53,000
25	Optic Fibers cables	Secure Tech	9179610	29.10.21	39,000
26	Power Cables	Secure Tech	9176911	29.10.21	42,000
27	Asopter for fix camera	Secure Tech	9179612	29.10.21	15,000
28	Hub Switch	Secure Tech	9179613	29.10.21	9,500
29	Mulyicore 30 pairs cable s	Secure Tech	9179614	29.10.21	37,500
30	Laptop i7	Metro services	8770798	5.11.21	48,790
31	Hard disk 6TB	Metro services	8770799	5.11.21	356,400
32	Computer Core i7	Metro services	8770800	5.11.21	523,880
33	Hand Scanner	sage tech	6035259	12.11.21	277,290
34	Portable Hard disk	Fatemi iMpex	601692	11.11.21	15,795
35	Document Scanner	Fatemi iMpex	601693	11.11.21	20,639
36	POE Switch 08 port	Mansha Brothers	11168	8.11.21	60,840
37	POE Switch 04 port	Mansha Brothers	11169	8.11.21	26,620

38	IP Camera tester	Emaan Consumer	5276705	10.11.21	15,225
39	NVR 32 channels	Metro services	9440858	21.12.21	97,750
40	Multimedia Projector	ABM Data system	9463872	9.12.21	9,800
41	SMG 7.62x39 mm	Crimson Intl	470484	30.6.22	20,740,050
42	Pistol 9mm	Crimson Intl	470481	30.6.22	1,701,000
43	Rifles 5.56x45mm	Crimson Intl	470482	30.6.22	883,500
44	Sniper Rifles 7.62x51mm	Paragon Ltd	15057042	8.4.22	1,000,000
45	Ammo 5.56x45mm	Defence Resource	636988	8.4.22	10,000
46		Defence Resource	636989	8.4.22	10,000
47		Defence Resource	636990	8.4.22	10,000
48		Defence Resource	636992	8.4.22	10,000
Total					65,864,517

**Annexure – 2 Non-recovery/adjustments of long outstanding advances
by Finance Dept-Rs.16.442 million**

Sr No.	Name & Designation	Outstanding amount Rs.
1	Akbar Ali Lecturer Comm/S	180,000
2	Aminuddin Driver	10,000
3	Arif Hussain Steno Graphe	50,000
4	Atizaz Ali Eng. Dept	101,600
5	Attaullah UDC Exam	968,776
6	Azhar Hussain Lecturer	75,000
7	Basharat Hussain Lecturer	190,000
8	Dr. Abdul Karim Physics	150,000
9	Dr. Abdul Razaq	24,695
10	Dr. Aftab Ahmed Khan IT	1,186,600
11	Dr. Akbar Khan Bio Scien	28,100
12	Dr. Asadullah Math Deptt	157,403
13	Dr. Asif Khan A/Prof	20,000
14	Dr. Dilangaiz	100,000
15	Dr. Farida Begum Env. Scie	20,000
16	Dr. Iftikhar Ali	144,500
17	Dr. Ifzal Ahmed Bus.Mangt	307,145
18	Dr. Livia Holden	416,432
19	Dr. Masroor Alam Earth Sc	300,000
20	Dr. Meher Ali A/Prof.	1,000
21	Dr. Muhammad Ismail	300,000
22	Dr. Muhammad Zafar Envir	675,000
23	Dr. Sadiq Hussain A/Prof	450,000
24	Dr. Sajjad Ali	500,000
25	Dr. Sajjad Haider Bus. Man	100,000
26	Dr. Sher Zaman Physics	74,000
27	Ejaz Karim LDC	10,000
28	Faqeer Muhammad A/Prof	225,000
29	Fida Ali Admin Officer	80,000
30	Ghulam Ud Din Add. Control	25,000
31	Habib ur Rehman Driver	4,500
32	Hameedullah ACOE	35,000
33	Hanif ur Rehman Driver	35,000
34	Imran Ali Lecturer Com. Sc	538,400
35	Inayatullah Media & Commu	25,000
36	Iqtidar Hussain AD QEC GZ	272,000
37	Iran Ali Admin Officer	5,680
38	Irshad Ali Shedai Lecture	80,000
39	Israr Ahmed OA	215,530
40	Javed Akhtar Qureshi Lect	82,000

41	Karamat Ali Lecturer	894,000
42	Khalid Amin	20,000
43	Khalid Hussain	35,000
44	Khursheed Ahmed ACOE	10,150
45	Khush Jan Lecturer Physic	351,484
46	Lal Zaman Security Guard	13,050
47	Manzoor Ali AP	360,000
48	Manzoor Hussain Driver	15,000
49	Mir Tazeem Akhtar	23,500
50	Mir Zaman Lab Sup	15,000
51	Muhammad Asif Iqbal Drive	25,000
52	Muhammad Idrees Lecturer	105,000
53	Muhammad Wali	30,000
54	Musa Khan Comp. Science	10,000
55	Mushtaq Ali AO	25,000
56	Nabiullah HRM	50,000
57	Naeem Abbas Lecturer Mini	200,000
58	Nazakat Hussain UDC	70,000
59	Nazim Khan Cook	20,000
60	Noor Ali Draft Man	155,000
61	Qamar Abbas Lecturer	221,200
62	Qurban Ali Sub Engineer	34,000
63	Razia Bano Lecturer	144,000
64	Razia Sharif Lect Math	60,000
65	Rehmat Karim A/Prof	100,000
66	Sabit Rahim Lecturer	170,000
67	Sadia Baig Asst. Prof.	50,000
68	Sadraddin A/Prof	199,160
69	Samina Mumtaz Lecturer	100,000
70	Sartaj Ali Asstt.Prof	160,000
71	Shahid Ahmed Shigri	20,000
72	Shams ur Rehman Lec Media	130,000
73	Shams ur Rehman Math Lect	100,000
74	Sher Alam Driver Dri	1,749
75	Tasawar Rahim Baig	3,840,000
76	Zahid Hussain Driver	13,400
77	Zahid Hussain Lecturer	60,000
78	Zaigham Ali A/Prof	208,466
79	Zakir Hussain AA SEED	20,000
80	Zubair Ahmed Lect Behavio	220,000
Grand Total		16,442,520

**Annexure – 3 Loss due to irregular allotment of Room/Suits in Fatima
Jinnah Hostel-Rs. 10.23 million**

Name/Designation	Room no	Time Period	No.s of days	Total Paid Rs.	Four Time of Rent Rs.	Due Rs.
Ms. Asifa Riaz, Assistant BPS-15, Senate Sect (Below BPS-17) allotted by mentioning her as AD	19	03.09.2021 to 30.06.2022	301	49,665	198,660	148,995
M.s Irum Shahzadi, Lecturer in Bharia University & M.s Javeria Gul,OG-II BOP (Private firm employees)	39	28.09.2021 to 30.06.2022	641	105,765	423,060	317,295
Ms.Hina Akbar, Front Desk Exective, NEPRA (Below BPS-17)	71	04.10.2021 to 30.06.2022	269	44,385	177,540	133,155
Ms. Razia Sultana, DG ,National Assembly Sect.(Prolonged allotment)	Suit No. 2	01.01.2001 to 30.06.2022	7481	1,870,250	3,740,500	1,870,250
Ms Shahnaz , Senior Auditor BPS-16 (Below BPS-17)	1	07.08.2018 to 30.06.2022	1422	234,630	938,520	703,890
Ms. Moniba Shaheen, Art & Craft Exective , CDA(Contract employee)	6	17.09.2020 to 30.06.2022	651	107,415	429,660	322,245
Ms. Irum Shaheen, Associate Liaison Officer, Wafaqi Mohtasib,(Contract employee)	5	08.02.2022 to 30.06.2022	142	23,430	93,720	70,290
Ms. Huma Dad Khan , (Private firm employee)	27	11.11.2015 to 30.06.2022	1,692	279,180	1,116,720	837,540
Ms. Sadia Atta, AD, M/o Education (Prolonged allotment)	15	01.01.1997 to 30.06.2022	8,760	1,445,400	2,890,800	1,445,400
Ms. Shazia Kausra, AD, Health Authority (Punjab employee)	56	17.08.2020 to 30.06.2022	683	112,695	450,780	338,085
Ms. Saima Anwar, AD, H.E.C (Contract employee)	62	12.10..2018 to 30.06.2022	1356	223,740	894,960	671,220
Ms. Sidra Shah, Network administrator, M/o Information & Technology and Telecommunication (Contract employee)	64	02.12.2020 to 30.06.2022	576	95,040	380,160	285,120
Ms. Rubab Haider, Deputy Supreintendent ,O-4, NADRA (Below BPS-17)	69	07.08.2017 to 30.06.2022	1787	294,855	1,179,420	884,565
Ms. Rabia Khan, AD, M/o Information & Broadcasting (No record on AGPR, fake pay slip)	49	01.11.2018 to 30.06.2022	1,337	220,605	882,420	661,815
Ms. Asiya Hassan, Appraising Officer, Directorate port clearing Audit, BPS-16 (Below BPS-17)	57	31.03.2017 to 30.06.2022	1,916	316,140	1,264,560	948,420
Ms. Zunsh Imtiaz, Junior Expert 3 software developer, NAB HQ (Contract employee)	34	10.12.2021 to 30.06.2022	200	33,000	132,000	99,000
Ms. Hassina Anjum, Guest Producer, PBC, External	32	25.03.2020 to 30.06.2022	828	136,620	546,480	409,860

Services, Isb (Contract employee)						
Ms. Farab Nasir Accountant, BPS-16, FGEHA, Ministry of Housing & Works (Below BPS-17)	29(B)	03.01.2022 to 30.06.2022	181	29,865	119,460	89,595
Total				5,622,680	15,859,420	10,236,740

Annexure – 4 Purchase of medicines on higher rate than bid amount – Rs. 116.705 million

S. No	Generic Name	Brand Name	Quoted rate in bulk purchase	Local purchase price	Difference	Excess
1	Budesonide 400 mcg	combivair 400	9.01	14.14	5.13	57%
2	Cefixmie	evofix 400	19	73.2	54.2	285%
3	Diltazim HCL	Herbesser Sr 90	12.63	17.5	4.87	39%
4	Doxycyclin 100 mg	Vibramycin 100	4.08	7.9	3.82	94%
5	Ferrous Sulphate	sangobion	3.26	5	1.74	53%
6	Pregabalin 100 mg	zeegap 100	6.62	30.07	23.45	354%
7	Tamsulosin Hydrochloride 0.4 mg	tamsolin 0.4 mg	7.8	49.5	41.7	535%
8	Tiotropium Bromide 18 mcg	tiovair 18 mcg rota	11.5	26.67	15.17	132%
9	Amlodipine 5 mg , besylate	ampress 5 mg	1.7	7.97	6.27	369%
10	Amlodipine 10 mg Valsartan	avsar 160 10 mg	11.9	34.6	22.7	191%
11	Amlodipine 5 mg , valsartan 80 mg	avsar 80 5 mg	7.3	23.47	16.17	222%
12	Ascorbic Acid 500 mg	cecon 500	2.95	3.78	0.83	28%
13	Asprine 75 mg	Loprin 75 mg	1.16	1.65	0.49	42%
14	Bisoprolol 5mg	barilol 5 mg	3.55	8	4.45	125%
15	Bisoprolol 2.5 mg	actim 2.5	1.45	3.3	1.85	128%
16	Carbamazepine 200 mg	seizunil 200 mg	3.86	4.82	0.96	25%
17	carvedilol 3.25 mg	carlov 3.25	4.38	9.8	5.42	124%
18	Clopidogrel 75 mg +Aspirine 75 mg	lowplat plus 75	5.5	20.89	15.39	280%
19	Cyanocobalamin 200 mcg	neurobion	6.06	8.25	2.19	36%
20	Diclofenac sodium 50 mg	dyclo 50	2.16	5.07	2.91	135%
21	Dinoprostone 10 mg	domflash 10 mg	1.19	6.07	4.88	410%
22	Drotaverine HCL 40 mg	relispa 40	2.43	3.11	0.68	28%
23	Empagliflozin 10 mg	diampa 10 mg	7.93	24.93	17	214%
24	Eprisone HCL 50 mg	myonal 50 mg	15.1	21.49	6.39	42%
25	Fkubiprofen 100 mg	ansaid 100 mg	6.5	8.2	1.7	26%
26	Folic Acid 5 mg	folic acid 5 mg	0.51	0.58	0.07	14%
27	Glimepiride 2 mg	getryl 2 mg	1.9	13	11.1	584%
28	Glyceryl Trinitrate 2.6 mg	sustac 2.6 mg	4.74	7.39	2.65	56%
29	Itopride HCL 150 mg	itp od 150 mg	15.5	36.5	21	135%
30	Isosorbide 5- Mononitraet 20 mg	monis 20 mg	5.9	6.33	0.43	7%
31	Lacosamide 50 mg	lacoled 50 mg	20.07	28.93	8.86	44%
32	Lacosamide 100 mg	lacoled 100 mg	32	41.79	9.79	31%
33	Levofloxacin 500 mg	leflex 500	7.4	37	29.6	400%
34	Mecobalamine 500 mcg	mecobal 500	2.69	10.48	7.79	290%
35	Metaformin(HCL) 500mg	glucophage 500 mg	2.11	2.7	0.59	28%
36	Naproxen 500 mg	neoprox 500 mg	7.28	9.81	2.53	35%

37	Nimsulide 100 mg	nise 100 mg cp	2.35	7.5	5.15	219%
38	Olanzapine + Flouxetine 3/25	cap ozip plus 3 25 mg	7.53	14	6.47	86%
39	Pioglitazone 30mg	piozer 30 mg	8.39	30.71	22.32	266%
40	Prednisolone 5mg	deltacortril 5 mg	1.77	3.38	1.61	91%
41	Rosuvastatine 10 mg	rovista 10 mg	6.8	30.82	24.02	353%
42	Rosuvastatine 20 mg	rovista 20 mg	7.2	47.5	40.3	560%
43	Rosuvastatine 5 mg	rovista 5 mg	4.1	18.49	14.39	351%
44	serratiopeptidase 10 mg	danzen ds	9.14	10.75	1.61	18%
45	Sitagliptin 50 mg + Metformin HCL 500mg	inosita plus 50 500 mg	6.4	28.21	21.81	341%
46	Sodium Valproate 250 mg	epival 250 mg	5.37	6.85	1.48	28%
47	Spirolactone, Furseamide 40 mg	spiromide 40 mg	6.25	7.51	1.26	20%
48	Terbinafine HCL 125 mg	terbisil 125 mg	7.84	40	32.16	410%
49	Theophylline 300 mg	quibron tsr 300 mg	5.19	7	1.81	35%
50	Trimetazidine Dihydrochloride 35 mg	creato sr 35 mg	7.6	12.52	4.92	65%
51	Vildagliptin 50 mg , Metformin HCL 850 mg	galvus met 50 850 mg	41.26	55.17	13.91	34%
52	Calcium combinations+Vit D	calcium p 110 ml	55.54	77.69	22.15	40%
53	Metopine 2.75 mg , Vitamin B1 30 mg , Vitamin B6 30 mg , Vitamin B12 1000mg, Lysine 250 mg, Carnitine 375 mg/ml	trimetabol 120 ml	87.81	115.99	28.18	32%
54	Dextromethrophan 125 mg/5ml	Pacific Dm 120ml	97.05	124.83	27.78	29%
55	Iron Salts Hydroxy polymaltose Complex 50 mg/5ml	Bisleri-60ml	58	130.34	72.34	125%
56	Mecobalamine 500 mcg	Nezkil 600 mg	108.04	123	14.96	14%
57	Betamethasone 0.1%, Neomycin 0.5%	Provate 15 gm Cream	45	142.6	97.6	217%
58	Fusidic Acid 2%, Hydrocortisone 1%	Fucort B 15 gm	87.89	280	192.11	219%
59	Ibuprofen 10%	Fudic H Cram 15 gm	66.71	187	120.29	180%
60	Isoconazole (Nitrate 1%), 20mg	Pacific Pain releif Rub 50 gm	101.05	211.7	110.65	110%
61	Fluometholone 0.1 %	Tear Forte Ophthalmic sol 15 ml	40	217	177	443%
62	Naphazoline 0.0125 %	Nepac 0.1 % ophthalmic Susp 5ml	97.75	451.64	353.89	362%
63	Clindamycine 1%	dalacin t 30 ml	185.47	247.5	62.03	33%
64	Beclomethasone 100mcg Formoterol 6mcg	foster 120 mdi hfa	1031.25	1800	768.75	75%

65	Iv- Cannula 20 G	Iv- Cannula 20 G	160	250	90	56%
66	Iv- Cannula 22 G	Iv- Cannula 22 G	160	250	90	56%
67	Nebulizer Kit Adult	nebulizer kit (adult)	88	300	212	241%
68	Insulin Syrine 1cc	Insulin Syrine 1cc	20.75	35	14.25	69%

Annexure-5 Irregular and excess issuance of POL to vehicles not running – Rs. 6.968 million

Vehicle No.	Month	Issued	Consumed as per running register	difference
916562	Jul-21	1135	420	-715
916564	Jul-21	1340	1290	-50
916870	Jul-21	472	440	-32
928507	Jul-21	320	35	-285
928521	Jul-21	5710	2080	-3630
928570	Jul-21	310	245	-65
928714	Jul-21	320	295	-25
928800	Jul-21	275	20	-255
928835	Jul-21	1720	525	-1195
928842	Jul-21	660	340	-320
928843	Jul-21	540	380	-160
928900	Jul-21	25	15	-10
939520	Jul-21	310	35	-275
939600	Jul-21	2299	1840	-459
939613	Jul-21	3480	2270	-1210
941480	Jul-21	1750	485	-1265
941517	Jul-21	340	320	-20
928829	Aug-21	920	790	-130
928834	Aug-21	1150	1060	-90
941483	Aug-21	1635	1200	-435
941487	Aug-21	1700	1120	-580
941514	Aug-21	1240	1010	-230
916870	Sep-21	440	235	-205
916917	Sep-21	215	210	-5
939409	Sep-21	610	560	-50
939901	Sep-21	2676	2660	-16
941480	Sep-21	745	545	-200
941482	Sep-21	555	505	-50
916781	Oct-21	780	760	-20
928506	Oct-21	465	440	-25
928829	Oct-21	745	744	-1
928830	Oct-21	440	435	-5
928834	Oct-21	1140	1045	-95
928850	Oct-21	720	566	-154
939459	Oct-21	695	620	-75
939679	Oct-21	6210	4050	-2160
941483	Oct-21	940	880	-60
941489	Oct-21	290	50	-240
941491	Oct-21	310	50	-260
916593	Nov-21	360	300	-60
928570	Nov-21	784	580	-204
928580	Nov-21	1510	1470	-40
939654	Nov-21	3270	1280	-1990
939715	Nov-21	370	300	-70
939901	Nov-21	1500	1000	-500
941482	Nov-21	341	330	-11
941514	Nov-21	910	700	-210
916781	Jan-22	770	690	-80
916977	Jan-22	330	275	-55
928583	Jan-22	330	275	-55
928997	Jan-22	405	280	-125

939517	Jan-22	305	245	-60
939679	Jan-22	1310	810	-500
941475	Jan-22	245	185	-60
941487	Jan-22	335	308	-27
941545	Jan-22	55	50	-5
916562	Feb-22	1170	1160	-10
928521	Feb-22	4410	4110	-300
939600	Feb-22	2590	2410	-180
939613	Feb-22	2795	2350	-445
939743	Feb-22	545	500	-45
911814	Jun-22	792	780	-12
916589	Jun-22	130	65	-65
928511	Jun-22	985	810	-175
928542	Jun-22	725	230	-495
928714	Jun-22	440	380	-60
928832	Jun-22	115	32	-83
928839	Jun-22	135	90	-45
928851	Jun-22	320	260	-60
939485	Jun-22	1165	1090	-75
939487	Jun-22	1120	1030	-90
939504	Jun-22	665	600	-65
939576	Jun-22	875	810	-65
939598	Jun-22	1150	900	-250
939613	Jun-22	475	255	-220
939690	Jun-22	2471	2292	-179
939706	Jun-22	2480	2280	-200
939734	Jun-22	135	90	-45
939736	Jun-22	135	90	-45
939746	Jun-22	780	720	-60
939880	Jun-22	1215	1155	-60
939885	Jun-22	1370	130	-1240
941461	Jun-22	140	135	-5
941462	Jun-22	140	135	-5
941479	Jun-22	102	70	-32
941482	Jun-22	1405	1210	-195
Total		89,732	65,817	-23,915

Annexure-6 Non imposition of penalty for late supply- Rs 41.386 million

Name of item	PO Qty	PO Date	Date of Receipt	No days	Name of supplier	Rate	Penalty
A-Care 5mg/5ml Injection	20000	12/01/2021	17/02/2021	36	M/S Caraway Pharmaceuticals	100	358,936
A-Care 5mg/5ml Injection	10000	04/11/2020	02/06/2021	210	M/S Caraway Pharmaceuticals	100	1,048,774
Acetamol 100ml inf	8000	16/02/2021	22/06/2021	126	M/S Vision Pharmaceutical (Pvt) Ltd.	65	327,505
Acetamol 100ml inf	10000	11/03/2021	02/06/2021	83	M/S Vision Pharmaceutical (Pvt) Ltd.	65	269,433
Acetamol 100ml inf	6000	19/10/2020	22/05/2021	215	M/S Vision Pharmaceutical (Pvt) Ltd.	65	419,037
Acetamol 100ml inf	10000	09/11/2020	02/06/2021	205	M/S Vision Pharmaceutical (Pvt) Ltd.	65	665,444
Amak 500mg inj	1000	17/02/2021	17/05/2021	89	M/s Trade Leaders	43	19,121
Amak 500mg inj	1000	16/03/2021	17/05/2021	62	M/s Trade Leaders	43	13,289
Amak 500mg inj	2000	13/08/2020	22/10/2020	70	M/s Trade Leaders	43	30,055
Amak 500mg inj	2000	09/10/2020	22/10/2020	13	M/s Trade Leaders	43	5,531
Aquasyn 5ml Injection	10000	16/03/2021	02/06/2021	78	M/S Chaudhary Pharma	4.37	16,998
Biomox Inf 100ml	1000	21/09/2020	17/05/2021	238	M/S Chaudhary Pharma	121	143,915
Cara-Doba 250mg/5ml Injection	1000	24/11/2020	17/05/2021	174	M/S Caraway Pharmaceuticals	68	59,093
Carapamin 200mg/5ml Injection	1000	24/11/2020	17/05/2021	174	M/S Caraway Pharmaceuticals	45	39,105
Cefosub 2gm Injection	3000	16/02/2021	27/05/2021	100	M/S Chaudhary Enterprises	87.69	131,472
Cefosub 2gm Injection	10000	10/04/2021	02/06/2021	53	M/S Chaudhary Enterprises	87.69	231,599
Cilipenum 1gm injection	200	26/03/2021	17/05/2021	52	M/S Chaudhary Enterprises	398	20,689
Cilipenum 1gm injection	200	30/03/2021	17/05/2021	48	M/S Chaudhary Enterprises	398	19,105
Cilipenum 1gm injection	3000	09/04/2021	27/05/2021	48	M/S Chaudhary Enterprises	398	286,288
Cilipenum 1gm injection	2000	23/07/2020	22/10/2020	91	M/S Chaudhary Enterprises	398	361,479
Cilipenum 1gm injection	1000	13/08/2020	17/05/2021	277	M/S Chaudhary Enterprises	398	551,045
Cilipenum 1gm injection	3000	19/12/2020	27/05/2021	159	M/S Chaudhary Enterprises	398	948,790
Clexane 40 mg injection	4000	08/04/2021	22/05/2021	44	M/S Sanofi Aventis	795.82	699,734
Clexane 40 mg injection	3000	02/07/2020	27/05/2021	329	M/S Sanofi Aventis	795.82	3,926,121
Clexane 40 mg injection	200	16/10/2020	17/05/2021	213	M/S Sanofi Aventis	795.82	169,480
Clexane 60mg Injection	2000	19/09/2020	22/10/2020	33	M/S Sanofi Aventis	742.92	244,919
Colistim 1miu Injection	1000	12/01/2021	17/05/2021	125	M/S Biocare Pharmaceutica	719	448,585
Delka 40mg Injection	6	29/09/2020	04/03/2021	156	M/S Chaudhary Pharma	35.97	168
Dextrose 25% Injection (Shazab)	10000	27/03/2021	02/06/2021	67	M/S Chaudhary Enterprises	11.97	39,995

Dextrose 25% Injection (Shazab)	10000	29/07/2020	02/06/2021	308	M/S Chaudhary Enterprises	11.97	184,257
Dextrose 25% Injection (Shazab)	10000	11/11/2020	02/06/2021	203	M/S Chaudhary Enterprises	11.97	121,348
Diclair-ST1.5MIU Inj	60	21/04/2021	24/06/2021	64	M/S Masood Medika	5400	103,373
Dirinate 50mg/ml injection	10000	16/03/2021	02/06/2021	78	M/S Ideal Distributors,	4.8	18,667
Dirinate 50mg/ml injection	20000	23/10/2020	17/02/2021	117	M/S Ideal Distributors,	4.8	56,132
Drospa 40mg injection	20000	01/09/2020	17/02/2021	169	M/S Medifast Pharma	6.39	107,857
Epival 500mg Injection	2000	13/08/2020	22/10/2020	70	M/S Chaudhary Pharma	135	94,363
Epival 500mg Injection	2500	19/10/2020	04/06/2021	228	M/S Chaudhary Pharma	135	384,500
Eritrogen 2000 IU Injection	1000	23/07/2020	17/05/2021	298	M/S Allons Enterprises	149	221,877
Eritrogen 2000 IU Injection	4000	13/08/2020	22/05/2021	282	M/S Allons Enterprises	149	840,094
Eritrogen 2000 IU Injection	1000	19/09/2020	17/05/2021	240	M/S Allons Enterprises	149	178,774
Fendekto 30mg Injection	10000	12/01/2021	02/06/2021	141	M/S Chaudhary Enterprises	9.44	66,485
Fendekto 30mg Injection	10000	09/10/2020	02/06/2021	236	M/S Chaudhary Enterprises	9.44	111,361
Fendekto 30mg Injection	10000	09/11/2020	02/06/2021	205	M/S Chaudhary Enterprises	9.44	96,647
Fenject 250mcg/5ml	1000	07/09/2020	17/05/2021	252	M/S Brooks Pharmaceutical (Pvt) Ltd	24.65	31,052
Feris 5ml Injection	2000	09/10/2020	22/10/2020	13	M/S Credible Enterprises	44	5,660
Frendic 75mg injection	20000	09/10/2020	17/02/2021	131	M/S Chaudhary Enterprises	3.72	48,711
Frusemide 2ml injection	10000	17/02/2021	02/06/2021	105	M/s Health Tec	4.18	21,910
Frusemide 2ml injection	20000	19/10/2020	17/02/2021	121	M/s Health Tec	4.18	50,546
Frusemide 2ml injection	10000	11/11/2020	02/06/2021	203	M/s Health Tec	4.18	42,393
Gelofusine 4 % 500ml Inf	1000	01/09/2020	17/05/2021	258	M/S UDL Distribution (Pvt) Ltd.	355	457,520
Gelofusine 4 % 500ml Inf	1000	19/09/2020	17/05/2021	240	M/S UDL Distribution (Pvt) Ltd.	355	425,779
Genom 80mg/2ml Inj.	2000	01/09/2020	22/10/2020	51	M/S Medstar Distributors	14.3	7,271
Glycostig 0.5mg/2.5mg/ml injection	2000	19/10/2020	22/10/2020	3	M/s Health Tec	0	-
Glycostig 0.5mg/2.5mg/ml injection	1000	11/11/2020	17/05/2021	187	M/s Health Tec	0	-
Imatet 0.5mg Inj.	3000	16/03/2021	27/05/2021	72	M/S Amson Vaccines & Pharma (Pvt) Ltd.	43.6	46,910
Imatet 0.5mg Inj.	2000	29/07/2020	22/10/2020	85	M/S Amson Vaccines & Pharma (Pvt) Ltd.	43.6	37,015
Imicid 500mg+Cilastatin Inj.	500	23/07/2020	09/09/2020	48	M/S Chaudhary Enterprises	364.87	43,624
Imicid 500mg+Cilastatin Inj.	1000	13/08/2020	17/05/2021	277	M/S Chaudhary Enterprises	364.87	505,176
Imicid 500mg+Cilastatin Inj.	1000	03/09/2020	17/05/2021	256	M/S Chaudhary Enterprises	364.87	466,972
Imicid 500mg+Cilastatin Inj.	1500	28/09/2020	09/11/2020	42	M/S Chaudhary Enterprises	364.87	114,663
Insuget 70/30 100iu/ML	500	02/07/2020	09/09/2020	69	M/S Medi Cas International	380	65,462
Insuget 70/30 100iu/ML	300	24/10/2020	06/01/2021	74	M/S Medi Cas International	380	42,129

Insuget R 10ml inj	200	13/08/2020	17/05/2021	277	M/S Medi Cas International	380	105,224
Insuget R 10ml inj	200	24/10/2020	17/05/2021	205	M/S Medi Cas International	380	77,869
Insuget R 10ml inj	200	09/11/2020	17/05/2021	189	M/S Medi Cas International	380	71,738
Kemedex 4mg/1ml injection	20000	19/12/2020	17/02/2021	60	M/S Medifast Pharma	5.89	35,278
Lenwin 500mg Injection	1000	11/03/2021	17/05/2021	67	M/S Medi Cas International	40.8	13,655
Merol 5mg /5ml Inj	1000	09/10/2020	17/05/2021	220	M/S Medi Cas International	39.08	42,957
Mini KCL 20ml injection	10000	12/01/2021	02/06/2021	141	M/S Chaudhary Pharma	6.78	47,743
Mini KCL 20ml injection	5000	29/07/2020	04/09/2020	37	M/S Chaudhary Pharma	6.78	6,246
Morphine (PDH) 1ml Inj.	1500	30/09/2020	09/11/2020	40	M/S PDH Laboratories (Pvt) Ltd.	20	5,991
Nalbin 10mg/ml Inj. (Global)	10000	10/04/2021	02/06/2021	53	M/S Global Pharmaceuticals (Pvt)Ltd	23.9	63,109
Nalbin 10mg/ml Inj. (Global)	10000	19/12/2020	02/06/2021	165	M/S Global Pharmaceuticals (Pvt)Ltd	23.9	197,079
Nal-Fee 10mg/ml injection	5000	29/07/2020	04/09/2020	37	M/S Medifast Pharma	24.99	23,046
Nal-Fee 10mg/ml injection	150	11/09/2020	29/10/2020	48	M/S Medifast Pharma	24.99	899
Nor-Adrin 4mg Inj	3000	12/01/2021	27/05/2021	135	M/S Medi Cas International	84	169,892
Nor-Adrin 4mg Inj	3000	17/02/2021	27/05/2021	99	M/S Medi Cas International	84	124,635
Nor-Adrin 4mg Inj	3000	11/11/2020	27/05/2021	197	M/S Medi Cas International	84	248,019
Norephed 4mg injection	3000	23/07/2020	27/05/2021	308	M/S Chaudhary Pharma	93	429,386
Norephed 4mg injection	1000	13/08/2020	17/05/2021	277	M/S Chaudhary Pharma	93	128,758
Odimax 400mg infusion	1000	10/04/2021	17/05/2021	37	M/S Vision Pharmaceutical (Pvt) Ltd.	107	19,707
Odimax 400mg infusion	1000	10/11/2020	17/05/2021	188	M/S Vision Pharmaceutical (Pvt) Ltd.	107	100,551
Olam Injection	20000	12/01/2021	17/02/2021	36	M/s Liven Pharmaceuticals Pvt Ltd.	45.6	163,476
Olam Injection	20000	13/08/2020	17/02/2021	188	M/s Liven Pharmaceuticals Pvt Ltd.	45.6	856,914
Olam Injection	20000	03/09/2020	17/02/2021	167	M/s Liven Pharmaceuticals Pvt Ltd.	45.6	761,304
Olam Injection	20000	24/11/2020	17/02/2021	85	M/s Liven Pharmaceuticals Pvt Ltd.	45.6	386,728
Paedal 1gm/100ml infusion	6	29/09/2020	04/03/2021	156	#N/A	46.43	217
P-Doxime injection	1000	11/03/2021	17/05/2021	67	M/S Medi Cas International	158	52,849
P-Doxime injection	1000	10/11/2020	17/05/2021	188	M/S Medi Cas International	158	148,471
Pethedine (PDH) 2ml Inj.	3000	11/03/2021	27/05/2021	77	M/S PDH Laboratories (Pvt) Ltd.	20	23,034
Phee-phrine Injection	5000	02/07/2020	04/09/2020	64	M/S Bajwa Pharmaceutical (Pvt) Ltd.	27.2	43,504
Poliparian 5000IU/ml injection	1000	02/07/2020	17/05/2021	319	M/S GKB Pharma Distributor,	450	717,501
Poliparian 5000IU/ml injection	1000	29/07/2020	17/05/2021	292	M/S GKB Pharma Distributor,	450	656,726
Poliparian 5000IU/ml injection	1000	01/09/2020	17/05/2021	258	M/S GKB Pharma Distributor,	450	580,061
Precidex 200mcg/2ml inj	3000	29/07/2020	27/05/2021	302	M/S Chaudhary Pharma	491	2,223,035

Propofol-Lipuro 1% 10mg/ml 20ml Inj	1000	12/01/2021	17/05/2021	125	M/S UDL Distribution (Pvt) Ltd.	350	218,479
Propofol-Lipuro 1% 10mg/ml 20ml Inj	1000	17/02/2021	17/05/2021	89	M/S UDL Distribution (Pvt) Ltd.	350	155,479
Propofol-Lipuro 1% 10mg/ml 20ml Inj	1000	11/03/2021	17/05/2021	67	M/S UDL Distribution (Pvt) Ltd.	350	117,068
Propofol-Lipuro 1% 10mg/ml 20ml Inj	2000	02/07/2020	22/10/2020	112	M/S UDL Distribution (Pvt) Ltd.	350	391,602
Propofol-Lipuro 1% 10mg/ml 20ml Inj	1000	29/07/2020	17/05/2021	292	M/S UDL Distribution (Pvt) Ltd.	350	510,790
Propofol-Lipuro 1% 10mg/ml 20ml Inj	2000	01/09/2020	22/10/2020	51	M/S UDL Distribution (Pvt) Ltd.	350	177,737
Propofol-Lipuro 1% 10mg/ml 20ml Inj	70	11/09/2020	26/01/2021	137	M/S UDL Distribution (Pvt) Ltd.	350	16,779
Ravinate 50mg/ml injection	20000	02/07/2020	17/02/2021	230	M/S Durrani Traders	3.31	76,082
Ravinate 50mg/ml injection	20000	03/09/2020	17/02/2021	167	M/S Durrani Traders	3.31	55,216
Redzi 100mg Solution for Inf	60	27/04/2021	24/06/2021	58	M/S Horizon Pharmaceuticals (Pvt) Ltd.	0	-
Relocurium Injection	15000	02/07/2020	24/02/2021	237	M/S Bajwa Pharmaceutical (Pvt) Ltd.	137	2,434,943
Relocurium Injection	10000	23/07/2020	02/06/2021	314	M/S Bajwa Pharmaceutical (Pvt) Ltd.	137	2,149,623
Relocurium Injection	120	11/09/2020	19/01/2021	130	M/S Bajwa Pharmaceutical (Pvt) Ltd.	137	10,683
Restane Inhalation 100ml	50	29/07/2020	02/09/2020	35	M/S Chaudhary Pharma	262 0.8	23,008
Rotacort 100mg Injection	3000	16/03/2021	27/05/2021	72	M/S Rotex Pharma (Pvt) Ltd	32.4 9	34,942
Rotacort 100mg Injection	10000	09/11/2020	02/06/2021	205	M/S Rotex Pharma (Pvt) Ltd	32.4 9	332,638
Sandostatin 0.1mg/ml Inj.(Novartis)	1000	19/09/2020	17/05/2021	240	M/S Allons Enterprises	189	226,768
Sensocain Spinal 0.5% 4ML Inj	200	16/03/2021	17/05/2021	62	M/S Chaudhary Pharma	53.4 8	3,302
Sky Zone 1gm Injection	10000	29/03/2021	02/06/2021	65	M/S Chaudhary Enterprises	37.5 6	121,596
Sky Zone 1gm Injection	20000	09/11/2020	17/02/2021	100	M/S Chaudhary Enterprises	37.5 6	374,731
Sojourn 250ml INH	25	29/07/2020	11/09/2020	44	M/S Chaudhary Pharma	161 50	88,705
Sorbid 10mg/10ml Inj.	1000	11/03/2021	17/05/2021	67	M/S Masood Medika	140	46,823
Sorbid 10mg/10ml Inj.	250	11/09/2020	12/04/2021	213	M/S Masood Medika	140	37,266
Sterilevo 500mg/100ml injection	1000	10/04/2021	17/05/2021	37	M/s Frontier Dextrose Ltd.	36.1 6	6,652
Sterilevo 500mg/100ml injection	6	28/11/2020	04/03/2021	96	M/s Frontier Dextrose Ltd.	36.1 6	104
Suxathon 100mg/ml Injection	1000	03/09/2020	17/05/2021	256	M/S Bajwa Pharmaceutical (Pvt) Ltd.	35	44,766
Timezole 40mg Injection	10000	16/02/2021	02/06/2021	106	M/S Rotex Pharma (Pvt) Ltd	32.9 9	174,734
Timezole 40mg Injection	10000	29/03/2021	02/06/2021	65	M/S Rotex Pharma (Pvt) Ltd	32.9 9	106,798
Timezole 40mg Injection	20000	26/09/2020	17/02/2021	144	M/S Rotex Pharma (Pvt) Ltd	32.9 9	474,444
Timezole 40mg Injection	10000	09/10/2020	02/06/2021	236	M/S Rotex Pharma (Pvt) Ltd	32.9 9	389,090
Timezole 40mg Injection	20000	09/11/2020	17/02/2021	100	M/S Rotex Pharma (Pvt) Ltd	32.9 9	329,145
Tramacute 100mg/2ml injection	6000	29/07/2020	22/05/2021	297	M/S Medstar Distributors	5.57	49,611
Tramacute 100mg/2ml injection	10000	01/09/2020	02/06/2021	274	M/S Medstar Distributors	5.57	76,264

Tramaway 100mg/2ml Inj	10000	12/11/2020	02/06/2021	202	M/S Caraway Pharmaceuticals	8	80,778
Transolid 500mg Injection	6000	29/07/2020	22/05/2021	297	M/S Global Pharmaceuticals (Pvt)Ltd	19.6	174,575
Transolid 500mg Injection	3000	05/09/2020	27/05/2021	264	M/S Global Pharmaceuticals (Pvt)Ltd	19.6	77,603
Uman Albumin 50ml injection	200	02/07/2020	17/05/2021	319	M/S Popular International (Pvt) Ltd.	4658	1,485,373
Uniciprox 200mg/100ml	3000	01/09/2020	27/05/2021	268	M/S Unisa Pharmaceuticals Industries Ltd.	24.45	98,225
Unizol 100ml Injection	10000	12/01/2021	02/06/2021	141	M/S Unisa Pharmaceuticals Industries Ltd.	23.95	168,652
Unizol 100ml Injection	10000	17/02/2021	02/06/2021	105	M/S Unisa Pharmaceuticals Industries Ltd.	23.95	125,530
Unizol 100ml Injection	10000	16/03/2021	02/06/2021	78	M/S Unisa Pharmaceuticals Industries Ltd.	23.95	93,066
Unizol 100ml Injection	10000	01/09/2020	02/06/2021	274	M/S Unisa Pharmaceuticals Industries Ltd.	23.95	327,916
Unizol 100ml Injection	10000	04/11/2020	02/06/2021	210	M/S Unisa Pharmaceuticals Industries Ltd.	23.95	251,195
Water for Injection (T)	20000	19/09/2020	17/02/2021	151	M/S Medstar Distributors	4.63	69,860
Zaftoline Solution 20ml	3000	26/09/2020	27/05/2021	243	M/S Zafa Pharmaceuticals Laboratories (Pvt) Ltd.	27	98,323
Zalpax 1gm injection	1000	23/07/2020	17/05/2021	298	M/S Chaudhary Pharma	241	358,872
Zalpax 1gm injection	1000	13/08/2020	17/05/2021	277	M/S Chaudhary Pharma	241	333,663
Zalpax 1gm injection	1500	19/09/2020	09/11/2020	51	M/S Chaudhary Pharma	241	91,980
Zamoclave 1.2gm inj	1000	01/09/2020	17/05/2021	258	M/S Zafa Pharmaceuticals Laboratories (Pvt) Ltd.	88.34	113,892
Zamoclave 1.2gm inj	1500	19/09/2020	09/11/2020	51	M/S Zafa Pharmaceuticals Laboratories (Pvt) Ltd.	88.34	33,717
Zeelon 8.4% 20ML	5000	03/07/2020	04/09/2020	63	M/S Chaudhary Enterprises	12.96	20,374
Zengac 1g Injection (Rotex)	1000	16/03/2021	17/05/2021	62	M/S Rotex Pharma (Pvt) Ltd	224	69,120
Zeot 500mg inj	3000	21/04/2021	27/05/2021	36	M/S Medi Cas International	153	82,185
Ziatir 1g Injection	1000	11/03/2021	17/05/2021	67	M/S Rotex Pharma (Pvt) Ltd	74	24,765
Zoycin 4.5gm injection	8000	16/03/2021	22/06/2021	98	M/S Global Pharmaceuticals (Pvt)Ltd	268	1,047,665
Zoycin 4.5gm injection	2000	26/09/2020	22/10/2020	26	M/S Global Pharmaceuticals (Pvt)Ltd	268	69,168
Total							39,572,204
Children Hospital							
Acetamol 1gm/100ml Inf	2000	24/05/2021	01/11/2021	161	M/s Vision Pharmaceuticals	65	104,650
Acetamol 1gm/100ml Inf	3200	29/06/2021	19/11/2021	143	M/s Vision Pharmaceuticals	65	148,720
Carazime 30ml Susp	3000	24/05/2021	30/08/2021	98	M/S Caraway Pharmaceutical	43	63,210
Total							316,580

Annexure-7 Illegal Abadies over 991 kanal Trust land situated at Phool Nagar Tehsil Pattoki District Kasur

1. Liaquat Town and Maryam Colony Lambay Jageer Road Phool Nagar, Kasur (Total illegally occupied Area 570 Kanal 05 Marlas)								
Sl. No.	Mauza	Lot No.	Total Area leased		Area under illegal Abadi		Name of lessee	Name of illegal Abadi
			Kanals	Marla	Kanals	Marlas		
1.	Miankay Mor	1	99	11	99	11	Mirza Rafiq Baig s/o Mirza Jameel Baig	Abadi Hayat Stadium, Lambey Jageer Road, Phool Nagar
2	-do-	2	99	18	99	18	Mirza Shafiq Baig s/o Mirza Nazar Baig	
3	-do-	5	94	10	82	03	Iqbal s/o Boota	
4	-do-	6	97	18	97	18	Ghulam Yasin s/o Faiz M.	
5	-do-	7	50	16	50	16	Rana Sharafat Ali s/o Rana Shoukat Ali	
6	-do-	7/1	48	05	48	05	M. Rafique s/o M.Sharif, Amanat Ali s/o Ahmed Din	
7	-do-	8	91	14	91	14	M. Hanif s/o M. Abbas, M. Farooq s/o M. Anwar, Qurban s/o Fateh M.	Abadi Town Committee Phool Nagar
			578	92	566	85		
2. Rana Hayat Town Balloki Road, Phool Nagar (Total illegally occupied Acre 103 Kanal 05Marlas)								
Sl. No.	Mauza	Lot No.	Total Area leased		Area under illegal Abadi		Name of lessee	Name of illegal Abadi
			Kanals	Marla	Kanals	Marlas		
1.	Miankey Mor	10	116	00	81	00	M. Asif s/o Noor M.	Abadi Balloki Road, Phool Nagar
2.	-do-	19/1	22	05	22	05	Abid Ali s/o Akbar Ali	
3. Abadi Khasra No. 7010, 7011 & 7012 Opposite Police Station Saddar, Phool Nagar (Total illegally occupied Area 15 Kanal 16 Marlas)								
Sl. No.	Mauza	Lot No.	Total Area leased		Area under illegal Abadi		Name of lessee	Name of illegal Abadi
			Kanals	Marla	Kanals	Marlas		
1.	Miankey Mor	177	15	16	15	16		Abadi Khasra No. 7010, 7011 & 7012 Opposite Police Station Saddar, Phool Nagar
4. Abadi Kot Radha Kishan Road, Phool Nagar (Total illegally occupied Area 158 Kanal 08 Marlas)								
Sl. No.	Mauza	Lot No.	Total Area leased		Area under illegal Abadi		Name of lessee	Name of illegal Abadi
			Kanals	Marla	Kanals	Marlas		
1.	Miankey Mor	162	89	00	89	00	Asadullah s/o Bashir Ahmed	Abadi Kot Radha Kishan Road Phool Nagar
2.	-do-	164	69	08	69	08	Shahid s/o M. Ayyub	
5. Abadi Chah Fateh Wala Portion of Lot No.56 situated at Mouza Miankey Mor, Phool Nagar (Total illegally occupied Area 118 Kanal)								

Sl. No.	Mauza	Lot No.	Total Area leased		Area under illegal Abadi		Name of lessee	Name of illegal Abadi
			Kanals	Marla	Kanals	Marlas		
1.	Miankey Mor	44	117	16	24	00	M. Ameen so Manzoor Ahmed	Chah Fateh Wala Phool Nagar
2.	-do-	45	96	00	30	00	Iqbal s/o Akmal	
3.	-do-	48	96	08	32	00	Tariq Mahmood s/o Abdul Sattar	
4.	-do-	49	92	04	32	00	Abdul Razzaq	
6. Abadi Sarfaraz Nagar Portion of Lot No. 22&34 situated at Mouza Perna, Phool Nagar (Total illegally occupied Area 26 Kanal 04 Marlas)								
Sl. No.	Mauza	Lot No.	Total Area leased		Area under illegal Abadi		Name of lessee	Name of illegal Abadi
			Kanals	Marla	Kanals	Marlas		
1.	Perna	22	91	04	16	04	M. Ishaq s/o Ghulam Muhammad	Abadi Sarfaraz Nagar situated at mouza Perna, Phool Nagar
2.	-do-	34	98	08	10	00	Abdul Jabbar s/o M. Ashiq	

Summarized position of illegal structure and area is as under.

Sl. No.	Name of illegal Abadis	No of illegal structures	Area	
			Kanals	Marlas
1.	Liaqat town near Rana Hayat Stadium, Phool Nagar Maryam Colony near Rana Hayat Stadium, Phool Nagar	730	570	05
3	Rana Hayat Town, Balloki road, Phool Nagar	131	103	05
4.	Abadi Khasra Nos.7010,7011 & 7012 opposite Police station Sadar, Phool Nagar	28	15	16
5.	Abadi Kot Radha Kishan road, Phool Nagar	647	158	08
6.	Abadi Chah Fateh Wala portion of lot No.56 situated at Mouza Miankey Mor, Phool Nagar	10	118	00
7.	Abadi Sarfaraz Nagar portion of lot No.22&34 situated at mouza Perna, Phool Nagar	39	26	04
	Total:	1585	990	38