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

AUDIT YEAR 2012-13

AUDITOR GENERAL OF PAKISTAN

TABLE OF CONTENTS

ABBREVIATIONS AND ACRONYMS i

PREFACE xiii

EXECUTIVE SUMMARY 1

SUMMARY TABLES & CHARTS 7

I. Audit Work Statistics 7

II. Audit Observations Classified by Categories 7

III. Outcome Statistics 8

IV. Irregularities Pointed Out 8

CHAPTER 1 10

1 PUBLIC FINANCIAL MANAGEMENT ISSUES 10

1.1 ACCOUNTANT GENERAL PAKISTAN REVENUES (AGPR) 10

1.1.1 Excess expenditure on purchase of physical assets during the period of ban - Rs. 4,030.691 million 10

1.1.2 Overstatement of expenditure due to cheques not encashed - Rs. 123.977 million 11

1.1.3 Expenditure not reconciled in June (Final) 2012 - Rs. 71,796.000 million 12

1.1.4 Understatement of expenditure in Grant No. 121 - Rs. 494.585 million 13

1.1.5 Irregular payment of Pay and Allowances to Secretary, Law and Justice Division 14

1.1.6 Irregular appointment of Principal Officer in the Ministry of Finance 16

1.1.7 Irregular payment of Judicial Allowance 18

1.1.8 Payment of Encashment of Leave Preparatory to Retirement without budget 19

1.1.9 Negative balances of General Provident Fund - Rs. 20.096 million 20

1.1.10 Unrealistic General Provident Fund balances - Rs. 24.336 million 21

1.2 CENTRAL DIRECTORATE OF NATIONAL SAVINGS (CDNS) 23

1.2.1 Manuscript of Appropriation Accounts of CDNS not prepared on the approved format of Financial Reporting Manual 23

1.2.2 Irregular and unauthorized re-appropriations of funds into banned heads of accounts - Rs. 32.034 million 25

CHAPTER 2 27

2 BENAZIR INCOME SUPPORT PROGRAM (BISP) 27
2.1 Introduction of Program 27
2.2 Comments on Budget & Accounts (Variance Analysis) 27
2.3 Brief comments on the status of compliance with PAC Directives 28
2.4 AUDIT PARAS 28
Non Production of Record 28
2.4.1 Non-production of record - Rs. 12.220 million 28
Irregularity & Non Compliance 29
2.4.2 Irregular payment of House Rent Allowance to deputationists - Rs. 3.734 million 29
2.4.3 Adoption of Special Pay Scales by BISP Board without the concurrence of Finance Division and payment of arrears - Rs. 21.583 million 32
2.4.4 Unauthorized fixation of Pay & Allowances - Rs. 2.746 million 34
2.4.5 Selection of advertising firms without due evaluation - Rs. 1,647.486 million 36
2.4.6 Irregular appointment of State Life Insurance Corporation without open competition - Rs. 2,747.256 million 39
2.4.7 Regulations for disbursement of funds not approved by the BISP Board - Rs. 74,412.364 million 42
2.4.8 Irregular and unauthorized payment of cash reward to World Bank consultants - Rs. 1.930 million 44
2.4.9 Provision of vehicles to unauthorized officers - Rs. 7.665 million 44
2.4.10 Undue favour extended to State Life Insurance Corporation - Rs. 2,648.747 million 47
2.4.11 Award of work to NADRA without open competition - Rs. 73.752 million.... 49
2.4.12 Purchase of vehicles during the period of ban - Rs. 5.710 million 51
2.4.13 Non-reconciliation of funds provided to Pakistan Post and commercial banks for disbursement to beneficiaries - Rs. 65,098.350 million 52
2.4.14 Irregular procurement without open competition - Rs. 48.049 million 53
2.4.15 Over payment to Pakistan Post - Rs. 66.968 million 56
2.4.16 Cash Book not maintained 57
Internal Control Weaknesses 58

2.4.17 Unauthorized payment to non-eligible beneficiaries - Rs. 305.577 million 58

2.4.18 Duplicate payment to BISP beneficiaries through Pakistan Post and Benazir Debit Card - Rs. 1.359 million 59

CHAPTER 3 61

3 CABINET DIVISION 61

3.1 Introduction of Division 61

3.2 Comments on Budget & Accounts (Variance Analysis) 64

3.3 Brief comments on the status of compliance with PAC Directives 65

3.4 AUDIT PARAS 66

Irregularity & Non Compliance 66

3.4.1 Loss due to incorrect calculation of depreciation of vehicles - Rs. 0.502 million 66

3.4.2 Irregular monetization of official vehicle - Rs. 0.326 million 68

3.4.3 Recovery from awardee of overseas scholarship not serving in Pakistan - Rs. 2.740 million 69

3.4.4 Recovery of outstanding licenses fee from generation companies - Rs. 45.292 million 71

3.4.5 Recovery on account of unauthorized distribution of electricity and fine thereof - Rs. 21.955 million 72

3.4.6 Non-vetting of financial procedure/regulations from the Federal Government/Finance Division 73

3.4.7 Irregular sanction of expenditure by the Project In-Charge - Rs. 9.974 million 75

3.4.8 Irregular posting of Principal, Federal Medical & Dental College without sanctioned post 76

3.4.9 Recovery on account of incorrect calculation of depreciated value of monetized vehicle - Rs. 0.045 million 77

3.4.10 Irregular and unauthorized award of agreement for installation of telecom towers - Rs. 3.000 million 79

3.4.11 Loss due to expiry of water for injections - Rs. 1.333 million 80

3.4.12 Irregular absorption in B-19 and promotion in B-20 81

3.4.13 Non framing and approval of Welfare Fund rules - Rs. 4.494 million 82

3.4.14 Irregular refund of 75% rebate of Income Tax - Rs. 2.171 million 83

3.4.15 Un-authorized retention of Income Tax - Rs. 4.542 million 84

CHAPTER 4 86

4 CAPITAL ADMINISTRATION AND DEVELOPMENT DIVISION 86

4.1 Introduction of Division 86

4.2 Comments on Budget & Accounts (Variance Analysis) 87

4.3 Brief comments on the status of compliance with PAC Directives 89

4.4 AUDIT PARAS 90

Fraud/Misappropriation 90

4.4.1 Suspected misappropriation of medicines - Rs. 37.874 million 90

4.4.2 Doubtful issuance of medicines from Out Patient Department (OPD) of PIMS - Rs. 9.769 million 91

Non Production of Record 92

4.4.3 Non-Production of record by Private Educational Institutions Regulatory Authority 92

Irregularity & Non Compliance 93

4.4.4 Loss due to undue favor extended to COMSATS Institute of Information Technology - Rs. 12.117 million 93

4.4.5 Less recovery and unauthorized retention of electricity charges - Rs. 3.083 million 96

4.4.6 Irregular and unauthorized payment of cash award - Rs. 3.855 million 97

4.4.7 Irregular award of contract for college canteens 98

4.4.8 Irregular and unauthorized procurement of vehicles - Rs. 5.910 million 99

4.4.9 Irregular procurement of physical assets during the ban period - Rs. 3.484 million 101

4.4.10 Irregular appointment of Executive Director, Federal Government Polyclinic, Islamabad 102

4.4.11 Unauthorized handing over of staff cars and payment of Monetization Allowance - Rs. 3.224 million 103

4.4.12 Irregular release of funds to Pak PWD - Rs. 12.000 million 105

4.4.13 Unauthorized expenditure on repair of office building - Rs. 12.000 million . 106

4.4.14 Irregular utilization of funds for prevention and management of Dengue Fever - Rs. 4.030 million 107
4.4.15 Unauthorized opening and operation of Bank Account 108
4.4.16 Loss on account of purchase of medicines by ignoring the lowest bids - Rs. 44.001 million 110
4.4.17 Irregular purchase of dietary items - Rs. 6.041 million 111
4.4.18 Irregular and unauthorized expenditure on Civil Works - Rs. 15.077 million 112
4.4.19 Loss on account of purchase of medicines by ignoring the lowest bids - Rs. 10.766 million 114
4.4.20 Loss due to less recovery of electricity charges and non-collection of dues - Rs. 6.484 million 115
4.4.21 Irregular payment of Conveyance Allowance - Rs. 9.723 million 116
4.4.22 Irregular payment of Health Allowance to deputationists from provinces - Rs. 1.749 million 117
4.4.23 Unauthorized use of vehicles by non-entitled officers - Rs. 2.684 million 119
4.4.24 Unauthorized retention of 41 vehicles and expenditure thereon - Rs. 8.361million 120
4.4.25 Irregular appointment to the post of Assistant Engineer (Civil) 121
CHAPTER 5 123
5 MINISTRY OF CLIMATE CHANGE 123
5.1 Introduction of Ministry 123
5.2 Comments on Budget & Accounts (Variance Analysis) 123
5.3 Brief comments on the status of compliance with PAC Directives 124
5.4 AUDIT PARAS 125
Irregularity & Non Compliance 125
5.4.1 Irregular and unauthorized expenditure due to non-vetting of National Disaster Management Authority Rules, 2007 by Finance Division 125
5.4.2 Recovery of irregular payment of Prime Minister Secretariat Allowance to NDMA employees 127
5.4.3 Irregular transfer to and unauthorized use of two Toyota Land Cruisers, Prado by the Ministry of Climate Change 128
CHAPTER 6 131

6 MINISTRY OF COMMERCE 131
6.1 Introduction of Ministry 131
6.2 Comments on Budget & Accounts (Variance Analysis) 133
6.3 Brief comments on the status of compliance with PAC Directives 134
6.4 AUDIT PARAS 135
Fraud/Misappropriation 135
6.4.1 Fraudulent payment to M/s Expocube on account of “Magic Show - 2006” - US$ 13,276.50 135
Irregularity & Non Compliance 136
6.4.2 Loss due to incorrect calculation of depreciation of vehicles - Rs. 0.102 million 136
6.4.3 Irregular payment of entertainment charges - Rs. 1.421 million 137
6.4.4 Irregular expenditure on account of gift items - Rs. 1.799 million 138
6.4.5 Unauthorized expenditure of participation fee in Bridal Asia, 2011 - Rs. 1.800 million 139
6.4.6 Irregular payment to Sindh Police on account of safety & security - Rs. 1.000 million 140
6.4.7 Irregular expenditure on purchase of physical assets despite ban - Rs. 1.484 million 141
6.4.8 Unauthorized retention of un-spent balance - € 0.399 million 142
6.4.9 Loss due to non-refund of Value Added Tax - € 0.169 million 143
CHAPTER 7 144
7 COMMUNICATIONS DIVISION 144
7.1 Introduction of Division 144
7.2 Comments on Budget & Accounts (Variance Analysis) 145
7.3 Brief comments on the status of compliance with PAC Directives 146
7.4 AUDIT PARAS 147
Irregularity & Non Compliance 147
7.4.1 Loss due to incorrect calculation of depreciation of vehicles - Rs. 0.403 million 147
7.4.2 Irregular retention of deputationists beyond the maximum period of five years.. 148

7.4.3 Unauthorized operation of NH&MP Regimental and Welfare Fund and expenditure thereof - Rs. 200.333 million 149
7.4.4 Unauthorized expenditure on account of rent of office building - Rs. 13.089 million 151
7.4.5 Un-authorized withdrawal from Road Safety Campaigns, Performance Reward and Welfare Fund - Rs. 37.745 million 152
7.4.6 Unauthorized expenditure on account of cash award - Rs. 6.700 million 154
7.4.7 Irregular expenditure on advertisement - Rs. 6.409 million 156
7.4.8 Non-disposal of 22 replaced vehicles 157
7.4.9 Unauthorized retention of government receipt - Rs. 1.994 million 158
7.4.10 Irregular maintenance of bank accounts and retention of funds therein - Rs. 615.288 million 159
7.4.11 Irregular expenditure on account of Fixed Daily Allowance and Special Allowance - Rs. 14.99 million 161
7.4.12 Irregular appointments of Junior Patrol Officers 162
7.4.13 Illegal allocation of vehicles to Ministry of Communications 163
7.4.14 Irregular payment of House Rent Ceiling - Rs. 59.135 million 164
CHAPTER 8 166
8 DEFENCE DIVISION 166
8.1 Introduction of Division 166
8.2 Comments on Budget & Accounts (Variance Analysis) 168
8.3 Brief comments on the status of compliance with PAC Directives 170
8.4 AUDIT PARAS 171
Irregularity & Non Compliance 171
8.4.1 Irregular award of contract of canteen 171
8.4.2 Excess payment to M/s PIAC due to non-deduction of Income Tax - Rs. 21.249 million 172
8.4.3 Un-authorized payment to Army Welfare Trust (Askari Aviation Private Limited) - Rs. 67.94 million 173
8.4.4 Irregular expenditure on account of POL charges - Rs. 2.228 million 174
Internal Control Weaknesses 175

8.4.5 Non reconciliation of receipt - Rs.119.980 million 175
CHAPTER 9 177
9 DEFENCE PRODUCTION DIVISION 177
9.1 Introduction of Division 177
9.2 Comments on Budget & Accounts (Variance Analysis) 178
9.3 Brief comments on the status of compliance with PAC Directives 179
9.4 AUDIT PARAS 179
Irregularity & Non Compliance 179
9.4.1 Irregular payment on account of POL - Rs. 6.285 million 179
9.4.2 Irregular auction of condemned vehicles - Rs. 2.264 million 180
9.4.3 Irregular expenditure on account of entertainment - Rs. 4.026 million 181
9.4.4 Non-recovery of standard rent and utility charges - Rs. 1.178 million 182
9.4.5 Un-authorized use of vehicles of attached departments 183
CHAPTER 10 185
10 ELECTION COMMISSION OF PAKISTAN 185
10.1 Introduction of Commission 185
10.2 Comments on Budget & Accounts (Variance Analysis) 186
10.3 Brief comments on the status of compliance with PAC Directives 187
10.4 AUDIT PARAS 188
Irregularity & Non Compliance 188
10.4.1 Mis-procurement of printing material – Rs. 49.290 million 188
10.4.2 Irregular expenditure on printing due to misclassification - Rs. 68.127 million 189
10.4.3 Unauthorized purchase of additional vehicle - Rs. 1.899 million 190
Internal Control Weaknesses 191
10.4.4 Loss due to expiry of indelible ink – Rs. 2.501 million 191
CHAPTER 11 192
11 ESTABLISHMENT DIVISION 192
11.1 Introduction of Division 192
11.2 Comments on Budget & Accounts (Variance Analysis) 192

11.3 Brief comments on the status of compliance with PAC Directives 194
11.4 AUDIT PARAS...194
Irregularity & Non Compliance 194
11.4.1 Loss due to incorrect calculation of depreciation of vehicles - Rs. 0.110 million 194
11.4.2 Unauthorized approval of Federal Employees Benevolent and Group Insurance Fund (Employees Service) Rules, 2011...195
11.4.3 Unauthorized utilization of FEB&GI Funds on Pay and Allowances and operational expenses - Rs. 159.323 million..197
11.4.4 Irregular purchase of vehicles – Rs. 5.747 million..199
11.4.5 Irregular monetization of official vehicles - Rs. 2.520 million 200
11.4.6 Irregular execution of development works - Rs. 50.778 million....................202
11.4.7 Unauthorized investment - Rs. 3,186.555 million...203
11.4.8 Loss due to investment in non-government securities - Rs. 1,224.020 million.... 204
11.4.9 Non recovery of Pay & Allowances from ex-Managing Director - Rs. 1.711 million 206
11.4.10 Unauthorized payment of various Allowances - Rs. 11.702 million.............207
11.4.11 Irregular extension of contract of Security Agency - Rs. 1.183 million.........208
CHAPTER 12 211
12 FEDERAL TAX OMBUDSMAN 211
12.1 Introduction of Ombudsman 211
12.2 Comments on Budget & Accounts (Variance Analysis).............................211
12.3 Brief comments on the status of compliance with PAC Directives 212
12.4 AUDIT PARAS...212
Irregularity & Non Compliance 212
12.4.1 Irregular purchase of imported vehicle - Rs. 7.640 million............................212
12.4.2 Unjustified operation of Secret Service Fund and expenditure therefrom - Rs. 3.900 million...213
CHAPTER 13 215
13 FEDERALLY ADMINISTERED TRIBAL AREAS 215

13.1 Introduction of FATA ... 215
13.2 Comments on Budget & Accounts (Variance Analysis) ... 216
13.3 Brief comments on the status of compliance with PAC Directives ... 217
13.4 AUDIT PARAS ... 218
Non Production of Record ... 218
13.4.1 Non-production of record ... 218
13.4.2 Non-production of record of receipts and expenditure - Rs. 1,831.362 million and Rs. 97.238 million, respectively ... 220
Irregularity & Non-Compliance ... 221
13.4.3 Award of contracts without open competition - Rs. 3,408.372 million ... 221
13.4.4 Non-deduction of Withholding Tax - Rs. 204.576 million ... 223
13.4.5 Award of contracts without obtaining Technical Sanction of Estimates - Rs. 3,439.799 million ... 224
13.4.6 Irregular payment of House Rent - Rs. 10.750 million ... 225
13.4.7 Un-authorized retention of Income Tax - Rs. 4.497 million ... 227
13.4.8 Unauthorized collection and irregular retention of funds - Rs. 265.742 million and Rs. 55.446 million, respectively ... 228
13.4.9 Non deposit of sale proceeds of Tender Forms - Rs. 2.170 million ... 229
13.4.10 Un-supported payment of escalation charges and compensation for late payment - Rs. 11.606 million ... 230
13.4.11 Irregular award of contract to M/s Frontier Works Organization - Rs. 6,469.755 million (USD 76.111 million) ... 231
13.4.12 Excess expenditure due to inflated cost by 45.00% to 62.40% above NHA (CSR 2009) District Tank rates - Rs. 1,769.293 million (USD 20.815 million) ... 233
13.4.13 Splitting of PC-Is to avoid approval from ECNEC - Rs. 6,157.954 million ... 235
13.4.14 Un-justified provision of escalation @ 12.5% - Rs. 29.981 million (USD 352,719) ... 238
13.4.15 Overpayment on account of Material Inspection Testing & Inspection Fee on higher rates - Rs. 5.558 million (USD 65,385) ... 239
13.4.16 Loss due to defective PC-I - Rs. 162.942 million (USD 1.917 million) ... 241
Internal Control Weaknesses ... 242

13.4.17 Non-forfeiture of unclaimed Security Deposits - Rs. 242.135 million 242

13.4.18 Non-disposal of off-road vehicles 243

CHAPTER 14 245

14 FINANCE DIVISION 245

14.1 Introduction of Division 245

14.2 Comments on Budget & Accounts (Variance Analysis) 248

14.3 Brief comments on the status of compliance with PAC Directives 249

14.4 AUDIT PARAS 250

Non Production of Record 250

14.4.1 Non production of record by Competition Commission of Pakistan............. 250

Irregularity & Non Compliance 252

14.4.2 Disparity in salaries of Federal Government Employees 252

14.4.3 Irregular appointment of Advisor to the Finance Division 253

14.4.4 Loss due to incorrect calculation of depreciation of vehicles - Rs. 1.236 million 255

14.4.5 Unauthorized Monetization of nine project vehicles 257

14.4.6 Unauthorized payment of honorarium and Income Tax - Rs. 7.591 million .. 258

14.4.7 Unauthorized expenditure in violation of the austerity measures - Rs. 17.979 million 260

14.4.8 Irregular payment of Project Allowance - Rs. 2.842 million.......................... 261

14.4.9 Irregular expenditure on payment of ‘Special Allowance’............................ 262

14.4.10 Unauthorized expenditure on entertainment - Rs. 1.017 million.................... 263

14.4.11 Irregular payment of project allowance to the employees - Rs. 7.160 million 265

14.4.12 Irregular payment of Project Allowance to the Director General, CDNS appointed in MP-I scale - Rs. 1.11 million 266

14.4.13 Irregular appointments of Data Entry Operators - Rs. 7.672 million 267

14.4.14 Payment of salaries through Drawing and Disbursing Officer - Rs. 77.550 million 269

14.4.15 Loss due to procurement of split AC from 3rd lowest bidder - Rs. 1.291 million 270

14.4.16 Unauthorized procurement of assets - Rs. 38.868 million............................. 271

14.4.17 Unauthorized execution of renovation and refurbishment work - Rs. 14.340 million 273
14.4.18 Irregular appointment of Data Entry Operators - Rs. 1.770 million 275
14.4.19 Irregular investment in different financial institutions - Rs. 61.000 million .. 276
14.4.20 Irregular and unauthorized payment of different allowances/facilities to Chairman and Members of the Commission - Rs. 6.158 million 277
14.4.21 Purchase of vehicles on lease basis during period of ban on purchase of physical assets - Rs. 24.294 million 280
14.4.22 Irregular payment of different advances to Members of the Competition Commission of Pakistan - Rs. 3.985 million 281
14.4.23 Framing of Regulations in the absence of approved Rules of the Federal Government 283
CHAPTER 15 286
15 HIGHER EDUCATION COMMISSION (HEC) 286
15.1 Introduction of Commission 286
15.2 Comments on Budget & Accounts (Variance Analysis) 286
15.3 Brief comments on the status of compliance with PAC Directives 288
15.4 AUDIT PARAS 289
Irregularity & Non Compliance 289
15.4.1 Irregular contract appointments and renewal of MP scales officers - Rs. 95.091 million 289
15.4.2 Loss due to incorrect calculation of depreciation of vehicles - Rs. 0.771 million 291
15.4.3 Non recovery from defaulters/absconders who were awarded scholarships - Rs. 136.035 million 293
15.4.4 Purchase of physical assets during the period of ban - Rs. 8.778 million 294
15.4.5 Purchase of used buses and tyres which had completed their useful life - Rs. 14.740 million 295
15.4.6 Irregular reimbursement of petrol charges – Rs. 2.025 million 296
15.4.7 Irregular payment of pension benefits to teachers under Tenure Track System... 297
15.4.8 Irregular payment of Medical Allowance over and above prescribed rates ... 298

15.4.9 Irregular re-employment of Controller of Examinations on contract basis after superannuation....300
15.4.10 Irregular payment of House Rent Ceiling with pay – Rs. 69.731 million....301
15.4.11 Irregular payment of House Rent Ceiling with pay - Rs. 93.908 million....302
15.4.12 Unauthorized provision of residential facility and payment of utility charges to the Vice-Chancellor - Rs. 1.416 million....303
15.4.13 Irregular payment of Medical Allowance over and above prescribed rates....305
15.4.14 Irregular appointment of Treasurer, Registrar and Controller of Examinations....306
15.4.15 Irregular printing of books from private printers - Rs. 29.018 million....307
15.4.16 Irregular payment of House Rent Allowance to employees residing in government Accommodation....309
15.4.17 Irregular payment of Conveyance Allowance to employees residing within the University premises....310
CHAPTER 16....312
16 MINISTRY OF HOUSING AND WORKS....312
16.1 Introduction of Ministry....312
16.2 Comments on Budget & Accounts (Variance Analysis)....313
16.3 Brief comments on the status of compliance with PAC Directives....315
16.4 AUDIT PARAS....315
Irregularity & Non compliance....315
16.4.1 Unauthorized sale/allotment of vehicle of other department under Monetization Policy....315
CHAPTER 17....317
17 MINISTRY OF INDUSTRIES....317
17.1 Introduction of Ministry....317
17.2 Comments on Budget & Accounts (Variance Analysis)....318
17.3 Brief comments on the status of compliance with PAC Directives....320
17.4 AUDIT PARAS....320
Irregularity & Non Compliance....320
17.4.1 Irregular expenditure on purchase of buses and rickshaws - Rs. 189.616 million....320

17.4.2 Loss due to incorrect calculation of depreciation of vehicles - Rs. 0.453 million 322

CHAPTER 18 324

18 MINISTRY OF INFORMATION AND BROADCASTING 324

18.1 Introduction of Ministry 324

18.2 Comments on Budget & Accounts (Variance Analysis) 325

18.3 Brief comments on the status of compliance with PAC Directives 326

18.4 AUDIT PARAS.. 327

Irregularity & Non Compliance 327

18.4.1 Irregular and un-authorized monetization of Vehicle - Rs. 0.685 million...... 327

18.4.2 Unauthorized expenditure on entertainment - Rs. 5.973 million.................... 328

18.4.3 Irregular expenditure on advertisement campaign - Rs. 308.083 million....... 330

18.4.4 Irregular expenditure on advertisement campaign through electronic media - Rs. 254.424 million 332

18.4.5 Irregular placing of nine vehicles on General Duty pool............................... 333

18.4.6 Irregular printing without open competition - Rs. 2.223 million.................... 335

18.4.7 Irregular placing of 15 vehicles on General and Protocol Duties................... 335

18.4.8 Irregular maintenance and operation of Secret Service Fund - Rs. 182.460 million 337

18.4.9 Non-recovery of outstanding fees from licensees - Rs. 106.984 million........ 338

18.4.10 Unauthorized payment of Cash Reward and Eid Bonus - Rs. 39.486 million 339

18.4.11 Irregular investment of funds - Rs. 588.770 million...................................... 340

18.4.12 Irregular use of vehicles by non-entitled officers - Rs. 11.040 million 342

18.4.13 Non-recovery of fines from licensees - Rs. 7.700 million............................. 343

18.4.14 Irregular appointment and payment of salary to Ex-Chairman - Rs. 12.420 million 344

18.4.15 Irregular procurement of physical assets during period of ban - Rs. 3.579 million 347

18.4.16 Non-recovery of outstanding fee from licensees on annual gross advertisement revenue 348

18.4.17 Non-vetting of financial and procurement rules from the Federal Government - Rs. 1,041.000 million 349

Internal Control Weaknesses 351

18.4.18 Loss due to theft of official vehicle 351

CHAPTER 19 353

19 MINISTRY OF INTER PROVINCIAL COORDINATION 353

19.1 Introduction of Ministry 353

19.2 Comments on Budget & Accounts (Variance Analysis) 356

19.3 Brief comments on the status of compliance with PAC Directives 357

19.4 AUDIT PARAS 358

Irregularity & Non-Compliance 358

19.4.1 Loss due to incorrect calculation of depreciation of vehicles - Rs. 0.484 million 358

19.4.2 Irregular release of funds for development of sports facilities (SAVER Fund) - Rs. 80.390 million 359

19.4.3 Loss due to renting out building at lower rates - Rs. 7.869 million 360

19.4.4 Unauthorized maintenance of Staff Welfare Fund - Rs. 4.300 million 362

19.4.5 Unauthorized use of PSB vehicles by the Minister and Secretary of the controlling Ministry 364

19.4.6 Irregular expenditure on Contingent Paid Staff - Rs. 10.458 million 365

19.4.7 Irregular award of contract "Construction of Boxing Gymnasium at Islamabad" - Rs. 60.068 million 366

19.4.8 Irregular award of contract for Heating, Ventilation and Air Conditioning (HVAC) System - Rs. 24.826 million 368

19.4.9 Unauthorized expenditure on mobile phone facility - Rs. 1.014 million 369

19.4.10 Performance of Hajj at public expense - Rs. 1.204 million 370

19.4.11 Unauthorized expenditure on payment of allowances - Rs. 9.784 million 372

19.4.12 Irregular expenditure on procurement of vaccines - Rs. 1,250.492 million 373

19.4.13 Loss due to non-forfeiture of Bid Security (Earnest Money) - Rs. 3.376 million 375

CHAPTER 20 378

20 MINISTRY OF INTERIOR 378

20.1 Introduction of Ministry 378

20.2 Comments on Budget & Accounts (Variance Analysis) 379

20.3 Brief comments on the status of compliance with PAC Directives 380

20.4 AUDIT PARAS 381

Fraud/Misappropriation 381

20.4.1 Doubtful expenditure incurred on the purchase of POL - Rs. 5.250 million .. 381

20.4.2 Doubtful expenditure on repair of vehicles - Rs. 6.509 million 382

Non Production of Record 384

20.4.3 Non production of record by Federal Investigation Agency Headquarters - Rs. 21.596 million 384

20.4.4 Non-production of record 385

20.4.5 Non-production of record by NADRA, London 387

20.4.6 Non-production of record by Pakistan Rangers, Punjab 388

Irregularity & Non Compliance 389

20.4.7 Non-deposit of license fee into Government Treasury - Rs 64.270 million ... 389

20.4.8 Irregular appointments and expenditure thereof - Rs 1.313 million 391

20.4.9 Irregular expenditure on Secret Service Fund - Rs. 2.000 million 392

20.4.10 Unauthorized retention of vehicles of completed project 393

20.4.11 Unauthorized maintenance of 12 vehicles 394

20.4.12 Irregular re-appropriation of Road Safety Education funds - Rs. 69.074 million 396

20.4.13 Expenditure on Cash Reward and Road Safety Education out of fine money without framing rules - Rs. 130.926 million 396

20.4.14 Unauthorized expenditure on renovation and civil works - Rs. 135.863 million 397

20.4.15 Irregular payment of House Rent Allowance - Rs. 1.511 million 398

20.4.16 Irregular creation and operation of Islamabad Police Welfare Fund - Rs. 6.265 million 399

20.4.17 Unauthorized purchase of additional vehicles - Rs. 38.654 million 400

20.4.18 Wasteful expenditure on hiring of building and purchase of musical instruments - Rs. 4.416 million.......402

20.4.19 Non recovery on account of deployment of Police Guard - Rs. 15.300 million..........403

20.4.20 Irregular expenditure on account of Fixed Daily Allowance and Special Allowance.......403

20.4.21 Irregular expenditure out of Secret Service Fund - Rs. 3.000 million.......404

20.4.22 Irregular expenditure out of Secret Service Fund - Rs. 7.000 million.......405

20.4.23 Irregular payment of Conveyance Allowance to employees residing within work premises - Rs. 18.905 million.......406

20.4.24 Non-deduction of Withholding Tax from contractors - Rs. 1.345 million.......407

20.4.25 Irregular payment of Conveyance Allowance to employees residing within work premises - Rs. 254.090 million.......408

20.4.26 Irregular payment of Conveyance Allowance to employees on leave - Rs. 1.097 million.......410

20.4.27 Non-recovery of deployment cost - Rs. 136.986 million.......411

20.4.28 Deployment of Frontier Constabulary personnel for security of private individuals - Rs. 46.082 million.......412

20.4.29 Wasteful expenditure on running of rest houses - Rs. 2.718 million.......413

20.4.30 Unauthorized payment of Conveyance Allowance - Rs. 428.468 million.......415

20.4.31 Irregular purchase of arms without open competition - Rs. 17.575 million.......416

20.4.32 Irregular payment of duties and taxes on behalf of the supplier - Rs. 9.487 million.......417

20.4.33 Unauthorized purchase of additional vehicles - Rs. 50.158 million.......418

20.4.34 Loss due to purchase of stores by ignoring the lowest bids - Rs. 18.813 million.......419

20.4.35 Unauthorized creation and operation of Regimental Fund - Rs. 154.268 million.......421

20.4.36 Irregular payment of House Rent Allowance and Conveyance Allowance - Rs. 1.322 million.......422

20.4.37 Irregular expenditure on purchase of vehicles - Rs. 29.692 million.......424

20.4.38 Irregular purchase of ammunition without open competition - Rs. 2.500 million 425
20.4.39 Irregular procurement of items by mentioning brand names - Rs. 27.308 million 427
20.4.40 Un-authorized payment of Conveyance Allowance - Rs. 263.421 million 428
20.4.41 Non-deposit of deployment cost into government treasury - Rs. 487.902 million 429
20.4.42 Loss due to less recovery of electricity charges from private users - Rs. 4.495 million 430
20.4.43 Irregular payment of House Rent Allowance to employees residing in government accommodation - Rs. 2.959 million 432
20.4.44 Irregular payment of residential telephone charges to non-entitled employees - Rs. 0.400 million 433
20.4.45 Unauthorized expenditure on hiring of residential accommodations - Rs. 1.434 million 434
Internal Control Weaknesses 436
20.4.46 Non-maintenance of record of Printed Computerized Registration Books 436
20.4.47 Non-installation of Machine Readable Passport & Machine Readable Visa System 437
CHAPTER 21 439
21 MINISTRY OF LAW AND JUSTICE 439
21.1 Introduction of Ministry 439
21.2 Comments on Budget & Accounts (Variance Analysis) 440
21.3 Brief comments on the status of compliance with PAC Directives 442
21.4 AUDIT PARAS 442
Irregularity & Non Compliance 442
21.4.1 Non-framing of Academy’s Services and Financial Rules 442
21.4.2 Irregular payment of project allowance to the contract employees - Rs. 4.788 million 443
CHAPTER 22 445
22 MINISTRY OF NARCOTICS CONTROL 445
22.1 Introduction of Ministry 445

22.2 Comments on Budget & Accounts (Variance Analysis) 446
22.3 Brief comments on the status of compliance with PAC Directives 447
22.4 AUDIT PARAS 448
Non Production of Record 448
22.4.1 Non production of record - Rs. 5.097 million 448
Irregularity & Non Compliance 449
22.4.2 Irregular expenditure on mass awareness through NGOs - Rs. 2.783 million 449
CHAPTER 23 452
23 PAKISTAN ATOMIC ENERGY COMMISSION (PAEC) 452
23.1 Introduction of Commission 452
23.2 Comments on Budget & Accounts (Variance Analysis) 452
23.3 Brief comments on the status of compliance with PAC Directives 453
23.4 AUDIT PARAS 454
Non Production of Record 454
23.4.1 Non-production of record 454
Irregularity & Non Compliance 455
23.4.2 Irregular payment of Project Allowance - Rs. 241.743 million 455
23.4.3 Unauthorized transfer of funds to Employees Welfare Fund - Rs. 1.000 million 456
23.4.4 Loss due to not awarding contract of Tuck Shop to the highest bidder - Rs. 2.077 million 458
23.4.5 Irregular grant of 75% Income Tax rebate - Rs. 25.474 million 459
23.4.6 Over payment of House Rent Allowance - Rs. 6.198 million 460
23.4.7 Unauthorized payment of rental ceiling - Rs. 11.387 million 462
CHAPTER 24 463
24 PAKISTAN NUCLEAR REGULATORY AUTHORITY 463
24.1 Introduction of Authority 463
24.2 Comments on Budget & Accounts (Variance Analysis) 464
24.3 Brief comments on the status of compliance with PAC Directives 464
24.4 AUDIT PARAS 464
Irregularity & Non Compliance 464

24.4.1 Non framing of rules, regulations and procedures by Pakistan Nuclear Regulatory Authority (PNRA) 464

24.4.2 Irregular payment of Project Allowance - Rs. 2.670 million 465

24.4.3 Irregular grant of 75% Income Tax rebate - Rs. 1.000 million 467

CHAPTER 25 468

25 MINISTRY OF PETROLEUM AND NATURAL RESOURCES 468

25.1 Introduction of Ministry 468

25.2 Comments on Budget & Accounts (Variance Analysis) 469

25.3 Brief comments on the status of compliance with PAC Directives 471

25.4 AUDIT PARAS 472

Irregularity & Non Compliance 472

25.4.1 Performance of Hajj at public expense - Rs. 0.468 million 472

25.4.2 Unauthorized provision of four HDIP vehicles to Ministry of Petroleum & Natural Resources 473

CHAPTER 26 475

26 PLANNING AND DEVELOPMENT DIVISION 475

26.1 Introduction of Division 475

26.2 Comments on Budget & Accounts (Variance Analysis) 477

26.3 Brief comments on the status of compliance with PAC Directives 478

26.4 AUDIT PARAS 479

Non Production of Record 479

26.4.1 Non Production of Record 479

Irregularity & Non Compliance 480

26.4.2 Less recovery of Income Tax - Rs. 2.869 million 480

26.4.3 Irregular monetization of official vehicle - Rs. 1.043 million 482

26.4.4 Unauthorized retention of 10 vehicles of closed project 483

26.4.5 Insecure and irregular investment from Endowment Fund - Rs. 62.400 million 484

26.4.6 Unauthorized expenditure on payment of Interest Charges without provision in PC-I - Rs. 48.669 million 485

26.4.7 Extra payment on account of plinth area - Rs. 50.255 million 487

26.4.8 Less recovery of Income Tax - Rs. 8.801 million 489

26.4.9 Recovery on account of plants not installed - Rs. 31.887 million 490

26.4.10 Non-deduction of General Sales Tax - Rs. 12.255 million 492

CHAPTER 27 494

27 MINISTRY OF PORTS AND SHIPPING 494

27.1 Introduction of Ministry 494

27.2 Comments on Budget & Accounts (Variance Analysis) 495

27.3 Brief comments on the status of compliance with PAC Directives 497

27.4 AUDIT PARAS 497

Irregularity & Non- Compliance 497

27.4.1 Less recovery of utility charges - Rs. 12.996 million 497

27.4.2 Irregular payment of Conveyance Allowance to employees residing within the Academy premises - Rs. 1.146 million 499

CHAPTER 28 500

28 MINISTRY OF POSTAL SEVICES 500

28.1 Introduction of Ministry 500

28.2 Comments on Budget & Accounts (Variance Analysis) 501

28.3 Brief comments on the status of compliance with PAC Directives 502

28.4 AUDIT PARAS 502

Non Production of Record 502

28.4.1 Non-production of record of recruitment of 45 employees 502

28.4.2 Non-production of record of Discretionary Grant - Rs. 1.360 million 503

Irregularity & Non Compliance 504

28.4.3 Unauthorized payment of House Building Advance to the Secretary, Postal Services Division - Rs. 3.879 million 504

CHAPTER 29 507

29 PRIME MINISTER'S SECRETARIAT (PUBLIC) 507

29.1 Introduction of Secretariat 507

29.2 Comments on Budget & Accounts (Variance Analysis) 507

29.3 Brief comments on the status of compliance with PAC Directives 508

29.4 AUDIT PARAS 508
Irregularity & Non Compliance 508
29.4.1 Loss due to incorrect calculation of depreciation of vehicle - Rs. 0.054 million 508
CHAPTER 30 510
30 MINISTRY OF PRIVATIZATION 510
30.1 Introduction of Ministry 510
30.2 Comments on Budget & Accounts (Variance Analysis) 510
30.3 Brief comments on the status of compliance with PAC Directives 512
30.4 AUDIT PARAS 512
Irregularity & Non compliance 512
30.4.1 Irregular investment in Trust Investment Bank - Rs. 500.00 million and loss thereof - Rs. 357.208 million 512
30.4.2 Irregular engagement of advertisement firms - Rs. 361.813 million 514
30.4.3 Irregular and unauthorized payment of honorarium - Rs. 32.581 million 515
30.4.4 Irregular opening of bank accounts and unauthorized transfer of funds - Rs. 3,590.798 million 517
30.4.5 Undue favour and irregular investments in different financial institutions - Rs. 5,728.242 million 518
CHAPTER 31 521
31 MINISTRY OF RELIGIOUS AFFAIRS 521
31.1 Introduction of Ministry 521
31.2 Comments on Budget & Accounts (Variance Analysis) 522
31.3 Brief comments on the status of compliance with PAC Directives 523
31.4 AUDIT PARAS 524
Non Production of Record 524
31.4.1 Non-production of record of vaccine purchased during Hajj 2011 524
Irregularity & Non-Compliance 525
31.4.2 Non-deposit of collected taxes into government treasury - Rs. 5.274 million 525
31.4.3 Unauthorized retention and utilization of receipts - Rs. 33.489 million 526

31.4.4 Irregular purchase of vehicles from Hajj Pilgrims Welfare Fund - Rs. 22.937 million 527
31.4.5 Unauthorized expenditure on purchase of gifts - Rs. 3.159 million 528
31.4.6 Unauthorized retention of 29 vehicles 530
CHAPTER 32 531
32 MINISTRY OF STATES AND FRONTIER REGIONS 531
32.1 Introduction of Ministry 531
32.2 Comments on Budget & Accounts (Variance Analysis) 533
32.3 Brief comments on the status of compliance with PAC Directives 534
32.4 AUDIT PARAS 534
Non Production of Record 534
32.4.1 Non-production of record - Rs. 55.489 million 534
Irregularity & Non Compliance 536
32.4.2 Irregular operation of Levies and Khassadars Welfare Fund and retention of funds deducted from the salaries of Khassadars - Rs. 2.985 million 536
32.4.3 Award of contracts without obtaining Technical Sanction of Estimates - Rs. 124.837 million 538
32.4.4 Unauthorized retention of Income Tax and Sales Tax - Rs. 3.798 million 539
32.4.5 Non-deduction of Withholding Tax - Rs. 2.268 million 540
32.4.6 Loss due to purchase of ambulances and X-ray machine at higher rates - Rs. 2.105 million 541
32.4.7 Irregular payment of Project Allowance and non-deduction of Income Tax - Rs. 1.020 million 542
32.4.8 Service record and payee’s receipts against salaries not available - Rs. 948.090 million 543
32.4.9 Doubtful expenditure on TA/DA without supporting vouchers - Rs. 1.129 million 545
CHAPTER 33 547
33 MINISTRY OF SCIENCE AND TECHNOLOGY 547
33.1 Introduction of Ministry 547
33.2 Comments on Budget & Accounts (Variance Analysis) 548

33.3 Brief comments on the status of compliance with PAC Directives 550
33.4 AUDIT PARAS 551
Irregularity & Non Compliance 551
33.4.1 Irregular grant of 75% rebate in Income Tax to the employees of Pakistan Council for Science and Technology - Rs. 1.744 million 551
33.4.2 Unauthorized retention of vehicle of closed project and allocation of vehicles to the controlling Ministry 552
33.4.3 Irregular grant of 75% rebate in Income Tax to the employees of Pakistan National Accreditation Council - Rs. 1.160 million 553
33.4.4 Unauthorized expenditure on rent of office building - Rs. 10.820 million..... 554
33.4.5 Unauthorized creation and operation of Pension Fund Account - Rs. 6.060 million 555
33.4.6 Irregular promotion of BPS 19 officer to BPS 20 556
CHAPTER 34 559
34 STATISTICS DIVISION 559
34.1 Introduction of Division 559
34.2 Comments on Budget & Accounts (Variance Analysis) 560
34.3 Brief comments on the status of compliance with PAC Directives 561
34.4 AUDIT PARAS 562
Irregularity & Non Compliance 562
34.4.1 Irregular monetization of vehicle to Director General, Pakistan Bureau of Statistics 562
34.4.2 Wasteful and irregular expenditure on continuation of 1,044 temporary posts - Rs. 387.267 million 563
34.4.3 Irregular payment of remuneration/supervision cost to PCO employees - Rs. 2.457 million 565
34.4.4 Irregular retention of 13 vehicles and 26 motorcycles and expenditure thereof - Rs. 3.676 million 566
34.4.5 Loss due to purchase of paint by ignoring the lowest bids - Rs. 2.560 million.... 568
CHAPTER 35 570
35 WAFAQI MOHTASIB 570

35.1 Introduction of Wafaqi Mohtasib 570
35.2 Comments on Budget & Accounts (Variance Analysis) 570
35.3 Brief comments on the status of compliance with PAC Directives 571
35.4 AUDIT PARAS 572
Irregularity & Non Compliance 572
35.4.1 Loss due to incorrect calculation of depreciation of vehicles - Rs. 0.676 million 572
35.4.2 Irregular monetization of official vehicle - Rs. 1.197 million 573
35.4.3 Irregular and unauthorized continuation of work by the advisors/consultants after expiry of the contract 575
CHAPTER 36 577
36 MINISTRY OF WATER AND POWER 577
36.1 Introduction of Ministry 577
36.2 Comments on Budget & Accounts (Variance Analysis) 578
36.3 Brief comments on the status of compliance with PAC Directives 580
36.4 AUDIT PARAS 581
Non Production of Record 581
36.4.1 Non-production of record of Discretionary Grants - Rs. 3.000 million 581
Annexure-I Memorandum for Departmental Accounts Committee (MFDAC) 583
Annexure-II 1.2.2 Irregular and unauthorized re-appropriations of funds into banned heads of accounts - Rs. 32.034 million 648
Annexure-III 14.4.2 Disparity in salaries of Federal Government Employees 649
Annexure-IV 14.4.6 Unauthorized payment of honorarium and Income Tax - Rs. 7.591 million 650
Annexure-V 15.4.17 Irregular payment of Conveyance Allowance to employees residing within the University premises 651
Annexure-VI 20.4.28 Deployment of Frontier Constabulary personnel for security of private individuals - Rs. 46.082 million 653
Annexure-VII 20.4.44 Irregular payment of residential telephone charges to non-entitled employees - Rs. 0.400 million 655

ABBREVIATIONS AND ACRONYMS

A/C	Account
ABL	Allied Bank Limited
ADP	Annual Development Programme
AEDB	Alternative Energy Development Board
AFS	Additional Finance Secretary
AG	Accountant General
AGP	Auditor General of Pakistan
AGPR	Accountant General Pakistan Revenues
AHLN	Avais Hyder Liaquat Nauman
AIG	Assistant Inspector General
AIOU	Allama Iqbal Open University
AIR	Audit and Inspection Report
AJK	Azad Jammu and Kashmir
APPM	Accounting Policies and Procedures Manual
AS	Additional Secretary
BDC	Benazir Debit Card
BESOS	Benazir Employees Stock Option Scheme
BISP	Benazir Income Support Program
BoG	Board of Governors
BOI	Board of Investment
BOQ	Bill of Quantities
BOT	Board of Trustees
BPS	Basic Pay Scales
BTU	British Thermal Unit
CADD	Capital Administration and Development Division

CCA	Cabinet Committee on Agriculture
CCI	Council of Common Interests
CCOI	Cabinet Committee on Investment
CCOP	Cabinet Committee on Privatization
CCRB	Cabinet Committee on Regulatory Bodies
CDA	Capital Development Authority
CDNS	Central Directorate of National Savings
CDWA	Clean Drinking Water for All
CDWI	Clean Drinking Water Initiative
CDWP	Central Development Working Party
CENAR	Centre for Nuclear Medicine and Radiotherapy
CGA	Controller General of Accounts
CIIT	COMSATS Institute of Information Technology
CMADA	Creating Mass Awareness against Drug Abuse
CNIC	Computerized National Identity Card
CNS	Centre for Nuclear Safety
CoA	Chart of Accounts
CPDDR	Community Participation in Drug Demand Reduction
CPF	Contributory Provident Fund
CPO	Chief Patrol Officer
CPO	Central Police Office
CPS	Contingent Paid Staff
CPWA	Central Public Works Accounts (Code)
CPWD	Central Public Works Department (Code)
DA	Daily Allowance
DAC	Departmental Accounts Committee
DAGP	Department of the Auditor General of Pakistan

DCS	Department of Communications Security
DDO	Drawing and Disbursing Officer
DDWP	Departmental Development Working Party
DEPO	Defence Export Promotion Organization
DFA	Deputy Financial Advisor
DFID	Department for International Development
DG	Director General
DGA(FG)	Directorate General Audit (Federal Government)
DIG	Deputy Inspector General
DISCO	Distribution Company
DQAC	Departmental Quality Assurance Coordinator
DSP	Deputy Superintendent of Police
EA	Economic Advisor
ECC	Economic Coordination Committee
ECNEC	Executive Committee of National Economic Council
ECP	Election Commission of Pakistan
EDB	Engineering Development Board
EDF	Export Development Fund
ELE	Earned Leave Encashment
EMDF	Export Market Development Fund
EOBI	Employees Old-Age Benefit Institution
EOI	Expressions of Interest
EPI	Expanded Program for Immunization
Estt	Establishment
ETO	Excise and Taxation Office
ETPB	Evacuee Trust Property Board
FA	Financial Advisor

FAM	Financial Audit Manual
FAP	Foreign Aided Project
FARA	Fixed Amount Reimbursement Agreement
FATA	Federally Administered Tribal Areas
FBR	Federal Board of Revenue
FC	Frontier Constabulary
FCF	Federal Consolidated Fund
FD	Finance Division
FDE	Federal Directorate of Education
FDWP	FATA Development Working Party
FEB&GIF	Federal Employees Benevolent and Group Insurance Fund
FEC	Foreign Exchange Component
FESCO	Faisalabad Electric Supply Company
FFC	Federal Flood Commission
FG	Federal Government
FGSH	Federal Government Services Hospital
FIA	Federal Investigation Agency
FM&DC	Federal Medical and Dental College
FMMA	Financial Management of Missions Abroad
FOR	Free on Receipt
FPSC	Federal Public Services Commission
FR	Fundamental Rules
FR	Frontier Region
FRDP	FATA Rural Development Project
FRM	Financial Reporting Manual
FS	Finance Secretary
FTO	Federal Tax Ombudsman

FTO	Federal Treasury Office
FTR	Federal Treasury Rules
FY	Financial Year
GB	Gilgit-Baltistan
GEPCO	Gujranwala Electric Supply Company
GFR	General Financial Rules
GIS	Geographic Information System
GOP	Government of Pakistan
GPIW	Government Polytechnic Institute for Women
GPS	Global Positioning System
GSP	Geological Survey of Pakistan
GST	General Sales Tax
GWh	Giga Watt Hour
HBA	House Building Advance
HBL	Habib Bank Limited
HDA	Hyderabad Development Authority
HEC	Higher Education Commission
HESCO	Hyderabad Electric Supply Company
HGOs	Hajj Group Organizers
HQ	Headquarters
HRA	House Rent Allowance
HVAC	Heating, Ventilation, and Air Conditioning
IB	Intelligence Bureau
ICNS	International Convention on Nuclear Safety
ICT	Islamabad Capital Territory
ICTP	Islamabad Capital Territory Police
IDA	International Development Agency

IDP	Internally Displaced Person
IESCO	Islamabad Electric Supply Company
IG	Inspector General
IGFC	Inspector General Frontier Corps
IGP	Inspector General of Police
IMCB	Islamabad Model College for Boys
IMCG	Islamabad Model College for Girls
IP	Inspector of Police
IPC	Inter Provincial Coordination
IPCC	Inter Provincial Coordination Committee
IPFMR	Implementing Partner Financial Monitoring Report
IRSA	Indus River System Authority
ISAF	International Security Assistance Force
ISFD	Institutional Strengthening of Finance Division
ISO	International Standards Organization
JPMC	Jinnah Postgraduate Medical Center
JS	Joint Secretary
JV	Joint Venture
K.M.	Kilometer
KA&GB	Kashmir Affairs & Gilgit-Baltistan
KANUPP	Karachi Nuclear Power Plant
KESC	Karachi Electric Supply Corporation
KIBOR	Karachi Inter Bank Offer Rate
KP	Khyber Pakhtunkhwa
KPT	Karachi Port Trust
L/C	Letter of Credit
LESCO	Lahore Electric Supply Corporation

LFA	Leave Fair Assistance
LG&RDD	Local Government & Rural Development Department
LGRD	Local Government & Rural Development
LPR	Leave Preparatory to Retirement
MCA	Monopoly Control Authority
MCH	Maternity and Child Health
MD	Managing Director
MEPCO	Multan Electric Supply Company
MFDAC	Memorandum for Departmental Accounts Committee
MIS	Management Information System
MoDP	Ministry of Defence Production
MoST	Ministry of Science and Technology
MOU	Memorandum of Understanding
MRP	Machine Readable Passport
MRV	Machine Readable Visa
MSA	Maritime Security Agency
MSA	Mission Subsistence Allowance
MTDF	Medium Term Development Framework
MVRDE	Military Vehicles Research and Development Establishment
MWe	Megawatt Electricity
NACTA	National Counter Terrorism Authority
NADRA	National Database and Registration Authority
NAM	New Accounting Model
NATPOW	National Trust for Population Welfare
NBP	National Bank of Pakistan
NCA	National College of Arts
NCA	National Command Authority

NCHD	National Commission for Human Development
NCO	Non-Commissioned Officer
NDMA	National Disaster Management Authority
NDMC	National Disaster Management Commission
NEC	National Economic Council
NEPRA	National Electric Power Regulatory Authority
NESPAK	National Engineering Services Pakistan Pvt. Limited
NGOs	Non-Government Organizations
NH&MP	National Highways and Motorway Police
NHA	National Highway Authority
NHEPRN	National Health Emergency Preparedness Network
NIA	Nuclear Institute of Agriculture
NICL	National Insurance Company Limited
NIH	National Institute of Health
NIP	National Internship Programme
NIRM	National Institute of Rehabilitation and Medicine
NISTE	National Institute of Science &Technical Education
NOC	No Objection Certificate
NORI	Nuclear Medicine, Oncology and Radiotherapy Institute
NPA	National Police Academy
NPCC	National Power Construction Company
NPP	Nuclear Power Plant
NRO	National Reconciliation Ordinance
NSMC	National Scholarship Management Committee
NTC	National Tariff Commission
NWA	North Waziristan Agency
O&D	Organization and Development

O.M.	Office Memorandum
OGRA	Oil and Gas Regulatory Authority
OPD	Out Patient Department
P.M.	Prime Minister
PABX	Private Automatic Branch Exchange
PAC	Public Accounts Committee
PAEC	Pakistan Atomic Energy Commission
PAF	Pakistan Air Force
Pak PWD	Pakistan Public Works Department
PAO	Principal Accounting Officer
PBS	Pakistan Bureau of Statistics
PC	Privatization Commission
PC-I	Planning Commission-I
PCO	Population Census Organization
PCRET	Pakistan Council for Renewable Energy Technologies
PCSIR	Pakistan Council of Scientific and Industrial Research
PCST	Pakistan Council for Science and Technology
PDDC	Pakistan Dairy Development Company
PEC	Provincial Election Commission
PEMRA	Pakistan Electronic Media Regulatory Authority
PESCO	Peshawar Electric Supply Company
PIAC	Pakistan International Airlines Corporation
PID	Press Information Department
PIMS	Pakistan Institute of Medical Sciences
PIO	Principal Information Officer
PIW	Polytechnic Institute for Women
PLA	Personal Ledger Account

PLS	Profit & Loss Sharing
PMA	Pakistan Marine Academy
PMRC	Pakistan Medical Research Council
PMT	Proxy Means Test
PMU	Project Management Unit
PNAC	Pakistan National Accreditation Council
PNB	Pakistan Narcotics Board
PNCB	Pakistan Narcotics Control Board
PNRA	Pakistan Nuclear Regulatory Authority
POA	Pakistan Olympic Association
POFP	Post Office Foundation Press
PPIB	Private Power and Infrastructure Board
PPRA	Public Procurement Regulatory Authority
PSB	Pakistan Sports Board
PSC	Poverty Score Card
PSDP	Public Sector Development Program
PST	Pakistan Sports Trust
PWF	Pilgrims Welfare Fund
QA	Quality Assurance
QAP	Quality Assurance Procedure
QAU	Quaid-i-Azam University
QESCO	Quetta Electric Supply Company
RAHA	Refugees Affected and Hosting Areas
RCD	Regional Cooperation for Development
RDNS	Regional Directorate of National Savings
Rs.	Rupees
SAFRON	States & Frontier Regions

SAP	System Application Product
SBP	State Bank of Pakistan
SECP	Securities Exchange Commission of Pakistan
SEVP	Senior Executive Vice President
SGO	Surveyor General's Office
SJS	Senior Joint Secretary
SLIC	State Life Insurance Corporation
SMG	Sub Machine Gun
SN	Safety Net
SoP	Survey of Pakistan
SOP	Standard Operating Procedure
SP	Superintendent of Police
SPD	Strategic Plans Division
SPO	Senior Patrol Officer
SR	Supplementary Rules
SRO	Statutory Regulatory Order
SSCC	Social Sector Coordination Committee
SSF	Special Secretary Finance
SSNTA	Social Safety Net Technical Assistance
SSP	Senior Superintendent of Police
STR	Scientific & Technological Research
SWA	South Waziristan Agency
TA	Travelling Allowance
TDAP	Trade Development Authority of Pakistan
TFC	Term Finance Certificate
TOR	Terms of Reference
TTS	Tenure Track System

U.O.	Un-official
UET	University of Engineering & Technology
UK	United Kingdom
UN	United Nations
UNFPA	United Nations Fund for Population
UPS	Un-interrupted Power Supply
UPU	Universal Postal Union
USAID	United States Agency for International Development
USD	United States Dollar
VAT	Value Added Tax
VC	Vice Chancellor
W&S	Works & Services
w.e.f.	With Effect From
WAPDA	Water and Power Development Authority
WB	World Bank
XEN	Executive Engineer

PREFACE

Articles 169 and 170 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 2011-12. The audit observations pertaining to previous financial years have also been incorporated in this report. The Directorate General of Audit (Federal Government), Islamabad conducted audit during Audit Year 2012-13 on test check basis with a view to reporting significant findings to the relevant stakeholders. The main body of the Audit Report includes only the systemic issues and audit findings carrying value of Rs. 1.000 million or more, with a few exceptions. Relatively less significant issues are listed in the Annexure-I of the Report. The Audit observations listed in the Annexure-I shall be pursued with the Principal Accounting Officer at the DAC level and in all cases where the PAO does not initiate appropriate action, the Audit observation will be brought to the notice of the Public Accounts Committee through the next year's Audit Report.

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

Most of the observations included in this report have been finalized after incorporating the management replies.

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

Dated: (Muhammad Akhtar Buland Rana)

Auditor General of Pakistan

EXECUTIVE SUMMARY

The Directorate General Audit, Federal Government {DGA (FG)} is a strategic audit unit of the Department of the Auditor General of Pakistan (DAGP). This office facilitates the Auditor General of Pakistan to fulfill his constitutional responsibility of conducting the audit of the Federal Government. The Directorate General Audit (Federal Government) has the primary responsibility to certify the accounts of the federation. The office also conducts the audit of Federal Government Ministries, Divisions, Attached Departments, Subordinate Offices and Autonomous Bodies. The office is presently located at Islamabad with four sub-offices, one each at Lahore, Karachi, Peshawar and Quetta. The office is headed by a Director General (BS 20).

The Federal Government conducts its operations under the Rules of Business, 1973 and comprises 64 Principal Accounting Officers (PAOs) for different Ministries, Divisions and entities. The DGA (FG) conducts audit of all transactions relating to the Federal Consolidated Fund and Public Account of the Federal Government. The DGA (FG) has human resource of 207 officers and staff resulting in 36,408 person days. The annual budget allocated to the Directorate General for the year 2012-13 amounts to Rs. 129.509 million. The different types of audit activities performed by the DGA (FG) are as follows:

- Compliance with Authority Audit
- Performance Audit
- Certification Audit of Appropriation Accounts and Financial Statements of the Federal Government
- Special Audits assigned by the Auditor General of Pakistan
- Certification Audit of Foreign Aided Projects
- Project Audit (PSDP)
- Environmental Audit

a. Scope of Audit

The audit was conducted in accordance with INTOSAI Auditing Standards as envisaged in Financial Audit Manual (FAM), Guidelines for the

Audit of Federal Government Operations and the International Standards on Auditing.

The audit was conducted to review the financial systems and transactions, including an evaluation of compliance with applicable statutes and regulations. Audit of the probity and propriety of administrative decisions taken within the audited entity was undertaken to bring to light cases of improper expenditure or waste of public money. An evaluation was made to ascertain that rules and procedures were properly adopted and that the assessment, collection and allocation of revenue were done in accordance with the law and there was no leakage of revenue, which should legally come to the Government. Sufficient appropriate audit evidence was gathered to conclude whether the information on a particular subject matter was in compliance, in all material respects, with a particular set of criteria. Audit was carried out to ascertain whether the moneys shown as expenditure in the accounts were authorized for the purpose for which they were spent. The scope of audit also included reviewing, analyzing and commenting on various Government policies relating to different sectors.

The audit was primarily conducted for the financial year 2011-12, but for entities not audited during the preceding years, the audit also extended to the financial years prior to 2011-12.

The total expenditure of the Federal Government for the financial year 2011-12 was Rs. 1,785,730.994 million. The auditable expenditure under the jurisdiction of the Directorate General Audit (Federal Government) was Rs. 1,182,134.560 million covering 64 PAOs and 3,233 formations. Of this, DGA (FG) audited an expenditure of Rs. 1,164,763.460 million, which in terms of percentage was 98.53% of the auditable expenditure. In addition, DGA (FG) conducted one Performance Audit, 11 Foreign Aided Projects (FAP) Audits and four Certification Audits. The Performance Audit Report is being printed separately.

b. Recoveries at the instance of audit

Recovery of Rs. 717.372 million was effected during year 2012-13 from July, 2012 to January, 2013 on the pointation of Audit.

Recovery aggregating to Rs. 196.456 million during 2011-12 was effected from February, 2012 to June, 2012 and was not reported in the Audit Report (Civil) 2011-12.

c. Audit Methodology

Audit was conducted to ensure completeness, accuracy, relevance and genuineness of the expenditure incurred by the Federal Government. Before starting the field activity, desk review was undertaken to gain understanding of the systems, procedures and control environment of audited entities. The permanent files of the entities maintained in the Directorate General were utilized for understanding the business and legal/institutional framework of the entities.

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

Audit tests and analytical procedures were performed to evaluate that the expenditure was completely recorded and receipts were timely deposited into government treasury. The review of payments was made to ensure that these were validated by proper supporting documents and approval of competent authority as per applicable rules and regulations. Budget comparison with actual expenditure was made to confirm that the expenditure was incurred in accordance with the approved budget, including the revisions made therein.

d. Audit Impact

i. The Establishment Division appointed Director General National Savings in MP-I scale for two years w.e.f. 30.10.2007. The officer continued to work on the post although the contract was not extended. On the pointation of Audit, the management obtained approval of the extension of the Director General in MP-I scale from 30.10.2009 to 29.10.2012 as notified by the Establishment Division vide No. 1/85/2007-E-6 dated 05.09.2012.

ii. The salary package of Vice-Chancellors/Rectors of Federally Chartered Public Sector Universities notified in Finance Division letter No.

F.4(10)R-4/2002-Vol-II dated 25.08.2011 does not include provision of official residence. The Vice-Chancellor, Allama Iqbal Open University was residing in Vice-Chancellor House since 01.07.2010, and was also not paying House Rent. On the pointation of Audit, the management has moved a Summary for the President of Pakistan/Chancellor on 13.12.2012 for soliciting approval for allowing furnished accommodation as well as utilities to the Vice-Chancellor.

iii. The Pakistan Council for Science & Technology under the Ministry of Science & Technology extended 75% tax rebate to non-research officers, which was otherwise admissible only to full time teachers or researchers employed in a non-profit education or research institution, duly recognized by Higher Education Commission, resulting in a loss of Rs. 1.744 million to the government. On the recommendations of Audit, the management approached Federal Board of Revenue seeking clarification regarding applicability of income tax rebate to the employees of the Council.

iv. The Finance Division, Islamabad was incurring expenditure on payment of training course fee under the head of account A03801-Travel and Transportation. Pursuant to observation of Audit, the management proposed creation of a proper head of account A03936-Foreign/Inland Training course fee.

v. The President’s Secretariat (Personal) did not deduct Rs. 95,545 Income Tax from contractor, which was recovered on the pointation of Audit and deposited into government treasury on 31.10.2012.

vi. The management of Privatization Commission monetized three vehicles in January, 2012 and auctioned four vehicles in June, 2012. On pointation of Audit the sale proceeds amounting to Rs. 2.886 million were deposited into the government treasury on 21.12.2012.

vii. The Finance Division released Rs. 10.000 million to Federal Government Polyclinic, Islamabad for prevention and management of dengue fever disaster out of which an unspent balance of Rs. 243,144 was deposited into the government treasury on 08.01.2013 on the pointation of the Audit.

viii. The Pakistan Rangers, Punjab released the bid security of a contractor who had defaulted on the contract. On pointation of Audit an amount of Rs.

123,193 was recovered and deposited into the government treasury on 26.12.2012.

e. Comments on Internal Controls and Internal Audit Department

Internal controls are a specific set of policies, procedures and activities designed to meet particular objectives in an organization. Internal Controls and Internal Audit Departments are the critical risk mitigating factors in any organization. One of the objectives of the audit was to assess whether the controls are properly designed, implemented and working effectively. For most of the entities audited during 2012-13, it was noticed that the internal audit departments were non-existent. Considerable instances of internal control failures were noted which resulted in waste, abuse or theft of government money. Audit has identified certain issues in the report where government suffered loss due to weak internal controls and non-functioning of internal audit departments.

f. The key audit findings of the report

i. There were five cases of embezzlement of public money and fictitious payments amounting to Rs. 60.199 million[1].

ii. There were 173 cases of irregular expenditure/payments and violation of rules amounting to Rs. 131,203.986 million[2].

iii. There were 68 cases of recovery amounting to Rs. 3,012.545 million[3].

---

[1] Para No. 4.4.1, 4.4.2, 6.4.1, 20.4.1, 20.4.2

[2] Para No. 1.1.1, 1.1.2, 1.2.2, 2.4.2, 2.4.3, 2.4.4, 2.4.5, 2.4.6, 2.4.7, 2.4.9, 2.4.10, 2.4.11, 2.4.12, 2.4.14, 3.4.2, 3.4.7, 3.4.10, 3.4.13, 3.4.14, 3.4.15, 4.4.4, 4.4.6, 4.4.8, 4.4.9, 4.4.11, 4.4.12, 4.4.13, 4.4.14, 4.4.16, 4.4.17, 4.4.18, 4.4.19, 4.4.21, 4.4.22, 4.4.23, 4.4.24, 6.4.2, 6.4.3, 6.4.4, 6.4.5, 6.4.6, 6.4.7, 6.4.8, 6.4.9, 7.4.1, 7.4.3, 7.4.4, 7.4.5, 7.4.6, 7.4.7, 7.4.9, 7.4.10, 7.4.11, 7.4.14, 8.4.3, 8.4.4, 9.4.1, 9.4.2, 9.4.3, 10.4.1, 10.4.2, 10.4.3, 11.4.1, 11.4.3, 11.4.4, 11.4.5, 11.4.6, 11.4.7, 11.4.8, 11.4.10, 11.4.11, 12.4.1, 12.4.2, 13.4.3, 13.4.5, 13.4.6, 13.4.8, 13.4.10, 13.4.11, 13.4.12, 13.4.13, 13.4.16, 14.4.4, 14.4.7, 14.4.8, 14.4.10, 14.4.11, 14.4.12, 14.4.13, 14.4.14, 14.4.15, 14.4.16, 14.4.17, 14.4.18, 14.4.19, 14.4.21, 15.4.1, 15.4.4, 15.4.5, 15.4.10, 15.4.11, 15.4.15, 17.4.1, 18.4.1, 18.4.2, 18.4.3, 18.4.4, 18.4.6, 18.4.8, 18.4.10, 18.4.11, 18.4.14, 18.4.15, 18.4.17, 19.4.4, 19.4.6, 19.4.8, 19.4.9, 19.4.10, 19.4.11, 19.4.12, 19.4.13, 20.4.8, 20.4.9, 20.4.12, 20.4.13, 20.4.14, 20.4.16, 20.4.17, 20.4.18, 20.4.21, 20.4.22, 20.4.29, 20.4.31, 20.4.33, 20.4.34, 20.4.35, 20.4.37, 20.4.38, 20.4.39, 22.4.2, 23.4.2, 23.4.4, 23.4.7, 24.4.2, 25.4.1, 26.4.3, 26.4.5, 26.4.6, 28.4.3, 29.4.1, 30.4.1, 30.4.2, 30.4.3, 30.4.4, 30.4.5, 31.4.4, 31.4.5, 32.4.2, 32.4.3, 32.4.6, 32.4.8, 32.4.9, 33.4.5, 34.4.2, 34.4.3, 34.4.4, 34.4.5, 35.4.2

[3] Para No. 3.4.3, 3.4.4, 3.4.5, 3.4.9, 4.4.5, 4.4.20, 8.4.2, 9.4.4, 11.4.9, 13.4.4, 13.4.7, 13.4.9, 13.4.14, 13.4.15, 13.4.17, 14.4.6, 14.4.20, 14.4.22, 15.4.2, 15.4.3, 15.4.6, 15.4.12, 17.4.2, 18.4.9, 18.4.12, 18.4.13, 19.4.1, 19.4.7, 20.4.7, 20.4.15, 20.4.19, 20.4.23, 20.4.24, 20.4.25, 20.4.26,

iv. There were 16 instances of irregularities pertaining to non-production of record amounting to Rs. 2,027.362 million[4].

v. There were 7 cases of weak internal controls amounting to Rs. 65,893.308 million[5].

vi. There were 3 cases pertaining to weak financial management amounting to Rs. 4,117.744 million and 54 cases related to unsound asset management amounting to Rs. 91,464.364 million.

vii. Audit paras for the Audit Year 2012-2013 involving procedural violations, including internal control weaknesses and irregularities which are not considered significant for reporting to PAC or still being developed are included in Memorandum for Departmental Accounts Committee (MFDAC).

g. Recommendations

i. All autonomous entities should get their Accounting Procedures and Principles and Methods of maintaining accounts approved from the Auditor General of Pakistan.

ii. The reconciliation of expenditure by the Drawing and Disbursing Officers (DDO) should be strictly enforced.

iii. The entities should keep track of assets, maintain their physical custody and keep them in proper condition.

iv. Government receipts and unspent balances should be deposited immediately into the Government Treasury.

v. The Public Procurement Rules, 2004 should be religiously observed.

vi. All auditable record should be produced on demand.

vii. Bank accounts should be opened with proper authorization.

viii. Public funds should be invested in line with the instructions issued by the Finance Division.

20.4.27, 20.4.28, 20.4.30, 20.4.32, 20.4.36, 20.4.40, 20.4.41, 20.4.42, 20.4.43, 20.4.44, 20.4.45, 21.4.2, 23.4.3, 23.4.5, 23.4.6, 24.4.3, 26.4.2, 26.4.3, 26.4.7, 26.4.8, 26.4.9, 26.4.10, 27.4.1, 27.4.2, 30.4.1, 31.4.2, 31.4.3, 32.4.4, 32.4.5, 32.4.7, 33.4.1, 33.4.3, 35.4.1

[4] Para No. 2.4.1, 4.4.3, 13.4.1, 13.4.2 14.4.1, 20.4.3, 20.4.4, 20.4.5, 22.4.1, 23.4.1, 26.4.1, 28.4.1, 28.4.2, 31.4.1, 32.4.1, 36.4.1

[5] Para No. 1.1.2, 2.4.8, 2.4.13, 2.4.17, 2.4.18, 8.4.5, 13.4.17

SUMMARY TABLES & CHARTS

SUMMARY TABLES & CHARTS

I. Audit Work Statistics

Table 1 **(Rs. in million)**

S. No.	Description	No.	Amount
1.	Total Entities (Ministries / PAOs) in Audit Jurisdiction	64	1,182,134.560*
2.	Total formations in audit jurisdiction	3233	
3.	PAO's Planned	47	1,166,480.360*
4.	Formations Planned	400	
5.	Total Entities (Ministries / PAOs) Audited	46	1,164,763.460*
6.	Total formations Audited	310	
7.	Audit & Inspection Reports	310	
8.	Special Audit Reports	-	-
9.	Performance Audit Reports	1	-
10.	FAP Reports	11	35,460.37
11.	Certification Reports	4	9,200,027.000

***** *Budgeted amount*

II. Audit Observations Classified by Categories

Table 2 **(Rs. in million)**

Sr. No.	Description	Amount Placed under Audit Observation
1	Unsound asset management	91,464.364
2	Weak financial management	4,117.744
3	Weak internal controls relating to financial management	65,893.308
4	Others	112,761.691
	Total	**274,237.107**

III. Outcome Statistics

Table 3 **(Rs. in million)**

S. No.	Description	Expenditure on Acquiring Physical Assets (Procurement)	Civil Works	Receipts	Others	Total Current Year	Total Last Year
1.	Outlays Audited	46,591.261	23,295.631	15,723.783	1,079,152.785	1,164,763.460	644,540.000
2.	Amount placed under audit observation	4,485.640	261.786	4,355.764	265,133.917	274,237.107	697,880.931
3.	Recoveries pointed out at the instance of audit	-	60.068	1,227.675	1,721.843	3,012.545	6,977.449
4.	Recoveries accepted / Established at the instance of audit	-	60.068	1,227.675	1,721.843	3,012.545	6,977.449
5.	Recoveries realized at the instance of audit	-	-	186.066	722.710	913.834*	1,775.458

* This figure includes recoveries amounting to Rs. 717.372 million from July, 2012 to January, 2013 and Rs. 196.456 million from February, 2012 to June, 2012.

IV. Irregularities Pointed Out

Table 4 **(Rs. in million)**

Sr. No.	Description	Amount Placed under Audit Observation
1	Violation of rules and regulations and violation of principle of propriety and probity in public operations.	131,203.986
2	Reported cases of fraud, embezzlement, thefts and misuse of public resources.	60.199
3	Accounting Errors (accounting policy departure from NAM, misclassification, over or understatement of account balances) that are significant but are not	494.585

	material enough to result in the qualification of audit opinions on the financial statement.	
4	If possible quantify weaknesses of internal control systems.	65,222.761
5	Recoveries and overpayments, representing cases of established overpayment or misappropriations of public monies.	3,012.545
6	Non-Production of record.	2,027.362
7	Others, including cases of accidents, negligence etc.	72,215.669

CHAPTER 1

1 PUBLIC FINANCIAL MANAGEMENT ISSUES

1.1 ACCOUNTANT GENERAL PAKISTAN REVENUES (AGPR)

1.1.1 Excess expenditure on purchase of physical assets during the period of ban - Rs. 4,030.691 million

Risk Categorization: **High**

***Observation*:**

Para 2 of Finance Division O.M. No. F.7(2)Exp.IV/2011 dated 17.08.2011 states that there would be ban on purchase of physical assets including all types of vehicles. Ban on purchase of vehicles will also be applicable to development expenditure.

The Ministries/Divisions of Federal Government were allocated budget of Rs. 13,894.558 million for purchase of physical assets, against which an expenditure of Rs. 17,925.248 million was booked in Appropriation Accounts of Federal Government (Civil Volume-I) during 2011-12.

Audit observed that despite the ban, an excess expenditure of Rs. 4,030.691 million was booked which was 29% more than the original allocation.

Implication:

Austerity measures were not observed in letter in spirit which resulted in excess expenditure on purchase of physical assets.

Management Reply:

AG Office:

The management did not reply.

Audit Comments:

Audit recommends that the matter may be investigated and all Ministries and Divisions be directed to explain their position.

1.1.2 Overstatement of expenditure due to cheques not encashed - Rs. 123.977 million

Risk Categorization: **High**

***Observation*:**

The Ministry of Finance vide SRO (1)2010 dated 31.03.2010 issued instructions that cheques drawn up to 30th June will not be allowed to be encashed after 30th June.

Rule 162 of FTR Volume-I states that cheques shall be payable at any time within three months after the month of issue but not beyond the 30th June.

The management of AGPR provided the following detail of cheques relating to financial year 2011-12, which were not enchased up to 30.06.2012:

(Rupees)

S. No.	Office	No. of cheques	Amount
1.	Sub-office of AGPR, Quetta	868	121,633,765
2.	Sub-office of AGPR, Peshawar	01	2,343,534
	Total	**869**	**123,977,299**

Audit observed that the amount of these cheques was included in the total expenditure booked in the Appropriation Accounts for the year 2011-12 despite the fact that they were not encashed.

Audit is of the view that the booked expenditure should have excluded the uncashed cheques so as to provide a true and fair disclosure of expenditure incurred.

Implication:

The total expenditure in the Appropriation Accounts for the financial year 2011-12 has been overstated by Rs. 123.977 million.

Management Reply:

AG Office:

The management did not reply.

Audit Comments:

Audit recommends that responsibility may be fixed for the irregularity.

1.1.3 Expenditure not reconciled in June (Final) 2012 - Rs. 71,796.000 million

Risk Categorization: **High**

***Observation*:**

Para 89(viii) of GFR Volume-I states that the head of the department and the Accountant General, will be jointly responsible for the reconciliation of the figures given in the accounts maintained by the head of the department with those that appear in the Accountant General's books.

An expenditure of Rs. 8,670,629.86 million was booked in the Appropriation Accounts (Civil Volume-I) 2011-12 out of which an amount of Rs. 71,796.00 million remained un-reconciled. Details are as under:

(Rs. in million)

S. No.	Office	Total Expenditure	Reconciled expenditure	Un-reconciled
1.	AGPR, Islamabad	1,374,789	1,373,176	1,613
2.	AGPR, Sub-office, Peshawar	112,388	82,578	29,810
3.	AGPR, Sub-office, Lahore*	-	-	-
4.	AGPR, Sub-office, Karachi	6,836,527	6,796,351	40,176
5.	AGPR, Sub-office, Quetta*	-	-	-
6.	AGPR, Sub-office, Gilgit	19,688	19,491	197
	Total	**8,343,392**	**8,271,596**	**71,796**

*Figures of expenditure not provided.

Audit observed as under:

i. The expenditure of Rs. 71,796.000 million out of total expenditure was not reconciled in June final with the spending units of Federal Government.

ii. The total expenditure and status of its reconciliation was not provided by AGPR sub-offices, Lahore and Quetta.

Implication:

In the absence of reconciled figures of expenditure with the Principal Accounting Officers for June (Final) 2012, the accuracy and completeness of the expenditure could not be ascertained.

Management Reply:

AG Office:

The management did not reply.

Audit Comments:

Audit recommends that necessary action may be initiated against the offices which did not carry out reconciliation of June (Final) 2012. Proper arrangements should be made to reconcile the expenditure with the spending units in future.

1.1.4 Understatement of expenditure in Grant No. 121 - Rs. 494.585 million

Risk Categorization: **Low**

***Observation*:**

Para 7.4.6.1 of Accounting Policy and Procedures Manual states that the AGPR shall produce Annual Appropriation Accounts in accordance with the laid down policy.

The management of AGPR did not book an expenditure of Rs. 494.585 million in Grant No. 121-Development Expenditure of Law, Justice and Parliamentary Affairs Division. Details are as under:

(Rupees)

S. No.	Cost Center	Actual Expenditure	Expenditure shown in Manuscript	Difference
1.	ID1547	837,580,806	381,995,639	455,585,167
2.	ID5186	30,571,400	5,571,400	25,000,000
3.	ID5187	15,878,333	1,878,333	14,000,000
	Total	**884,030,539**	**389,445,372**	**494,585,167**

Audit observed that the AGPR did not book the expenditure despite the request of the department.

Implication:

The total expenditure under Grant No. 121 was understated to the extent of Rs. 494.585 million.

Management Reply:

AG Office:

The management did not reply.

Audit Comments:

Audit recommends that matter be investigated to fix responsibility.

1.1.5 Irregular payment of Pay and Allowances to Secretary, Law and Justice Division

Risk Categorization: **Low**

***Observation*:**

Establishment Division O.M. No. 10/52/95-R.2 dated 18.07.1996, as amended from time to time, states that after consultation with the Finance Division it had been decided that a retired judge of the superior courts may be allowed pay, allowances and perquisites sanctioned for the post, and his pay may be fixed at the maximum of the pay scale of the post.

Establishment Division 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.

The Establishment Division vide Notification No. 17/03/2012-E-I dated 12.04.2012 appointed Mrs. Yasmin Abbasey as Secretary, Law and Justice Division on contract basis for a period of two years, on standard terms and conditions, with immediate effect and until further orders.

The Prime Minister vide No. 1286/PSPM/2012 dated 19.04.2012 allowed pay and privileges admissible to Judge of the Supreme Court of Pakistan to the Secretary, Law and Justice Division.

Audit observed as under:

i. The officer was entitled to draw pay, allowances and perquisites sanctioned for the post according to the standard terms and conditions of contract appointment.

ii. The officer was allowed the pay and privileges admissible to the Judge of the Supreme Court of Pakistan.

Audit is of the view that as the post of Secretary, Law and Justice Division was of BS-22, therefore, the officer was not entitled to draw pay and privileges admissible to the Judge of the Supreme Court of Pakistan.

Implication:

The salary package drawn by the officer was not covered under the rules. The AGPR did not apply pre-audit checks before making payments.

Management Reply:

AG Office:

The management of AGPR had requested the Controller General of Accounts for advice in this case.

Audit Comments:

Audit recommends that appropriate action be taken in this regard.

1.1.6 Irregular appointment of Principal Officer in the Ministry of Finance

Risk Categorization: **Low**

***Observation*:**

In compliance with the Supreme Court of Pakistan Order dated 27.01.2011 passed in Suo Moto Case No. 24 of 2010 the Establishment Division vide O.M. No. 2/12/2011-E.1 dated 01.02.2011 issued instructions that re-employment on contract basis may not be made in violation of the relevant law, especially re-employment of retired civil servants against cadre posts.

Establishment Division 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.

The Establishment Division vide Notification No. 41/368/2010-E-1 dated 06.11.2012 appointed Mr. Abdul Wajid Rana as Principal Officer (BS-22) on contract basis for a period of one year against a newly created post of Principal Officer (BS-22) in Finance Division, as personal to the officer, with immediate effect or until further orders.

The Establishment Division vide Notification No. 41/368/2010-E-1 dated 07.11.2012 assigned the charge of the post of Secretary, Finance Division to Mr. Abdul Wajid Rana with immediate effect.

Audit observed as under:

i. There was no sanctioned post of Principal Officer in the setup of the Federal Secretariat.

ii. The Secretariat Instructions, 1994 do not define the work distributed to the Principal Officer.

iii. In the absence of his own defined duties, the Principal Officer could not assume charge of the post of the Secretary, Finance Division.

iv. Approved Summary of the Prime Minister and President was not found on record.

Audit is of the view that the appointment was in clear violation of the orders of the Supreme Court of Pakistan.

Implication:

The AGPR did not conduct proper pre-audit checks before making payments.

Management Reply:

AG Office:

The management of AGPR had requested the Controller General of Accounts for advice in this case.

Audit Comments:

Audit recommends that appropriate action be taken in this regard.

1.1.7 Irregular payment of Judicial Allowance

Risk Categorization: **Low**

***Observation*:**

Ministry of Law and Justice and Parliamentary Affairs vide letter No. F.4(1)/2008-A.II dated 03.03.2010 conveyed the sanction of the Prime Minister for the payment/enhancement of Judicial Allowance and Special Judicial Allowance equal to three times of the initial of the substantive pay scale as sanctioned for the members of the Establishment of the Supreme Court of Pakistan.

The management of AGPR paid Judicial Allowance/Special Judicial Allowance to Attorney General of Pakistan, Federal Tax Ombudsman and Secretary, Law and Justice Division @ Rs. 196,219, Rs. 170,625 and Rs. 156,975 per month, respectively.

Audit observed that the holders of the posts were neither performing duties of Judges nor they were members of the Establishment of the Supreme Court of Pakistan, yet they were drawing the Allowance meant for the members of the Establishment of the Supreme Court of Pakistan.

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

Implication:

The AGPR did not apply proper pre-audit checks before making payments.

Management Reply:

AG Office:

The management did not reply.

Audit Comments:

Audit recommends that appropriate action be taken in this regard.

1.1.8 *Payment of Encashment of Leave Preparatory to Retirement without budget*

Risk Categorization: High

***Observation*:**

Para 9 of GFR Volume-I 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.

The management of AGPR, Islamabad was making payments pertaining to Encashment of LPR during 2011-12.

Audit observed as under:

i. The relevant object head for Encashment of LPR was A04-Employees Retirement Benefits, A041-Pension, A04114-Superannuation Encashment of LPR.

ii. The AGPR, Islamabad was making payments of Encashment of LPR from the object head A01-Employees Related Expenses, A011-Pay, A01101-Basic Pay. A few instances are as under:

(Rupees)

S. No.	Name of Employee	Department	Amount
1.	Muhammad Nawaz	Finance Division	185,346
2.	Muhammad Sajid Khan	Auditor General of Pakistan	400,530
3.	Shah Nawaz Khan	AGPR, Islamabad	558,659
4.	Rana Assad Amin	Finance Division	688,974
5.	Niaz Muhammad Sarohi	AGPR, Islamabad	245,005

iii. Bills were accepted without allocation of budget.

iv. Expenditure was booked in wrong object head.

Audit is of the view that payments made without budget were irregular.

Implication:

The expenditure in object head A01101 - Basic pay was overstated while the expenditure in object head A04114-Superannuation Encashment of LPR was understated.

Management Reply:

AG Office:

The management did not reply.

Audit Comments:

The proper object head should be used for recording the expenditure.

1.1.9 Negative balances of General Provident Fund - Rs. 20.096 million

Risk Categorization: **Low**

***Observation*:**

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

Audit observed during Data Sufficiency Analysis of AGPR, Islamabad that SAP/R3 System showed negative General Provident Fund balances of 408 subscribers amounting to Rs. 20.96 million as on 30.06.2011.

Audit is of the view that there were no input control checks to ensure that balance was not reduced below zero and no exception report was generated in this regard.

Implication:

The subscribers may remain unaware of the actual balances.

Management Reply:

AG Office:

The management replied that these negative balances of GP Fund were neither appearing in the pay slips of the subscribers nor in their recalculation reports. GP Fund recalculation report was the main document on which the processing of claims depends. Therefore, these negative balances did not matter in finalization of cases. Moreover, integration of data lying at different places of SAP system would resolve this issue, which is under process.

Audit Comments:

The reply was not accepted because Broadsheet and Annual closing balance were reflecting negative balances, which reflected that data from transactional level or feeding at initial level was defective. The organization was not getting value for money invested in the SAP/R3 System resulting in poor service to the clients.

1.1.10 Unrealistic General Provident Fund balances - Rs. 24.336 million

Risk Categorization: **High**

***Observation*:**

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

Audit observed that the SAP R/3 System was reflecting unrealistic and unusually high General Provident Fund balances of 16 subscribers. Details are as under:

(Rupees)

S. No.	Personal No.	Designation	Pay Scale	Opening Balance as on 01.06.2011	Monthly Subscription	Closing Balance as on 30.06.2011
1.	50071906	Mali	2	1,935,330	230	1,937,160
2.	50020353	Naib Qasid	2	1,299,316	230	1,300,546

3.	50043187	Naib Qasid	2	1,284,767	230	1,284,997
4.	50052291	Khakroob	2	1,263,641	230	1,264,491
5.	50033121	Naib Qasid	2	937,390	230	937,728
6.	50001725	Naib Qasid	2	785,450	0	785,450
7.	50038360	Sanitary Worker	2	588,779	230	589,009
8.	50002172	Daftari	2	516,385	230	516,615
9.	50012866	Naib Qasid	2	451,627	230	451,857
10.	50032940	Qasid	3	473,518	250	473,768
11.	50031139	Naib Qasid	3	514,895	250	515,145
12.	50041341	Lift Operator	4	805,785	270	806,420
13.	50044921	Bailiff	4	460,936	270	461,206
14.	50052930	Sepoy	4	843,335	270	843,605
15.	10147815	Sub-Inspector	14	10,537,901	0	10,537,901
16.	50006103	Steno Typist	14	1,627,234	850	1,630,084
			Total	**24,326,289**	**4,000**	**24,335,982**

Audit is of the view that after rendering service of 35 years, the GP Fund balance of an employee working in BS-4 could not exceed a maximum of Rs. 400,000. However, in Serial No. 1 to 14 the closing balances of BS-2 to 4 were far more than the maximum threshold, while one employee of BS-14 had a closing balance of Rs. 10.537 million.

Audit is of the view that the abnormally high balances were due to lack of accuracy in the System.

Implication:

Unrealistic balances of GP Fund could result in possible misappropriation.

Management Reply:

AG Office:

The management replied that the huge balances appearing in the system were actually not part of GP Fund. It was an error in the System and would never be allowed to be included in the GP Fund payment. These wrong opening balances were being deleted from the SAP System.

Audit Comments:

The reply was not accepted because the system was configured and data was entered by the staff of AGPR. More than eight years had passed since automation but the management had failed to rectify such errors. In order to minimize such instances, input and processing control checks should be enabled.

1.2 CENTRAL DIRECTORATE OF NATIONAL SAVINGS (CDNS)

1.2.1 Manuscript of Appropriation Accounts of CDNS not prepared on the approved format of Financial Reporting Manual

Risk Categorization: **High**

Observation:

Para 3.11 of the approved Financial Reporting Manual (FRM) provides the format of ‘Appropriation Accounts by Grant’. The FRM also states that the Grant will be bifurcated Drawing and Disbursing Officer (DDO) wise and the “comments on significant variances should be disclosed in Footnotes along with losses and defalcations and comments on performance/administration of the Grant”

Para 107 of GFR Volume-I states that the Appropriation Accounts mainly depend on explanations furnished by heads of departments, etc., to the Accountant General as to the cause of variations between the appropriations and the expenditure. The explanation furnished of variations between appropriation and expenditure or of any apparent failures to exercise adequate financial control over expenditure should be concise, accurate and fully informative, and such vaguely worded phrases as "due to overestimating", “covered by re-appropriation “or " re-appropriations proved unnecessary or inadequate" should be avoided.

The Manuscript of Appropriation Accounts of Central Directorate of National Savings for 2011-12 was based on Grant No. 30 containing 50 Cost Centers/Drawing and Disbursing Officers (DDOs).

Audit observed as under:

i. The Manuscript of Appropriation Accounts had not been prepared according to the approved FRM format.
ii. The Manuscript of Appropriation Accounts had not been prepared for the 50 DDO’s under the Grant as required by the FRM.

iii. The Manuscript of Appropriation Accounts did not disclose the previous year's Final Grant and the excess/savings details.

iv. The Grand Summary of the Manuscript of Appropriation Accounts did not incorporate the effect of amounts surrendered during 2011-12.

v. The management did not provide the detailed analysis of each object head regarding excess/savings in violation of the approved FRM format and Para 107 of GFR.

Implications:

Audit is of the view that the Manuscript of Appropriation Accounts for 2011-12 did not cater the requirements of FRM.

Management response:

CDNS:

The management replied that the draft Manuscript of the Appropriation Accounts 2011-12 was submitted to the Controller General of Accounts (CGA) and the Director General Audit (Federal Government) for approval and Certification Audit, respectively before its finalization. The CGA had communicated approval vide letter No. 242/CGA/Comp-I/1-23/2011-12 dated 07.11.2012 as per the format in vogue.

Audit Comments:

The reply was not accepted. The Manuscript of the Appropriation Accounts for 2011-12 did not present true and fair reflection of the accounts.

Audit recommends that the Manuscript of Appropriation Accounts should be prepared according to the approved FRM format.

1.2.2 Irregular and unauthorized re-appropriations of funds into banned heads of accounts - Rs. 32.034 million

Risk Categorization: **High**

Observation:

Finance Division O.M. No. F.7(2)Exp.IV/2011 dated 12.08.2011 states that it had been decided to enforce following economy measures in the Current Expenditure during Financial Year 2011-12 with immediate effect:

ii. There will be a ban on purchase of physical assets including all types of vehicles. Ban on purchase of vehicles will also be applicable to Development Expenditure.

iii. Expenditure on Travelling Allowance, Stationery, Entertainment, Advertisement, Repair/Maintenance and Utilities will be curtailed by 20% of Budget Estimates.

iv. Entitlement of periodical, magazines, etc. of all officers has been withdrawn. Only one copy of periodical/magazine will be available in the library of each Ministry/Division/Department/Organization for reference purposes. Only one daily newspaper will be allowed to the entitled officers.

ix. Ministries/Divisions will not be authorized to re-appropriate funds from the above mentioned head of expenditure.

The management of CDNS re-appropriated funds from and to banned heads during 2011-12 vide re-appropriation orders No. 1 to 9.

Audit observed that the management re-appropriated funds amounting to Rs. 32.034 million from and to banned heads in violation of Finance Division instructions. Details are at Annexure-II.

Implications:

Audit is of the view that the re-appropriations in the banned heads were irregular and unauthorized.

Management response:

CDNS:

The management replied that Finance Division had imposed ban on re-appropriation of funds from the head of Utilities/TA/Stationery/Entertainment/ Newspapers/Advertisement/Repair & Maintenance and Physical Assets. But there was no restriction to re-appropriate funds into the heads of Utilities/TA/Stationery/Entertainment/Newspapers/Advertisement and Repair & Maintenance from any other heads of accounts, which were not banned by the Finance Division.

Audit Comments:

The reply was not accepted because the ban was imposed on re-appropriation from and into the banned heads of accounts.

Audit recommends that responsibility be fixed for the unauthorized re-appropriation of funds from or to banned heads of accounts.

CHAPTER 2

2 BENAZIR INCOME SUPPORT PROGRAM (BISP)

2.1 Introduction of Program

The Benazir Income Support Program (BISP) was established through an Ordinance in 2009 to provide financial assistance and other opportunities, such as education, vocational training, skills development, welfare programs, livelihood programs, health insurance, accidence insurance, and access to microfinance. According to the Ordinance, BISP will strive to achieve the following three objectives:

a. Enhance financial capacity of the poor and their dependent family members;
b. Formulate and implement comprehensive policies and targeted programs; and
c. Reduce poverty and promote equitable distribution of wealth, especially for the low income groups.

The President of Pakistan is Chief Patron and the Prime Minister is Executive Patron of BISP, while a Federal Minister manages its operations as Chairperson with the help of a Board constituted by the President on the advice of the Prime Minister. Key powers and functions of the Board are as under:

a. To approve the budget of the programme prepared by the management;
b. To take decisions on the financial aspects of the programme;
c. To monitor the programme in a transparent manner;
d. To make regulations and approve policies and manuals in order to carry out the purposes of this Ordinance;
e. To approve criteria of eligible families for financial assistance under the programme; and
f. To present annual progress reports to the Council and consider recommendations.

2.2 Comments on Budget & Accounts (Variance Analysis)

Original budget allocated to the Benazir Income Support Program for the financial year 2011-12 was Rs 50,000.00 million, out of which the Program incurred an expenditure of Rs. 46,381.086 million resulting in a saving of Rs. 3,618.914 million. No Supplementary Grants were obtained during the year.

Audit noted that there was an overall saving of Rs. 3,618.914 million in the budget of Benazir Income Support Program that amounted to 7.24% of the Final Budget.

(Rupees)

Grant No	Grant Type	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Final Grant/ Appropriation	Actual Expenditure	Excess/ (Savings)	% age Excess/ (Saving)
101	**Development**	50,000,000,000	-	50,000,000,000	46,381,086,248	(3,618,913,752)	(7)

Variance analysis could not be performed due to non-existence of a separate grant for BISP.

2.3 Brief comments on the status of compliance with PAC Directives

There is no PAC Directive in respect of BISP.

2.4 AUDIT PARAS

Non Production of Record

2.4.1 Non-production of record - Rs. 12.220 million

Section 14(2) of Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 states that the officer in-charge of any office or department shall afford all facilities and provide record for audit inspection and comply with requests for information in as complete a form as possible and with all reasonable expedition.

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

The BISP management paid Rs. 12.220 million to Anjum Asim Shahid Rehman, Chartered Accountants vide cheque No. 865129 on account of Nation-wide Rollout of Poverty Scorecard during 2011-12.

Audit was not provided the following record/information despite written and verbal requests:

i. The selection criteria of the firm.

ii. Note and correspondence file.

iii. The Report submitted by the firm.

Audit is of the view that due to non-production of record the authenticity of the expenditure incurred could not be ascertained.

The management replied that the firm was selected after following the due procedure, i.e. open competitive bidding. Proper evaluation was carried out, and complete record pertaining to selection and payment to the firm was available for verification.

The reply was not accepted as the management did not provide the relevant record in support of the reply.

The PAO was informed on 04.12.2012, but DAC was not held till the finalization of the report.

Audit recommends that responsibility be fixed for hindering the auditorial functions of the Auditor General of Pakistan.

Irregularity & Non Compliance

2.4.2 Irregular payment of House Rent Allowance to deputationists - Rs. 3.734 million

Rule 15(4)(c) of Accommodation Allocation Rules, 2002 states that an allottee who is transferred to an autonomous organization at the same station may retain the accommodation under intimation to the Estate Office till such time as that organization provides him alternate accommodation or for a period of five years, whichever is earlier. The total monthly House Rent Allowance payable to the allottee or his rental ceiling, whichever is more, will be payable into government treasury by the organization.

Rule 11(7) of Accommodation Allocation Rules, 2002 states that in case of his posting or deputation within the country or abroad, the AGPR/DBA/CAO or the department of the Federal Government Servant (FGS), as the case may be, shall not release the House Rent Allowance or issue Last Pay Certificate till issuance of NOC from the Estate Office.

Rule 27 of Accommodation Allocation Rules, 2002 states that within a fortnight of the transfer, retirement, resignation, dismissal or removal from service or in the event of the death of an allottee or of his proceeding abroad on training or deputation, the Establishment Division or the head of the office of the allottee, as the case may be, and the allottee himself shall be responsible for reporting any such fact to the Estate Office through his department.

Para 10(v) of GFR Volume-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 BISP Management Board in its 7th Meeting held on 19.10.2010 approved and adopted BISP Pay Package based on the pay scales of National Counter Terrorism Authority, along with appropriate allowances. Under the Special Pay Scales, House Rent Allowance @ 60% of basic pay per month was also approved.

The management paid an amount of Rs. 3.734 million on account of House Rent Allowance (HRA) @ 60% to deputationists during 2010-12. Details are as under:

(Rupees)

S. No.	Name	Designation	SPS	Government Accommodation	Effective date	HRA @ 60% *
1.	Jamal Abdul Nasir Usmani	Director General	20	Flat No. 4, Block 2-E, AGPR Colony, Islamabad	10.08.2011	546,159
2.	Muhammad Saleem	Director	19	Flat No. 2, Block 24-E, AGPR Colony, Islamabad	01.07.2010	616,344
3.	Ehsan Ullah Cheema	Deputy Director	18	Flat No. 3, Block 3-E, AGPR Colony, Islamabad	01.07.2010	990,072
4.	Chaudhary Zulfiqar Ali	Assistant Accounts Officer	17	Flat No. 16, Block 4-B, AGPR Colony, Islamabad	10.05.2011	237,714
5.	Pervez Iqbal	Assistant Accounts Officer	17	Flat No. 1, Block 25-E, AGPR Colony, Islamabad	13.07.2011	312,002
6.	Syed Waseem Abbas	Assistant Accounts Officer	17	Flat No. 7, Block 29-A, AGPR Colony, Islamabad	01.07.2010	306,768

7.	Muhammad Khanwaiz	Assistant	16	Flat No. 11, Block 6-B, AGPR Colony, Islamabad	01.07.2010	280,848
8.	Munawar Islam	Assistant	16	Flat No. 7, Block 25-E, AGPR Colony, Islamabad	21.07.2011	96,111
9.	Tariq Mahmood	Assistant	16	Flat No. 6, Block 16-D, AGPR Colony, Islamabad	01.07.2010	347,538
					Total	**3,733,556**

*Calculated up to 30.06.2012. However, House Rent Allowance is still being drawn.

Audit observed as under:

i. The deputationists were paid House Rent Allowance @ 60% of their basic pay despite the fact that they were allotted government accommodation.

ii. The Head of the office of the allottees of government accommodation and the allottees themselves did not report about their deputation at BISP as required under Rule 27 of Accommodation Allocation Rules, 2002.

iii. The House Rent Allowance was not deposited into the government treasury in violation of Rule 15(4)(c) of Accommodation Allocation Rules, 2002.

iv. The monthly House Rent Allowance paid to employees on deputation has become a source of profit to the recipients.

Audit is of the view that the deputationists provided with government accommodation were not entitled to monthly House Rent Allowance.

Audit maintains that the BISP management should recover the amount paid irregularly and deposit it in to the government treasury.

The management replied that Audit had already objected to the adoption of Special Pay Scales. The deputationists were already depositing the standard rent into government treasury.

The reply was not accepted because Rule 15(4)(c) of Accommodation Allocation Rules, 2002 is crystal clear and requires that House Rent Allowance or rental ceiling, whichever was more, should be deposited into government treasury. Further, according to Para 10(v) of GFR Volume-I states that allowances paid to a government servant should not become a source of income for the recipient.

The PAO was informed on 04.12.2012, but DAC was not held till the finalization of the report.

Audit recommends that House Rent Allowance @ 60% of Basic Pay may be recovered from the deputationists provided with government accommodation, and deposited into the government treasury.

2.4.3 Adoption of Special Pay Scales by BISP Board without the concurrence of Finance Division and payment of arrears - Rs. 21.583 million

Section 18 of the Benazir Income Support Programme Act, 2010 states that the management may, for the purposes of efficient performance of its functions or exercise of its powers, appoint such employees as it may consider necessary on such terms and conditions as may be laid down under the regulations:

Provided that until such regulations are made to determine pay, pension and allowances as otherwise in vogue in the Federal Government applicable to civil servants, the terms and conditions applicable to the employees immediately before the commencement of this Act shall continue to apply in accordance with such directions as the Federal Government may, in case of its employees, issue from time to time.

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

The BISP Board in its meeting held on 19.10.2010 approved and adopted the BISP Pay Package based on the pay scales of National Counter Terrorism Authority, along with appropriate allowances w.e.f. 01.07.2010. Under the Special Pay Scales the following allowances were approved:

a) BISP Allowance ranging from Rs. 2,000 to Rs. 50,000.

b) House Rent Allowance @ 60% of basic pay

c) Medical Allowance @ 25% of basic pay

d) Utility Allowance @ 25% of basic pay

e) Conveyance Allowance @ 15% of basic pay for Scale 1 to 18 which was enhanced to 20% w.e.f. 01.07.2011.

f) Education Allowance @ 10% of basic pay

g) Mobile Allowance for Scale 17 and above ranging from Rs. 2,000 to Rs. 6,000.

Audit observed as under:

i. The management had not notified any regulations regarding terms and conditions of the service of its employees.

ii. The Special Pay Scales were approved and adopted by the BISP Board without the concurrence of the Ministry of Finance and in the absence of regulations.

iii. The management paid an amount of Rs. 21.583 million as arrears in the light of Special Pay Scales during 2010-11.

Audit is of the view that the approval and adoption of Special Pay Scales without the approval of the Finance Division, and subsequent payment of arrears, was irregular and unauthorized.

The management replied that the BISP Board was empowered to make regulations and prescribe terms and conditions of service of employees in terms of Section 18 of the BISP Act, 2010. Service Regulations were approved by the BISP Board. The Special Pay Scales were adopted with the approval of the Board to attract and retain competent and qualified human resource for achievement of the objectives of the Programme. The Board was competent to approve the regulations, therefore, the question of the concurrence of the Finance Division did not arise.

The reply was not accepted because the BISP management did not provide evidence of regulations prepared under Section 18 of the BISP Act, 2010. Therefore, the management was required to follow government instructions in vogue. Regarding concurrence of the Finance Division, the same is essential under GFR 25, which is applicable to all entities.

The PAO was informed on 04.12.2012, but DAC was not held till the finalization of the report.

Audit recommends that the regulations should be prepared and notified while concurrence of the Ministry of Finance should be obtained for the Special Pay Scales, which should be notified in the official gazette.

Audit also recommends that the arrears already paid and the difference in pay in relation to the Special Pay Scales should be calculated and recovered.

2.4.4 Unauthorized fixation of Pay & Allowances - Rs. 2.746 million

Para 25 of Establishment Division O.M. No. 14/5/28-D.III dated 10.02.1980 states that pay of the retired officers of the Armed Forces, who are re-employed in civil posts on contract in grades equal to the substantive rank or temporary rank, if held for one year, may be fixed at the minimum of the grade in which re-employment is made and full service pension should be paid in addition.

Para 3 of Establishment Division O.M. No. 10/67/2004-R.2 dated 21.06.2005 states that the Prime Minister had approved the re-employment rules, which should apply to those "Government Servants who are appointed on contract as consultants or otherwise after superannuation without open competition. On the other hand those retired Government servants who compete with others in the private sector for a consultancy position on the basis of open competition and are selected on merit should be entitled to the package, perks and privileges laid down for that position. The contract offered without competition and open merit be governed by re-employment rules while consultants selected on the basis of open competition and merit be offered the relevant package, which the position carries".

The management of BISP appointed following retired officers on contract through open competition:

(Rupees)

S. No.	Name	Designation	BPS	Date of Appointment	Pay Package
1.	Raja Abdul Munaf	Accounts Officer	17	09.01.2009	50,000
2.	Col. (R) Dr. Syed Javed Abbas	Director (Health Product)	-	25.01.2010	120,000

The management paid the following arrears of pay and allowances to the above officers on the recommendations of Anomaly Committee of BISP:

(Rupees)

S. No.	Designation	Period of arrear	Cheque No.	Date	Amount
1.	Director (Health Product)	01.11.2010 to 30.05.2012	988242	13.06.2012	1,401,656
2.	Accounts Officer	01.07.2010 to 30.05.2012	988232	15.06.2012	1,344,693
				Total	**2,746,349**

Audit observed as under:

i. The officers were appointed on contract basis from open market on Lump Sum pay package.

ii. Pay of the officers was fixed with retrospective effect from the date of adoption of Special Pay Scales.

iii. The pay of the Accounts Officer was fixed in BS-18 on the plea that the post of Accounts Officer had been upgraded to BS-18.

Audit is of the view that the officers appointed on Lump Sum pay packages on contract could not enjoy the benefit of arrears, which was irregular and unauthorized.

The management replied that the BISP management was empowered to appoint employees, as it may consider necessary, in terms of Section 18 of the BISP Act, 2010. The salaries of these officers were revised due to introduction of Special Pay Scales of BISP at par with other contractual employees of the Programme.

The reply was not accepted because the arrears were paid in violation of the government instructions.

The PAO was informed on 04.12.2012, but DAC was not held till the finalization of the report.

Audit recommends that payment made should be recovered from the officials.

2.4.5 *Selection of advertising firms without due evaluation - Rs. 1,647.486 million*

Rule 29 of the Public Procurement Rules, 2004 states that the procuring agencies shall formulate an appropriate evaluation criterion listing all the relevant information against which a bid is to be evaluated. Such evaluation criteria shall form an integral part of the bidding documents. Failure to provide for an unambiguous evaluation criteria in the bidding documents shall amount to mis-procurement.

Rule 30(1) of the Public Procurement Rules, 2004 states that all bids shall be evaluated in accordance with the evaluation criteria and other terms and conditions set forth in the prescribed bidding documents.

Para 2(I) of Ministry of Information and Broadcasting letter No. F.15(77)/96-Advt. dated 23.05.1997 states that open and transparent competition would be followed in the selection and appointment of advertising agencies in consultation with the Press Information Department whose participation in the process will be meaningful and effective.

Para 2(III) of Ministry of Information and Broadcasting letter No. F.15(77)/96-Advt. dated 23.05.1997 states that a Departmental Committee, in the presence of the PID representative, will shortlist the advertising agencies and the shortlisted advertising agencies will be invited at a suitable date for a final presentation.

Para 2(V) of Ministry of Information and Broadcasting letter No. F.15(77)/96-Advt. dated 23.05.1997 states that the Selection Committee shall consist of three members, including a representative of PID, a representative of the Department concerned and an External Media to be invited with mutual agreement of PID and the Department concerned.

Para 2(VI) of Ministry of Information and Broadcasting letter No. F.15(77)/96-Advt. dated 23.05.1997 states that the appointment of the finally selected Advertising Agency/Agencies shall preferably be for a period of two years. This shall not, however, be extended beyond two years except with the approval of Press Information Department, which may allow such extension for a maximum period of three months only.

The management of Benazir Income Support Programme (BISP) sought Expression of Interest (EOI) in national newspapers on 21.06.2009 to acquire the services of a firm to undertake media communications. Para 1 of the Minutes of the meeting held on 08.09.2009 states that in response to the EOI 21 applications were received and the following eight advertising firms were shortlisted:

S. No.	Advertising Agency
1.	Interflow Communications
2.	Midas (Pvt) Ltd.
3.	Maxim (Pvt) Ltd.
4.	Orient Advertising
5.	Adgroup (Pvt) Ltd.
6.	Midas Communications
7.	Channel 7 Communications (Pvt) Ltd.
8.	Manhattan Pakistan (Pvt) Limited.

Para 4 of the Minutes of the meeting held on 08.09.2009 states that a Selection Committee of the following members reviewed the final presentation of the eight shortlisted agencies on 07.09.2009 and 08.09.2009:

1. Chairperson, BISP
2. Managing Director, BISP
3. Media Expert (External) from Ministry of Water & Power/PEPCO
4. Deputy Director (Media), BISP

Para 5 of the Minutes of the meeting held on 08.09.2009 states that after review of all the presentations by the Selection Committee the following four advertising firms were shortlisted:

S. No.	Advertising Agency
1.	Midas (Pvt) Ltd.
2.	Maxim (Pvt) Ltd.
3.	Interflow Communications (Pvt) Ltd.
4.	Adgroup (Pvt) Ltd.

Para 7 of the Minutes of the meeting held on 08.09.2009 states that it was also decided that Deputy Director (Media) and Director Admin will be authorized to issue Release Orders and will negotiate best possible rates after due procedure, and will approve bills for payment after verifying and checking of all bills.

The BISP management hired the services of the following advertising firms for various print and electronic advertising during 2010-12 and paid Rs. 1,647.486 million:

(Rupees)

S. No.	Advertising Agency	2010-11	2011-12	Total
1.	M/S Adgroup (Pvt) Ltd.	4,513,542	18,432,727	22,946,269
2.	M/S Interflow Communications	152,319,809	1,811,056	154,130,865
3.	M/S Maxim (Pvt) Ltd.	1,584,921	1,272,395	2,857,316
4.	M/S Midas (Pvt) Ltd.	586,529,972	881,021,705	1,467,551,677
	Total	**744,948,244**	**902,537,883**	**1,647,486,127**

Audit observed as under:

i. The entire process of shortlisting and final selection was carried out without the involvement of representative of PID.

ii. The detailed evaluation sheet of the four members Selection Committee who reviewed the final presentation of the eight shortlisted firms on 07.09.2009 and 08.09.2009 was not provided to Audit.

iii. The four advertising firms were appointed without due evaluation of bids in violation of Rule 29 and 30(1) of the Public Procurement Rules, 2004.

iv. The contract was not extended beyond two years with the approval of the PID.

Audit is of the view that the appointment of the advertisement firms without involvement of a representative of PID and without due evaluation was irregular.

The management replied that BISP sought EOI and the process of the selection of media firms was finalized in 2009. The selection process was carried out after detailed due diligence and review of the presentations and proposals/profiles of the advertising agencies. The BISP Board had also approved the selection of media firms.

The reply was not accepted as the management did not provide the detailed evaluation sheet of the Selection Committee which finalized the award of contract to the four firms. Further, the representative of the Press Information

Department was not part of the entire process as required under the rules.

The PAO was informed on 04.12.2012, but DAC was not held till the finalization of the report.

Audit recommends that matter may be inquired and responsibility may be fixed for the irregularity.

2.4.6 Irregular appointment of State Life Insurance Corporation without open competition - Rs. 2,747.256 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.

Rule 29 of the Public Procurement Rules, 2004 states that the procuring agencies shall formulate an appropriate evaluation criterion listing all the relevant information against which a bid is to be evaluated. Such evaluation criteria shall form an integral part of the bidding documents. Failure to provide for an unambiguous evaluation criteria in the bidding documents shall amount to mis-procurement.

Para 19(ii) of GFR Volume-I states that as far as possible, legal and financial advice should be taken in the drafting of contracts and before they are finally entered into.

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

The BISP management advertised Invitation for Proposals in respect of Waseela-e-Sehat (Health Insurance) in leading newspapers on 27.04.2010 pursuant to which the following eight insurance companies submitted their proposals on 12.05.2010:

S. No.	Name of Insurance Company

1.	Aadamjee Life Insurance Company
2.	Allianz Health Insurance Company Limited
3.	Shaheen Insurance Company Limited
4.	The First Micro Insurance Agency Pakistan (Pvt) Limited
5.	Takaful Insurance Company Limited
6.	Askari General Insurance Company Limited
7.	Alpha Insurance Company
8.	East West Life Assurance Company Limited.

The Evaluation Committee constituted by the Secretary BISP on 12.05.2010 unanimously recommended on 15.06.2010 that since none of the bids met the criteria, fresh process of selection of the company be initiated.

The BISP Management Board in its meeting held on 19.10.2010 considered the outcome of the exercise of inviting EOIs and decided to entrust the task to State Life Insurance Corporation (SLIC), which was also venturing into Health Insurance, and had expressed their keenness to take up the assignment. However, the Board decided to provide Life Insurance worth Rs. 100,000 to the primary bread earners of the families (male/female).

The management of BISP entered into an agreement with SLIC on 23.12.2010 for Group Life Insurance for a period of three years commencing on 01.01.2011 and ending on 31.12.2013 for the BISP breadwinners/beneficiaries as death benefit for a fixed sum of Rs. 100,000 payable by SLIC. Under the contract BISP would finance the scheme by payment of contribution @ Rs. 150 per member per year. SLIC would charge Rs. 50 per member per annum for issuance of Insurance Certificate and postage charges along with Rs. 30 per member per annum as administrative charges.

The agreement with SLIC was extended through Supplementary Agreement on 30.03.2012 for a period of one year up to 31.12.2014 along with amendments in Clause 13 “Financing of the Scheme” and Clause 15 “Claim Reserve Account for settlement of Claims”. According to Clause 7 of the Supplementary Agreement the alterations would take effect from 01.01.2012.

The management also entered into an agreement with SLIC on 03.02.2012 for Health Insurance Scheme w.e.f. 16.04.2012 for a period of three years for the BISP beneficiaries and their family members at a premium of Rs. 2,250 per annum per insured family. Under the agreement SLIC would pay the

Hospitalization and Related expenses up to a maximum of Rs. 25,000 per insured family per annum to the empanelled hospital.

The BISP management paid Rs. 2,747.256 million to State Life Insurance Corporation during 2010-12 on account of Group Life Insurance and Health Insurance. Details are as under:

(Rupees)

S. No.		2010-11	2011-12	Total
1.	Group Life Insurance	190,067,170	2,458,679,515	2,648,746,685
2.	Health Insurance	-	98,509,500	98,509,500
	Total	**190,067,170**	**2,557,189,015**	**2,747,256,185**

Audit observed as under:

i. SLIC did not participate in the advertised Invitation for Proposals for Health Insurance.

ii. The Invitation of Proposals did not request for submission of bids related to Group Life Insurance.

iii. SLIC did not have any Health Insurance experience as it only deals in Life Insurance.

iv. SLIC was awarded the contracts for Life and Health Insurance without open competition.

v. The contracts were entered into without legal and financial advice, and the consent of the Ministry of Finance

vi. The evaluation of the Evaluation Committee was neither available on record nor provided to Audit.

vii. The Supplementary Agreement resulted in placement of minimum reserve balance of Rs. 1,200 million of BISP funds with SLIC.

Audit is of the view that since the Invitation for Proposals was for Health Insurance in which SLIC had not participated, therefore, the contract could not be awarded to SLIC. Similarly, the contract for Group Life Insurance could also not be awarded to SLIC as it had not been advertised.

Audit is also of the view that appointment of SLIC without open competition and without observing the laid down rules was irregular.

The management replied that SLIC was established in 1972 after nationalization of insurance business through Life Insurance Nationalization Order, 1972 and had the highest financial rating (AAA) in accordance to PACRA. The rates offered by SLIC were the lowest in the market and no other private insurance company had the capacity to cater for such large scale requirements. BISP was authorized to enter into such operational arrangements with public sector organizations.

The reply was not accepted, being irrelevant, as the management did not respond to the objections raised by Audit.

The PAO was informed on 04.12.2012, but DAC was not held till the finalization of the report.

Audit recommends that responsibility may be fixed for award of contracts without open competition to a company which did not even participate in the Invitation for Proposals.

2.4.7 Regulations for disbursement of funds not approved by the BISP Board - Rs. 74,412.364 million

Section 6(1)(d) of the Benazir Income Support Programme Act, 2010 states that the Board's powers and functions shall be to make regulations and approve policies and manuals in order to carry out the purposes of this Act.

Section 12 of the Benazir Income Support Programme Act, 2010 states that the funds of the Programme shall be disbursed to eligible persons and families in a manner approved by the Board and prescribed in the regulations.

Section 23(1) of the Benazir Income Support Programme Act, 2010 states that the Board may make regulations in order to carry out the purposes of this Act.

Section 23(2) of the Benazir Income Support Programme Act, 2010 states that without prejudice to the provisions of Sub-Section (1) the regulations shall provide, *inter alia* financial assistance, payment schedule, grievance redressal, social audits and operation of complementary graduation Programme.

The BISP management made payments during 2010-12 under Poverty

Scorecard System, Parliamentarian System, Waseela-e-Haq, Waseela-e-Rozghar, Waseela-e-Sehat, Emergency Relief Package and IDPs. Details are as under:

(Rupees)

S. No.	Particulars	FY 2010-11	FY 2011-12	Total
1.	Poverty Scorecard System	9,659,706,360	38,650,672,039	48,310,378,399
2.	Parliamentarian System	16,019,267,928	506,736,000	16,526,003,928
3.	Waseela-e-Haq	288,750,000	1,559,252,513	1,848,002,513
4.	Waseela-e-Rozghar	131,244,450	135,558,493	266,802,943
5.	Waseela-e-Sehat	190,244,170	2,557,189,015	2,747,433,185
6.	Emergency Relief Package	4,427,190,480	24,585,380	4,451,775,860
7.	Internal Displaced Persons	261,967,725	0	261,967,725
	Total	**30,978,371,113**	**43,433,993,440**	**74,412,364,553**

Audit observed as under:

1. Review of the Minutes of the BISP Board meetings from the 7th Meeting dated 19.10.2010 to 13th Meeting dated 20.01.2012 indicates that the Board had not approved/notified any regulations for disbursement of funds of the Program to the eligible persons and families.

2. The Board on an adhoc basis approved various initiatives for the benefit of BISP beneficiaries for disbursement of funds of the Programme.

Audit is of the view that the payments made for disbursement of funds of the program without notifying any regulations was irregular.

The management replied that BISP has formulated its regulations and also started the process of making sub-regulations relating to different operational/ functional areas. All the payments were being made after approval of SOP/Policy Guidelines from BISP Board.

The reply was not accepted as the management did not provide notified regulations under the BISP Act, 2010.

The PAO was informed on 04.12.2012, but DAC was not held till the finalization of the report.

Audit recommends that regulations may be notified in order to carry out the purposes of the BISP Act, 2010.

2.4.8 Irregular and unauthorized payment of cash reward to World Bank consultants - Rs. 1.930 million

Para IV of the Agreement between BISP and the Consultants states that the Client shall pay the Consultant remuneration in respect of the services performed during the terms of the engagement by monthly payments and shall reimburse out of pocket expenses calculated at the rates set forth in Schedule B.

The management of Benazir Income Support Program (BISP) paid an amount of Rs. 1.930 million to 24 World Bank Consultants as cash reward during 2011-12 vide cheque No. 994463 dated 29.06.2012.

Audit observed as under:

i. The payment of cash reward was paid over and above the remuneration fixed under Schedule B of the contracts.

ii. The cash reward was paid from GOP funds.

Audit is of the view that payment of cash reward to World Bank Consultants was irregular and unauthorized as they were neither authorized for such cash reward from GOP funds nor from the World Bank funds.

The management replied that due to hard work and extra effort towards achievement of the objectives of the Programme, BISP management paid cash reward to the Consultants from GOP funds with the approval of the BISP Board.

The reply was not accepted because the World Bank Consultants were not entitled for cash reward from GOP or World Bank funds.

The PAO was informed on 04.12.2012, but DAC was not held till the finalization of the report.

Audit recommends that the amount paid should be recovered.

2.4.9 Provision of vehicles to unauthorized officers - Rs. 7.665 million

Section 6(1)(d) of the Benazir Income Support Programme Act, 2010 states that the Board's powers and functions shall be to make regulations and approve policies and manuals in order to carry out the purposes of this Act.

Rule 24(2) of the Rules for Use of Staff Cars, 1980 states that the Prime Minister of Pakistan had been pleased to approve the following revised entitlement of staff cars:

a.	Federal Ministers/Ministers of State /Advisors/Special Assistants to the Prime Minister with status of Minister/Minister of State	1800 CC
b.	Secretaries General/Secretary/Parliamentary Secretaries and Officers equivalent to BPS-22	1300 CC
c.	Additional Secretaries/Senior Joint Secretaries/Officers in BPS-21/20 and equivalent	1000 CC

Rule 24(5) of the Rules for Use of Staff Cars, 1980 states that the petrol/ CNG ceiling of entitled officers are as under:

S. No.	BPS	Petrol Ceiling Per Month	CNG Ceiling
1.	BPS-20	180 liters	20 liters petrol + 125 Kg CNG
2.	BPS-21	180 liters for 1000 CC Car 270 liters for 1300 CC Cars of model older than 2003	20 liters petrol + 125 Kg CNG
3.	BPS-22	360 liters petrol per month	35 liters petrol + 250 Kg CNG

The management of BISP provided 18 Suzuki Cultus vehicles to Directors with monthly petrol ceiling and paid Rs. 7,664,630 during 2010-12 on account of Repair & Maintenance and POL. Details are as under:

(Rupees)

S. No.	Allotted to	Registration No.	Monthly Petrol celling	Total Expenditure on POL	Expenditure on Repair and Maintenance		Total
				2010-12	2010-11	2011-12	
1.	Director (Donor Coordination)	GU-106	9,940	238,560	71,728	94,576	404,864
2.	Director (Chairperson)	GU-547	9,940	238,560	38,620	61,654	338,834
3.	Director (Admn)	GU-108	9,940	238,560	81,983	95,996	416,539
4.	Director (Internal Audit)	GU-014	9,940	238,560	70,328	81,378	390,266
5.	Director (I.T)	GU-231	9,940	238,560	46,105	70,168	354,833
6.	Director (Beneficiary Services)	GU-045	9,940	238,560	322,927	150,731	712,218
7.	Director (Field Operations)	GU-107	9,940	238,560	190,411	91,120	520,091
8.	Director (Payments)	GU-333	9,940	238,560	76,562	75,360	390,482
9.	Director (Waseela-e-Haq-I)	GU-023	9,940	238,560	48,650	76,706	363,916
10.	Director (I&T)	GU-072	9,940	238,560	129,257	75,500	443,317
11.	Director (HR)	GU-634	9,940	238,560	94,821	72,015	405,396
12.	Director (Waseela-e-Sehat)	GU-654	9,940	238,560	44,572	88,742	371,874
13.	Director Policy (F&A)	GU-653	9,940	238,560	8,584	115,200	362,344
14.	Director (Media)	GU-635	11,225	269,400	365,599	111,702	746,701
15.	Director (Finance & Accounts)	GU-105	9,940	238,560	101,822	87,112	427,494
16.	Director (Legal)	GW-843	10,917	262,008	0	183,610	445,618
17.	Director (Waseela-e-Haq-II)	GW-844	10,917	262,008	0	23,612	285,620
18.	Director (Waseela-e-Rozgar-I)	GW-845	10,917	262,008	0	22,215	284,223
			Total	**4,395,264**	**1,691,969**	**1,577,397**	**7,664,630**

Audit observed as under:

i. The BISP Board had not approved any regulations to determine the entitlement and use of Staff Cars.

ii. The Directors provided with 1000 cc vehicles were not entitled to use a Staff Car.

iii. The Directors were provided petrol/CNG ceiling in violation of Rule 24(5) of Staff Cars Rules, 1980.

Audit is of the view that expenditure on account of POL and repair and maintenance on the vehicles used by non-entitled officers was unauthorized.

The management replied that the BISP Board had approved the allotment of vehicles to the Directors keeping in view the operational requirements and nature of their jobs. The BISP Board had now decided to monetize the transport.

The reply was not accepted as BS-19 officers were not entitled to use staff cars as per Staff Car Rules, 1980. Further, the policy of compulsory monetization of transport facility was only allowed to the entitled civil servants, i.e. officers in BPS 20 to 22. Therefore, monetization of transport to Directors, whether regular government servants or hired from the open market, would be irregular and unauthorized.

The PAO was informed on 04.12.2012, but DAC was not held till the finalization of the report.

Audit recommends that recovery should be initiated from the non-entitled officers and details be provided for any vehicles that had been monetized.

2.4.10 Undue favour extended to State Life Insurance Corporation - Rs. 2,648.747 million

The BISP Management Board in its meeting held on 19.10.2010 decided to provide Life Insurance worth Rs. 100,000 to the primary bread earners of the families (male/female).

The management of BISP entered into an agreement with SLIC on 23.12.2010 for Group Life Insurance for a period of three years commencing on 01.01.2011 and ending on 31.12.2013 for the BISP breadwinners/beneficiaries as death benefit for a fixed sum of Rs. 100,000 payable by SLIC. Under the contract BISP would finance the scheme by payment of contribution @ Rs. 150 per member per year. SLIC would charge Rs. 50 per member per annum for issuance of Insurance Certificate and postage charges along with Rs. 30 per member per annum as administrative charges.

The agreement with SLIC was extended through Supplementary Agreement on 30.03.2012 for a period of one year up to 31.12.2014, while Clause 13 and 15 of the original Agreement were also amended.

The amended Clause 13 stated that the contribution of Rs. 150 per member per annum for policy year 2012 and 50% of the contributions for policy years 2013 and 2014, i.e. Rs. 75 per member per annum would be paid by BISP to SLIC within seven days of execution of the Supplementary Agreement, while the balance (remaining 50%) would be paid not later than 15.01.2013.

The amended Clause 15(A)(c) of the Supplementary Agreement stated that an additional amount of Rs. 200.000 million would be paid by BISP to SLIC within seven days of the execution of the Supplementary Agreement on account of claims incurred but not reported up to 31.12.2011.

The amended Clause 15(B) & (C) of the Supplementary Agreement stated that BISP would ensure that the minimum balance in the Claim Reserve Accounts of 2012 and 2013 would be Rs. 500.000 million in each account.

The amended Clause 15(A), (B) and (C) of the Supplementary Agreement also stated that the books of Claim Reserve Accounts for 2011, 2012 and 2013 shall close on 31st December of the following year and the balance, if any, shall be settled by mutual agreement of the parties within three months.

The BISP management paid Rs. 2,648.747 million to State Life Insurance Corporation during 2010-12 on account of Group Life Insurance. Details are as under:

(Rupees)

S. No.	Insurance	2010-11	2011-12	Total
1.	Group Life Insurance	190,067,170	2,458,679,515	**2,648,746,685**

According to SLIC letter No. aaa/Dr.Noor/BISP Req/Year-2012 dated 03.09.2012 the insurance claims as at 03.09.2012 were as under:

Total No. of initiated claims	No. of paid claims	No. of declined claims	No. of outstanding claims
3,406	1,781	377	1,248

Audit observed as under:

i. During 2010-12 the BISP management paid Rs. 2,648.746 million to SLIC as insurance premium along with administrative costs for 4,096,088 beneficiaries.

ii. The insurance cost absorbed by SLIC for accepted claims of 1,781 beneficiaries was only Rs. 178.100 million, i.e. 6.723% of the total paid amount.

iii. The Supplementary Agreement resulted in placement of minimum reserve balance of Rs. 1,200 million of BISP funds with SLIC.

iv. 50% contribution for the year 2013 and 2014 was paid in advance in April, 2012 while the remaining 50% would be paid in January, 2013.

v. According to Clause 7 of the Supplementary Agreement death benefit would be paid only up to 31.12.2014 after which no claims would be entertained by SLIC.

Audit is of the view that the payments made for Group Life Insurance resulted in undue favor to SLIC and unnecessary burden on the national exchequer.

The management replied that in every insurance case premium was paid in advance to cover the risk of death. The amount paid to SLIC was premium for the poor beneficiaries at a very special low rate. It is premature to conceive this program as wasteful expenditure to compensate the dependents at the time of distress. The policy holder families were covered for the year 2011 but the death claims were covered for an indefinite period.

The reply was not accepted because 50% of premium for 2013 and 2014 was paid in April, 2012 while according to Clause 7 of the amended Agreement death benefit was payable only up to 31.12.2014 after which no claims would be entertained by SLIC. Therefore, the assertion of the management that the claims cover an indefinite period was incorrect.

The PAO was informed on 04.12.2012, but DAC was not held till the finalization of the report.

Audit recommends that responsibility should be fixed for granting undue favour to SLIC at the cost of public funds. The Group Life Insurance should be reconsidered as the cost outweighs the benefits.

2.4.11 Award of work to NADRA without open competition - Rs. 73.752 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.

The management of Benazir Income Support Program (BISP) paid an amount of Rs. 73.752 million to M/s NADRA for printing and distribution of 184,379 Benazir Smart Cards @ Rs. 400 per card.

Audit observed as under:

i. The work was awarded to M/s NADRA without open competition.

ii. M/s NADRA proposed a price of Rs. 463 per card vide letter No. NADRA/PMO/41 dated 26.08.210 for printing and distribution of 192,855 Benazir Smart Cards.

iii. Director (Payments) BISP through U.O. No. 9/27-Dir.Payment/BISP/ 2010 dated 27.08.2010 offered a price of Rs. 400 per card which M/s NADRA accepted vide letter No. NADRA/PMO/41 dated 31.08.2010.

iv. M/s NADRA submitted an invoice of Rs. 89.292 million on 26.08.2010 against which BISP paid Rs. 73.752 million on 03.09.2010 for 184,379 cards.

v. No contract agreement was either on record or provided to Audit.

Audit is of the view that the award of work to M/s NADRA without open competition was irregular and unauthorized.

The management replied that the Benazir Smart Card was launched as a test alternate payment mechanism. It was designed and printed by NADRA as it had the required in-house expertise in biometric controls with electronic chip.

The reply was not accepted because the contract was awarded without open competition, which was necessary to obtain competitive rates.

The PAO was informed on 04.12.2012, but DAC was not held till the finalization of the report.

Audit recommends that responsibility be fixed for the irregularity.

2.4.12 Purchase of vehicles during the period of ban - Rs. 5.710 million

Finance Division vide U.O. No. F.7(2)Exp.IV/2011 dated 17.08.2011 imposed ban on purchase of physical assets including all types of vehicles. Ban on purchase of vehicles was also applicable to development expenditure.

The budget of ID-4656 Benazir Income Support Programme was approved under Demand No. 101 "Other Development Expenditure of Cabinet Division outside PSDP".

The management of BISP paid an amount of Rs. 5.710 million to Pak Suzuki Motors for purchase of six vehicles during 2011-12. Details are as under:

(Rupees)

S. No.	Cheque No. /Voucher No.	Cheque Date	Supplier	Pre-Receipted Bill No.	Pre-Receipted Bill Date	No. of Vehicles	Amount
1.	885945/938	02.11.2011	Pak Suzuki Motors ISB	Nil	27.10.2011	2	1,930,000
2.	986976/3021	21.06.2012	-do-	Nil	07.06.2012	4	3,780,000
						Total	**5,710,000**

Audit observed that the vehicles were purchased during the period of ban imposed by the government.

Audit is of the view that the purchase of the vehicles was irregular and unauthorized.

The management replied that budget ID-1465 been categorized as "Other Development Expenditure of Cabinet Division outside PSDP", which involved different procedures unlike the development expenditure allocated in PSDP. Therefore, provisions of the Finance Division U.O. No. F.7(2)Exp.IV/2011 dated 17.08.2011 did not apply to BISP. The BISP Board was empowered to undertake such measures for the purpose of carrying out objectives of the program. Such restrictions were meant for Ministries/Divisions and Attached Departments.

The reply was not accepted because the instructions of the Finance Division were applicable to current as well as development expenditure both within and outside the PSDP, and was applicable to all government entities.

The PAO was informed on 04.12.2012, but DAC was not held till the finalization of the report.

Audit recommends that responsibility be fixed for the irregularity and the expenditure may be got regularized from the Finance Division.

2.4.13 Non-reconciliation of funds provided to Pakistan Post and commercial banks for disbursement to beneficiaries - Rs. 65,098.350 million

Para 15 of Accounting Procedure for BISP duly concurred/vetted by the Auditor General of Pakistan states that for proper account keeping, BISP shall maintain different books of accounts, including reconciliation with the bank and treasury.

Para 23 of Accounting Procedure for BISP states that the Cash Book shall be maintained in accordance with the provisions of FTR and shall be reconciled on monthly basis with bank and AGPR.

Para 14 of Accounting Procedure for BISP states that the Pakistan Post shall provide BISP after each disbursement (a) Disbursement report and (b) Funds reconciliation report. The BISP Secretariat shall adjust in the next installments the undistributed amount, if any. The release of amount, in any given month, to the Pakistan Post would be calculated keeping in view the active and eligible number of beneficiaries and adjustment for any undistributed sums from previous installments.

The BISP management entered into agreements with Pakistan Post and commercial banks which contained provision of reconciliation of funds disbursed before next payment. The management paid an amount of Rs. 65,098.350 million to Pakistan Post and various commercial banks during 2010-12. Details are as under:

(Rupees)

S. No.	Particulars	2010-11	2011-12	Total
1.	Poverty Scorecard System	9,659,706,360	38,650,672,039	48,310,378,399
2.	Parliamentarian System	16,019,267,928	506,736,000	16,526,003,928
3.	Internally Displaced Persons	261,967,725	0	261,967,725
	Total	**25,940,942,013**	**39,157,408,039**	**65,098,350,052**

Audit observed as under:

i. The amounts disbursed to Pakistan Post and commercial banks were not reconciled as required under the agreements and the Accounting Procedure.

ii. Payments were made without adjusting previously undisbursed amounts available with the entities.

Audit is of the view that in the absence of reconciliation the management was unaware of the status of funds and discrepancies, if any, could not be identified and rectified.

The management replied that reconciliation with Pakistan Post had been completed up to 3rd quarter of 2011-12 and reconciliation for the quarter ending 30.06.2012 was in process.

The reply was not accepted because during verification on 26.12.2012 it was established that reconciliation with Pakistan Post was carried out up to March, 2011 and not up to March, 2012 as claimed by the management. The undisbursed amount of Rs. 1,161.461 million in the reconciliation of December, 2010 was not accounted for in the reconciliation statement of March, 2011 and, therefore, its whereabouts remain unknown.

The management did not provide any proof of reconciliation with the commercial banks.

The PAO was informed on 04.12.2012, but DAC was not held till the finalization of the report.

Audit recommends that the proof of up to date reconciliation with Pakistan Post, including the undisbursed amount of Rs. 1,161.461 million, as well as reconciliation with commercial banks should be provided.

2.4.14 Irregular procurement without open competition - Rs. 48.049 million

Rule 12(2) of the 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.

Rule 42(d)(iii) Public Procurement Rules, 2004 states that a procuring agency may engage in negotiated tendering with one or more suppliers or contractors with or without prior publication of a procurement notification. This procedure shall only be used when, for reasons of extreme urgency brought about by events unforeseeable by the procuring agency, the time limits laid down for open and limited bidding methods cannot be met. The circumstances invoked to justify extreme urgency must not be attributable to the procuring agency. Provided that any procuring agency desirous of using negotiated tendering as a method of procurement shall record its reasons and justifications in writing for resorting to negotiated tendering and shall place the same on record.

Rule 2(g) Public Procurement Rules, 2004 states that emergency means natural calamities, disasters, accidents, war and operational emergency which may give rise to abnormal situation requiring prompt and immediate action to limit or avoid damage to person, property or the environment.

The management of BISP paid Pakistan Post Foundation Press Rs. 48.049 million for printing of information letters for beneficiaries, banners, digital booklets during 2011-12. Details are as under:

(Rupees)

S. No.	Cheque No./ Voucher No.	Cheque Date	Amount
1.	864395/0098	02.08.2011	711,332
2.	865119/0122	03.08.2011	6,556,000
3.	865153/0156	06.08.2011	3,576,000
4.	869546/0443	07.09.2011	324,000
5.	888449/1040	21.11.2011	450,000
6.	910400/1735	06.02.2012	8,940,000
7.	943845/2393	19.04.2012	300,000
8.	944010/2464	26.04.2012	324,000
9.	988264	11.06.2012	20,803,419
10.	988250	11.06.2012	4,470,000
11.	994445/3073	29.06.2012	1,105,000
12.	994461/3088	29.06.2012	488,750
		Total	**48,048,501**

Audit observed as under:

i. The printing work on each occasion was undertaken on emergency basis.

ii. The printing work undertaken did not fall under the category of emergency defined under Rule 2(g) Public Procurement Rules, 2004.

iii. The printing work was awarded to M/s Pakistan Post Foundation Press without open competition.

Audit is of the view that the payment made to Pakistan Post Foundation Press without observing the prescribed rules and procedures was irregular.

The management replied that the services of Pakistan Post Foundation Press were hired due to time constraints and to ensure speedy implementation of the program. BISP utilized the services of the Foundation, being a government entity, which provides quality services at competitive rates. It was difficult to undergo tendering process every time due to divergent nature and different specifications of the printing material. Like PCP, the Pakistan Post Foundation Press was a government entity which carries out printing jobs of other departments as well. The Ministry of Communication vide letter No. 1(8)/98-P.O dated 02.07.2012 conveyed the decision of ECC for undertaking printing jobs of Pakistan Post through Pakistan Post Foundation on single source basis. BISP management was of the opinion that printing through Pakistan Post Foundation Press had clear advantage over open competition and was in the public interest.

The reply was not accepted. The work was awarded to Pakistan Post Foundation without open competition, which cannot be justified on the presumption that the rates were competitive. Further, the letter of the Ministry of Communication quoted by BISP pertains to printing jobs of Pakistan Post through Pakistan Post Foundation and was not applicable to other organizations.

The PAO was informed on 04.12.2012, but DAC was not held till the finalization of the report.

Audit recommends that inquiry be held and responsibility be fixed for undertaking work without open competition.

2.4.15 Over payment to Pakistan Post - Rs. 66.968 million

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

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

The management of BISP decided to provide emergency relief assistance to its beneficiaries affected by the devastations caused by the wide spread floods across the country @ Rs. 12,000 per beneficiary in three installments of Rs. 4,000 each.

There were 667,940 BISP beneficiaries in the affected Districts/Tehsils, which included 586,880 Parliamentarian-based beneficiaries and 81,060 Poverty Scorecard based Beneficiaries.

For the first installment of Rs. 4,000 each the management paid an amount of Rs. 2,711.836 million to Chief Postmaster, Islamabad vide Cheque No. 749712 dated 16.08.2010 for further distribution.

Audit observed as under:

1. Director (Payments) stated in his remarks at Para 5 of Note that the payment did not include beneficiaries from Mianwali as payments in the district of Mianwali was being delivered through the Benazir Smart Card, payments to whom would be generated through a separate note.
2. Later, the Director (Payments) stated in Para 25 of the Note that the data for the Mianwali District had been erroneously included in the releases to Pakistan Post, and the extra amount paid would be adjusted against the releases to be made to Pakistan Post for making emergency relief payment in the province of Sindh. This was endorsed by the Deputy Director

(F&A) in Para 28 of the Note regarding erroneous release of Rs. 66.968 million to Pakistan Post.

3. However, the management later paid an amount of Rs. 76,635,520 to United Bank Limited vide cheque No. 749749 dated 26.08.2010 for disbursement to flood affectees of District Mianwali.

Audit is of the view that an amount of Rs. 66.968 million was over paid to Pakistan Post, which was not adjusted in the funds subsequently released for the province of Sindh.

The management replied that Pakistan Post was informed of the overpayment vide letter No. 9/17-D.Ops-II/BISP/10 dated 23.08.2010 and requested not to make payments in district Mianwali through Money Orders. Further, BISP had requested Pakistan Post to adjust the overpayment of Rs. 66.968 million against the undisbursed amount of Rs. 1,600 million.

The management has accepted the audit observation.

The PAO was informed on 04.12.2012, but DAC was not held till the finalization of the report.

Audit recommends that the overpayment should be recovered or adjusted.

2.4.16 Cash Book not maintained

Para 15 of Accounting Procedure for BISP duly concurred/vetted by the Auditor General of Pakistan states that for proper account keeping, BISP shall maintain different books of accounts, including Cash Book.

Para 23 of Accounting Procedure for BISP states that the Cash Book shall be maintained in accordance with the provisions of FTR.

Rule 77(ii) of FTR Volume-I states that 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.

Audit observed that the Cash Books were not maintained by the management.

Audit is of the view that the non-preparation of Cash Book was in violation of Federal Treasury Rules and the approved Accounting Procedure.

The management replied that the Cash Books for 2010-12 were complete in all respect which may be verified by Audit.

The reply was not accepted because the management could not substantiate their claim during verification on 26.12.2012.

The PAO was informed on 04.12.2012, but DAC was not held till the finalization of the report.

Audit recommends that responsibility be fixed for the irregularity.

Internal Control Weaknesses

2.4.17 Unauthorized payment to non-eligible beneficiaries - Rs. 305.577 million

Para 13 of GFR Volume-I states that in the discharge of his ultimate responsibilities for the administration of an appropriation or part of an appropriation placed at his disposal, every Controlling officer must satisfy himself not only that adequate provisions exist within the departmental organization for systematic internal checks calculated to prevent and detect errors and irregularities in the financial proceedings of its subordinate officers and to guard against waste and loss of public money and stores, but also that the prescribed checks are effectively applied.

According to BISP-SN-Targeting Manual for Data Collection a beneficiary selection process is conducted by BISP-SN, through the application of a Proxy Means Test (PMT) formula on those Targeting Forms which contain data to calculate the poverty score. The PMT formula determines a poverty score for each household and, subsequent to the decision on the final cut-off point, eligible and ineligible households are selected. The final eligibility criterion for the household is the presence of at least one ever-married woman with a valid CNIC.

The PMT Score for BISP beneficiaries was 16.17 for normal beneficiaries and 20 if there was one disabled person in the family.

The management of BISP paid an amount of Rs. 305.577 million to 101,859 beneficiaries through Pakistan Post.

Audit observed that the PMT score for 101,859 beneficiaries was "null" (valueless) in the data provided by the management.

Audit is of the view that the amount of Rs. 305.577 million was paid to ineligible beneficiaries.

Audit is also of the view that there was no application control in the MIS to determine whether the score of a beneficiary was below or above the approved PMT score.

The management replied that there was not a single beneficiary paid by BISP Poverty Score Card (PSC) who was not eligible and did not possess a valid PMT score. The system was well tested, and there was absolutely no possibility of any ineligible payment.

The reply was not accepted. The data provided by BISP indicates that payments were made to 101,859 beneficiaries whose PMT score was null in the MIS system.

The PAO was informed on 04.12.2012, but DAC was not held till the finalization of the report.

Audit recommends that an inquiry be held and responsibility be fixed for payments made to beneficiaries whose PMT score was "null" in the MIS system.

2.4.18 Duplicate payment to BISP beneficiaries through Pakistan Post and Benazir Debit Card - Rs. 1.359 million

Para 10 of GFR Volume-I states that every officer incurring or authorizing expenditure from public funds should be guided by high standards of financial propriety.

Para 10(i) of GFR Volume-I states that every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public moneys as a person of ordinary prudence would exercise in respect of expenditure of his own money.

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

The management of Benazir Income Support Program paid an amount of Rs. 9,880.477 million vide cheque No. 944039 dated 27.04.2012 to Pakistan Post for onward disbursement to 3,228,914 BISP beneficiaries.

The management decided that the payments to beneficiaries for the period January, 2012 to March, 2012 who had received their Debit Cards, as well as those without Debit Cards, would be made through Pakistan Post. All payments being made through Debit Cards would be considered as payments for the period April, 2012 to June, 2012.

Audit observed that 1,161 Benazir Debit Cards holders who had been paid for the period January, 2012 to March, 2012 on 28.03.2012 through Pakistan Post were also paid for the period April-June, 2012 through Debit Cards, resulting in duplicate payment amounting to Rs. 1.359 million.

Audit is of the view that the duplicate payments were made to 1,161 beneficiaries due to weak internal controls.

The management replied that the payment period was a transition phase, whereby beneficiaries were being gradually converted from Money Orders to Benazir Debit Cards (BDC). Since the MIS of BISP and banks were not fully integrated, therefore, a complete picture of transactions was not available. However, as the integration was now complete, therefore, the overpayments would be adjusted in subsequent releases. However, during verification on 26.12.2012 the management denied their earlier reply.

The management first accepted and later denied the overpayment.

The PAO was informed on 04.12.2012, but DAC was not held till the finalization of the report.

Audit recommends that responsibility should be fixed for the irregularity.

CHAPTER 3

3 CABINET DIVISION

3.1 Introduction of Division

The Cabinet Division is responsible for the conduct of business of the Federal Government in a distinct and specified sphere. The Cabinet Division has been assigned different functions as per Rules of Business, 1973 which include:

- Setting up of a Division, allocation of business to a Division and constitution of a Division or group of Divisions as a Ministry.
- Implementation of the directives of the President/Prime Minister.
- Administrative control and review of the operations of different attached departments and independent regulatory authorities.

The Cabinet Secretary heads the Cabinet Division under the Prime Minister as the Minister In-charge. The business is sub-divided as under:

- Cabinet, Ministerial and Administration (CMA)
- Economic Committees and Regulatory Authorities (EC&R)
- Communications Security and Military (CS&M)

Some of the important tasks of the Cabinet Division are to:

- Conduct meetings of the Cabinet
- Monitoring implementation of Cabinet decisions
- Secretarial assistance to Secretaries Committee
- Amend and interpret Rules of Business, 1973
- Administrative control of Shaikh Zayed Post Graduate Medical Complex
- Work relating to Pakistan Intellectual Property Rights Organization (PIPRO)
- Relief assistance to the provinces in cases of major disasters

- Implementation of Directives issued by the President and the Prime Minister
- Acquisition and preservation of state documents to assist the Defense Committee of the Cabinet in coordination of the war effort at national level
- Affairs of the Central Pool of Cars at the Federal Government
- Formulation and implementation of Staff Car Rules
- Intelligence Bureau affairs

Cabinet Division has a Committee Wing, which provides Secretarial assistance to the following Committees and any other ad-hoc committee constituted under the rules:

- National Economic Council (NEC)
- Executive Committee of the National Economic Council (ECNEC)
- Economic Coordination Committee (ECC)
- Cabinet Committee on Privatization (CCOP)
- Cabinet Committee on Investment (CCOI)
- Social Sector Coordination Committee (SSCC)
- Cabinet Committee on Agriculture (CCA)
- Cabinet Committee on Regulatory Bodies (CCRB)
- Cabinet Committee on Energy (CCE)
- Cabinet Committee on Earthquake, Relief, Reconstruction and Rehabilitation

Regulatory Wing of Cabinet Division has Administrative Control of the following Regulatory Authorities and autonomous entities:

- National Electric Power Regulatory Authority (NEPRA)
- Oil and Gas Regulatory Authority (OGRA)
- Pakistan Public Procurement Regulatory Authority (PPRA)

Following department/office was transferred to Cabinet Division vide Cabinet Division Notification No.4-17/2010-Min-1 dated 02.12.2010:

- Peoples Works Programme (Rural Development Programme)

Following departments/offices and functions were transferred to Cabinet Division vide Cabinet Division Notification No. 4-5/2011-Min-1 dated 05.04.2011.

Departments/Offices

1. National Book Foundation
2. Urdu Science Board
3. Pakistan Chairs Abroad

Functions

1. Pride of Performance Award in the field of Arts
2. Financial assistance to educationists and Men of Letters and their bereaved families
3. Pride of Performance Award in 'Academic Fields'
4. Selection of scholars against Pakistan Chairs abroad by the Special Selection Board

Following departments/offices and functions were transferred to Cabinet Division vide Cabinet Division Notification No. 4-9/2011-Min.1 dated 29.06.2011:

1. National Health Emergency Preparedness and Response Network
2. Pakistan Dairy Development Company (PDDC)
3. National Institute of Health
4. Drugs Regulatory Agency:
    - Standardization and manufacture of biological and pharmaceutical products

- Legislation pertaining to drugs and medicines, including narcotics and psychotropic, but excluding function assigned to the Pakistan Narcotics Control Board.
- Administration of Drugs Act, 1976 and
- Poisons and dangerous drugs.

Following departments/offices and functions were transferred to Cabinet Division vide IPC Division Notification No. F.2(143)/2011-Admn dated 01.11.2011.

- National Colleges of Arts, Lahore and Rawalpindi
- Pakistan Medical Research Council (PMRC)
- Health Services Academy

3.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Cabinet Division for the financial year 2011-12 was Rs. 157,522.401 million including Supplementary Grant of Rs. 52,331.411 million out of which the Division utilized Rs. 143,720.523 million. Grant-wise detail of current and development expenditure is as under:

(Rupees)

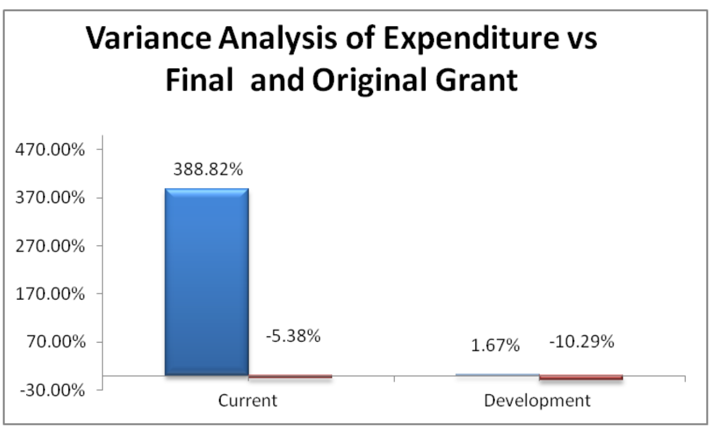
Grant No	Grant Type	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Final Grant/ Appropriation	Actual Expenditure	Excess/(Savings)	% age Excess/ (Saving)
1	Current	182,510,000	3,000	182,513,000	155,754,776	(26,758,224)	(15)
2	Current	2,804,998,000	622,399,000	3,427,397,000	3,769,993,682	342,596,682	10
3	Current	205,554,000	35,648,732,000	35,854,286,000	35,669,195,811	(185,090,189)	(1)
4	Current	6,241,901,000	3,301,065,000	9,542,966,000	6,773,211,314	(2,769,754,686)	(29)
14	Current	63,901,000	4,000	63,905,000	63,761,535	(143,465)	(0)
	Subtotal	**9,498,864,000**	**39,572,203,000**	**49,071,067,000**	**46,431,917,118**	**(2,639,149,882)**	**(5)**
100	Development	45,692,126,000	5,394,675,000	51,086,801,000	47,149,579,859	(3,937,221,141)	(8)
101	Development	50,000,000,000	7,364,533,000	57,364,533,000	50,139,026,248	(7,225,506,752)	(13)
	Subtotal	**95,692,126,000**	**12,759,208,000**	**108,451,334,000**	**97,288,606,107**	**(11,162,727,893)**	**(10)**
	Total	**105,190,990,000**	**52,331,411,000**	**157,522,401,000**	**143,720,523,225**	**(13,801,877,775)**	**(9)**

Audit noted that there was an overall saving of Rs. 13,801.877 million that was mainly due to saving of Rs. 11,162.727 million in development expenditure.

Supplementary Grants obtained without careful cash forecasting

In order to ensure prudent financial management, Para 13(vii) of System of Financial Control and Budgeting, 2006 states that ‘Ministries / Divisions should be able to anticipate budgetary requirements well ahead of the financial year to which the budget relates and obtain the concurrence of the Finance Division. The Finance Division is expected to decline any request for Supplementary Grants except in extraordinary circumstances.' This document further states that 'the funds obtained from Supplementary Grants shall be expended for the purposes for which these have been sanctioned. In current expenditure, demands for Supplementary Grants shall not be made, except in extraordinary circumstances.' During the year, Supplementary Grants of Rs. 52,331.411 million were obtained, which were 49.74% of the Original Budget.

According to Para 71 of General Financial Rules (Volume I), while framing budget estimates, the authorities should exercise utmost foresight. Variation between estimated and actual expenditure captures the level of foresight that goes into budget formulation. It is clear from the above table that there were overestimations of funds (Saving) in Grant No. 1, 3 and 4, 14, 100 and 101 ranging from 0.22% to 29.02% of the total available funds. There was an excess expenditure over approved budget provision by Rs. 342.597 million (10%) in Grant No. 2. This indicated that the estimation was made without proper analysis of actual needs of the Division.



3.3 Brief comments on the status of compliance with PAC Directives

Ministry	Years	No of audit paras	No of Actionable Points	Full Compliance	Not Complied	% of Compliance
Cabinet Division	1990-91	4	3	1	2	33
	1992-93	2	2	2	0	100
	1993-94	10	10	5	5	50
	1994-95	3	3	1	2	33

	1994-95	2	2	0	2	0
	1995-96	6	6	3	3	50
	1996-97	14	13	1	12	8
	1997-98	32	23	3	20	13
	2000-01	52	52	5	47	10
	2000-01	31	31	0	31	0
	2005-06	5	4	1	4	25
	2006-07	1	1	0	1	0
	2007-08	8	6	2	3	33
	2008-09	5	4	0	4	0
	Total	**175**	**160**	**24**	**136**	15
Cabinet Division (devolved M/o LG&RD)	1993-94	1	1	0	1	0
	1994-95	1	1	1	0	100
	1996-97	3	3	2	1	67
	1997-98	34	27	0	27	0
	2001-02	1	1	0	1	0
	2005-06	1	1	0	1	0
	2008-09	2	2	0	2	0
Total		**43**	**36**	**3**	**33**	8
Cabinet (devolved M/o Livestock)	2008-09	2	2	0	2	0
Total		**2**	**2**	**0**	**2**	0
Cabinet Division (devolved M/o Youth Affairs)	1992-93	2	1	0	1	0
	2006-07	1	1	1	0	100
Total		**3**	**2**	**1**	**1**	50

3.4 AUDIT PARAS

Irregularity & Non Compliance

3.4.1 Loss due to incorrect calculation of depreciation of vehicles - Rs. 0.502 million

The Federal Government approved the “Compulsory Monetization of Transport Facility for Civil Servants in BS-20 to BS-22” vide Cabinet Division letter No. 6/7/2011-CPC dated 12.12.2011. The Monetization Policy was implemented w.e.f. 01.01.2012.

Clause (iv) of Annexure to Cabinet Division letter No. 6/7/2011-CPC dated 12.12.2011 regarding Compulsory Monetization of Transport Facility for

Civil Servants in BS-20 to BS-22, states that keeping in view the existing condition of vehicles, which are extensively used, it has been decided to allow 15% depreciation for each completed year of life of the vehicles. Alternately, the market price of the new car will be taken and depreciated at 20% per annum on reducing balances. Whichever depreciated price is higher shall be adopted as the reserve price.

Clause (v) of Annexure to Cabinet Division letter No. 6/7/2011-CPC dated 12.12.2011 regarding Compulsory Monetization of Transport Facility for Civil Servants in BS-20 to BS-22, states that the depreciated price of the vehicles on the basis of above formula shall be calculated/recommended by the Condemnation/ Replacement Committee already constituted in all Ministries/Divisions/ Departments.

The management of Cabinet Division monetized eight vehicles after calculating the depreciated value by the Condemnation Committee.

Audit observed that reserve price of eight vehicles was calculated by allowing depreciation for the whole year instead of from the date of registration resulting in a loss of Rs. 0.502 million. Details are as under:

(Rupees)

S. No.	Vehicle No.	Date of Registration	Reserve value calculated by audit	Reserve value calculated by department	Difference
1.	GA-003	06.07.2005	366,635	325,898	40,737
2.	GT-959	21.05.2009	915,742	853,021	62,721
3.	GK-925	15.01.2008	636,518	509,214	127,304
4.	GJ-906	27.07.2007	583,475	509,214	74,261
5.	GF-179	24.08.2006	424,804	364,118	60,686
6.	GB-156	29.04.2005	353,056	325,898	27,158
7.	GV-680	15.06.2010	707,370	617,600	89,770
8.	GH-076	17.04.2007	335,974	316,212	19,762
		Total	**4,323,574**	**3,821,175**	**502,399**

Audit is of the view that by allowing the depreciation for the whole year the government suffered a loss of Rs. 0.502 million.

The management replied that depreciated price was calculated on the basis of formula provided in rule/policy in Appendix-I. These calculated prices were endorsed by Central Pool of Cars (CPC) being custodian of the policy. The calculated prices have been depreciated on complete life period of the vehicle.

However, Cabinet Division has again worked out depreciation process and the balance amount is being recovered from the officers concerned accordingly.

The management has accepted the audit observation.

The PAO was informed on 23.11.2012, but DAC was not held till the finalization of the report.

Audit recommends that either necessary clarification may be obtained or the amount calculated by Audit may be recovered.

3.4.2 Irregular monetization of official vehicle - Rs. 0.326 million

The Federal Government approved the "Compulsory Monetization of Transport Facility for Civil Servants in BS-20 to BS-22" vide Cabinet Division letter No. 6/7/2011-CPC dated 12.12.2011. The Monetization Policy was implemented with effect from 01.01.2012.

Clause (iv) of Annexure of the Compulsory Monetization of Transport Facility for Civil Servants in BS-20 to BS-22 vide Cabinet Division letter No. 6/7/2011-CPC dated 12.12.2011 states that the officers in possession of official vehicles may be given first option to purchase the allocated cars on depreciated price.

Para 8 of Cabinet Division's U.O. No. F.2/25/2011-CPC, dated 22.06.2012 provides that civil servants (BS-20 to BS-22) are eligible for monetization of staff cars allocated to them on or before 01.01.2012. Any subsequent monetization of staff cars which have now become available at a belated stage will set a bad precedent and likely to be quoted by others, as a subsequent chain of requests.

The Cabinet Division monetized a Toyota, Corolla 1300CC, registration No. GB-156 at a depreciated value of Rs. 325,989 to Mr. Omer Hamid Khan who assumed the charge of the post of Joint Secretary (Cabinet) on 06.01.2012.

Audit observed that the vehicle was monetized despite the fact that the officer joined the Cabinet Division on 06.01.2012 and consented for the purchase of the vehicle on 09.01.2012. The officer who was in actual use of the vehicle retired from the Cabinet Division on 31.12.2011.

Audit also observed that the Condemnation Committee rejected the request of the officer in its meeting held on 27.01.2012 but later withdrew its earlier decision and allowed the monetization of vehicle.

Audit is of the view that the monetization of the vehicle after 31.12.2011 was irregular and not covered under the Monetization Policy. The officer could only avail the Monetization Allowance with effect from 01.01.2012 and not the option to purchase the vehicle. The action of the management resulted in loss to the government.

The management replied that Ex-Joint Secretary (Cabinet) who was using vehicle No. GB-156 retired on 31.12.2011. The vehicle was reserved for vacant post of J.S. (Cabinet) and Mr. Omar Hamid Khan joined as J.S. (Cabinet) on 06.01.2012 and gave his consent.

The reply was not accepted. The monetization of the vehicle after 01.01.2012 was irregular, unauthorized and not covered under the Monetization Policy.

The PAO was informed on 23.11.2012, but DAC was not held till the finalization of the report.

Audit recommends that the vehicle may be retrieved from the officer and responsibility may be fixed against the officers responsible for the irregular monetization.

3.4.3 Recovery from awardee of overseas scholarship not serving in Pakistan - Rs. 2.740 million.

Annexure IX of PC-I regarding developing foreign Ph.D. through Scholarship under the component of Human Resource Development (HRD) of the Project titled "Establishment of National College of Arts Rawalpindi Campus" states that four Faculty Members will be sent abroad for study purpose.

Terms and Conditions of Deed of Agreement for undertaking a course of studies scholarship under 'Overseas scholarship for M/S M Phil leading to Ph.D. in selected fields Phase-II' issued by Higher Education Commission (HEC) provides that the scholars shall return to Pakistan immediately after the completion of the approved course for which he/she was sent abroad, and shall serve in Pakistan/his/her parent department for a period of five years as may be prescribed.

The management of the National College of Arts (NCA), Rawalpindi Campus sent Mr. Mateen Ahmed Sehrai, faculty member of NCA, Lahore to the University of Bedfordshire, United Kingdom (UK) for admission in M.A. Digital Film and Animation at the sponsorship of the College from 23.09.2008 to 22.10.2009. An amount of Rs. 2,740,343 was paid to the university. Details are as under:

(Rupees)

S. No.	Cheque No.	Date	Amount
1.	63567296	27.06.2008	1,479,680
2.	63567300	08.07.2008	96,163
3.	644130	05.11.2008	208,240
4.	644152	31.12.2009	193,040
5.	644168	04.02.2009	363,440
6.	878004	15.06.2009	314,440
7.	878093	02.01.2010	85,340
		Total	**2,740,343**

Audit observed that the awardee assumed the charge after completion of foreign study on 06.02.2010 in NCA, Lahore and left for UK without approval in 2012.

Audit is of the view that the scholar did not serve his parent department/Pakistan for a period of five years after completion of the approved course which resulted in the loss of Rs. 2.740 million to the government.

The management replied that after completion of his degree Mr. Mateen Ahmed Sehrai reported for duty. He was allowed ex-Pakistan leave to attend the project exhibition in Luton, UK as official representative of the National College of Arts from 24.03.2011 to 23.04.2011. He did not report for duty despite written instructions following which he was issued a Show Cause Notice. Due to lack of response, the Authorized Officer after adopting due course of law recommended his dismissal from service and recovery of total expenditure incurred. These recommendations will be placed before the Authority (Board of Governors) for approval.

Management has accepted the audit observation.

The PAO was informed on 23.11.2012, but DAC was not held till the finalization of the report.

Audit recommends that recovery of Rs. 2,740,343 be effected from the scholar or his guarantor and deposited in treasury.

3.4.4 Recovery of outstanding licenses fee from generation companies - Rs. 45.292 million

Para 28 of GFR Volume-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.

Rule 1 of Schedule, Part-I of National Electric Power Regulatory Authority (NEPRA) Fees & Fines Rules, 2002 states that the fee will be calculated @ Rs. 6,200 per MW on the basis of the Gross (ISO) MW capacity of the licensed generation facility.

Rule 1 of Schedule, Part-III of NEPRA Fees & Fines Rules, 2002 states that any and all fees payable pursuant to these rules shall be indexed to the Consumer Price Index (CPI) published from time to time by the Federal Bureau of Statistics.

The management of NEPRA was required to recover the outstanding license fee from generation companies on prevailing Consumer Price Index (CPI) rate plus the accrued penalty.

Audit observed that the management of NEPRA had not recovered the amount of license fee from generation companies amounting to Rs. 45.292 million during 2005-12.

Audit is of the view that non-recovery of license fees from the generation companies resulted in loss to the government.

The management replied that demands for payment of recoverable amount are regularly raised, and an amount of Rs. 5.109 million was recovered out of the cases pointed out by Audit.

The management has accepted the audit observation.

The PAO was informed on 25.10.2012, but DAC was not held till the finalization of the report.

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

3.4.5 Recovery on account of unauthorized distribution of electricity and fine thereof - Rs. 21.955 million

Section 20 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 states that no person shall, except under the authority of a license issued by the Authority under this Act and subject to the conditions specified in this Act as may be imposed by the Authority, engage in the distribution of electric power.

Section 27 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 states that a licensee for generation, transmission and distribution of electric power, shall not, without the prior approval of the Authority, surrender, assign or transfer its license to any person.

The management of Tribal Areas Electric Supply Company (TESCO) is distributing the electricity in Tribal Areas on behalf of Peshawar Electric Supply Company (PESCO).

Audit observed that TESCO is distributing electricity in Tribal Areas without approval and obtaining distribution license from NEPRA. Distribution fee amounting to Rs. 21.955 million on units sold was also not recovered from 2004 to date.

Audit further observed that fines to be imposed on the unauthorized distribution of units were neither calculated nor collected.

Audit is of the view that the distribution of electricity by TESCO was illegal and unauthorized.

The management replied that TESCO had been incorporated by the government for supply of electricity in the Tribal Areas. The company had, however, not fulfilled the conditions for issuance of distribution license. Legally, therefore, PESCO was responsible for payment of license for the units sold in the Tribal Areas. Until the time that the new company obtains a distribution license and PESCO license was modified accordingly, PESCO would have to pay the license fee. PESCO had accepted this position and paid an amount of Rs. 4.010 million with the collective efforts of NEPRA, Cabinet Division and Ministry of Water & Power. The matter was being pursued through the Cabinet Division and Ministry of Water & Power for payment of the remaining amount.

The management has accepted the audit observation, but did not produce evidence of the recovered amount.

The PAO was informed on 25.10.2012, but DAC was not held till the finalization of the report.

Audit recommends that an amount of Rs. 21.955 million may be recovered along with fine from TESCO and deposited into government treasury.

3.4.6 Non-vetting of financial procedure/regulations from the Federal Government/Finance Division

Section 46(1) of Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 states that the Authority may, with the approval of the Federal Government, by notification in the official Gazette, make rules to carry out the purpose of this Act.

Para 25 of GFR Volume-I states that all departmental 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.

Para 3(1) of the Public Investments (Financial Safeguards) Ordinance, 1960 states that where any corporation, institution or undertaking, whether incorporated in pursuance of a Federal or Provincial law or not so incorporated, has been established by Government with the aid of public revenues, the appropriate Government shall, notwithstanding anything in any law, or in any instrument, deed or other document relating to such corporation, institution or undertaking, have power:

(a) to prescribe financial procedures, including procedures for internal financial control, in respect of matters relating to the receipt and expenditure of moneys and sanctions thereto;

(b) to give general or special financial directions to such corporations, institutions and undertakings.

According to Section 13(1) of Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 the operations of the Authority shall be funded from:

a) grants from the Federal Government, including an initial grant of one hundred million rupees; and

b) Fees and fines collected by it as prescribed from time to time.

The management of NEPRA framed its financial regulations and pay & allowances without the approval/concurrence of the Finance Division.

Audit observed that NEPRA was required to get its financial procedures/ regulations, pay and allowances, encashment of casual leave, etc. vetted from the Finance Division.

Audit is of the opinion that the act of the management was in violation of Para 3(1) of the Public Investments (Financial Safeguards) Ordinance, 1960 as the organization had been initially funded from Federal Government grant of Rs. 100.00 million.

The management replied that NEPRA had been established under the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997. NEPRA Financial Powers Regulations, 2001 had been framed under the powers conferred vide Section 47 of the Act. Under directions of PAC, NEPRA Financial Regulations, 2010 were vetted by the Finance Division before being notified in the Gazette of Pakistan vide S.R.O. No. 588(I)/2010 dated 28.06.2010.

The reply was not accepted because NEPRA was required to frame rules with the approval of the Federal Government. The regulations were to be framed pursuant to the rules, which were yet to be framed.

The PAO was informed on 25.10.2012, but DAC was not held till the finalization of the report.

Audit recommends that NEPRA should get its financial procedures/rules, pay and allowances, etc. approved/concurred from the federal government.

3.4.7 Irregular sanction of expenditure by the Project In-Charge - Rs. 9.974 million

Rule 5 of the Terms and Conditions of the service of Civil Servants states that Appointments to an All-Pakistan Service or to a civil service of the Federation or to a civil post in connection with the affairs of the Federation, including any civil post connected with defence, shall be made in the prescribed manner by the President or by a person authorized by the President or by a person authorized by the President on that behalf.

Rule 3(1) of Civil Servants (Appointment, Promotion and Transfer) Rules, 1973 states that appointments to posts shall be made by any of the following methods, namely:

a) By promotion or transfer in accordance with Part-II of these rules; and

b) By initial appointment in accordance with Part-III of these rules.

Dr. Jehanzeb Khan Aurakzai an officer of National Institute of Health, Islamabad was posted by Establishment Division vide Notification No. 1/16/2007-E-6 dated 15.01.2011 as Director General, National Health Emergency Preparedness Network (NHEPRN). The officer was given the assignment of Project In-Charge of Federal Medical & Dental College, Islamabad.

During FY 2011-12, the officer made appointments, took administrative decisions and sanctioned expenditure of Rs. 9.974 million.

Audit observed that there was no sanctioned post of Project In-Charge in the FM&DC.

Audit is of the view that the expenditure sanctioned by the officer was unauthorized in the absence of sanctioned posts.

The management replied that the officer was designated and directed by the Prime Minister to work as Project In-Charge of FM&DC, Islamabad. The Secretary, Cabinet Division delegated administrative and financial powers to the DG/Project In-Charge being PAO.

The reply was not accepted. There was no sanctioned post of Project In-charge in FM&DC.

The PAO was informed on 25.10.2012, but DAC was not held till the finalization of the report.

Audit recommends that the posting of the officer as well as the expenditure incurred may be got regularized.

3.4.8 Irregular posting of Principal, Federal Medical & Dental College without sanctioned post

Para 5 of Chapter-II of Estacode states that Appointments to an All-Pakistan Service or to a civil service of the Federation or to a civil post in connection with the affairs of the Federation, including any civil post connected with defence, shall be made in the prescribed manner by the President or by a person authorized by the President or by a person authorized by the President on that behalf.

Rule 3(1) of Civil Servants (Appointment, Promotion and Transfer) Rules, 1973 states that Appointments to posts shall be made by any of the following methods, namely:

a) By promotion or transfer in accordance with Part-II of these rules; and

b) By initial appointment in accordance with Part-III of these rules.

The Cabinet Division issued notification No. F.1-2/2012-Admn/FM&DC dated 08.03.2012 for posting of Dr. Muhammad Zaheer Abbasi, Professor of Pediatric Surgery (BS-20) in Pakistan Institute of Medical Sciences (PIMS), Islamabad as Principal, Federal Medical and Dental College, Islamabad.

Audit observed that the orders were issued without the availability of sanctioned post in FM&DC.

Audit is of the opinion that the posting of the officer as Principal without sanctioned post was irregular.

The management replied that the officer was designated as Principal, FM&DC by the Prime Minister.

The reply was not accepted because posting orders cannot be issued without the availability of post.

The PAO was informed on 25.10.2012, but DAC was not held till the finalization of the report.

Audit recommends that the irregularity may be rectified and all administrative and financial decisions taken during this period may be got regularized.

3.4.9 Recovery on account of incorrect calculation of depreciated value of monetized vehicle - Rs. 0.045 million

The Federal Government approved the "Compulsory Monetization of Transport Facility for Civil Servants in BS-20 to BS-22" vide Cabinet Division letter No. 6/7/2011-CPC dated 12.12.2011. The Monetization Policy was implemented from 1st January, 2012.

Clause (iv) of the Compulsory Monetization of Transport Facility for Civil Servants in BS-20 to BS-22 states that keeping in view the existing condition of vehicles, which are extensively used, it has been decided to allow 15% depreciation for each completed year of life of the vehicles. Alternately, the market price of the new car will be taken and depreciated at 20% per annum on reducing balances. Whichever depreciated price is higher shall be adopted as the reserve price.

Clause (v) of the Compulsory Monetization of Transport Facility for Civil Servants in BS-20 to BS-22 states that the depreciated price of the vehicles on the basis of above formula shall be calculated/recommended by the Condemnation/

Replacement Committee already constituted in all Ministries/Divisions/ Departments.

The management of the Department of Communications Security (DCS), Islamabad monetized a 1,000CC Suzuki Cultus car bearing registration No. GF-407 to the Additional Director General, DCS. The car was purchased on 25.09.2006. The management calculated the depreciated value of the monetized vehicle @ 20% of the market value of the car up to 31.12.2011 which is Rs. 242,483. Details are as under:

(Rupees)

S. No.	Year	Market value of car	Depreciation @20% of market value	Depreciated value
1.	2006	925,000	185,000	740,000
2.	2007	740,000	148,000	592,000
3.	2008	592,000	118,400	473,600
4.	2009	473,600	94,720	378,880
5.	2010	378,880	75,776	303,104
6.	2011	303,104	60,621	242,483

Audit observed that the officer was allowed additional depreciation of car for the period 01.01.2006 to 25.09.2006 which was irregular. The depreciated value of the monetized vehicle @ 20% of the market value of the car up to 31.12.2011 amounts to Rs. 286,938. Details are as under:

(Rupees)

S. No.	Period of depreciation	Market value/ depreciated value of car	Depreciation @ 20% of market value/ depreciated value	Depreciated value
1.	25.09.2006 to 31.12.2006	925,000	49,333	875,667
2.	01.01.2007 to 31.12.2007	875,667	175,133	700,533
3.	01.01.2008 to 31.12.2008	700,533	140,107	560,427
4.	01.01.2009 to 31.12.2009	560,427	112,085	448,341
5.	01.01.2010 to 31.12.2010	448,341	89,668	358,673
6.	01.01.2011 to 31.12.2011	358,673	71,735	286,938

Audit is of the view that calculation of depreciated value of the monetized vehicle was contrary to the Transport Monetization Policy which resulted in a loss of Rs. 44,455 (Rs. 286,938 – Rs. 242,483) to the Government.

The management replied that actual price as well as market value of the vehicle was conveyed to Cabinet Division for onward submission to the vehicle

Condemnation Committee. The reserve price of the vehicle No. GF-407 was calculated by the vehicle condemnation committee of the Cabinet Division duly approved by the Cabinet Secretary in the light of laid down instructions of Cabinet Division.

Reply is not satisfactory as calculation of depreciation of the monetized vehicle was incorrectly calculated.

The PAO was informed on 14.12.2012, but DAC was not held till the finalization of the report.

Audit recommends that recovery involved may be effected from the officer.

3.4.10 Irregular and unauthorized award of agreement for installation of telecom towers - Rs. 3.000 million

Para 18 of GFR Volume-I states that no contracts may be entered into by any authority which has not been empowered to do so by or under the orders of the President.

Para 19(ii) of GFR Volume-I states that as far as possible, legal and financial advice should be taken in the drafting of contracts and before they are finally entered into.

The Director Administration and the Deputy Director Administration of (NIH) signed an agreement with M/S Pak Telecom Mobile Limited (PTML), Islamabad referred to as the U-*fone* for provision of space for two towers on the premises of NIH on 29.12.2011. According to this agreement the U-*fone* would sponsor Prime Minister National Health Complex Projects, Islamabad up to Rs. 3.000 million for one time only.

Audit observed that:

i. NIH is a government organization and was not authorized to enter into a commercial agreement.

ii. Agreement was entered between Director NIH and U-*fone* without approval/vetting from the Law Division.

iii. The agreement is for an initial period of five years, while various provisions of the agreement, such as U-*fone* branding and logos, provision of power connection, right of U-*fone* to terminate the agreement at its sole option, preventing NIH to terminate or abridge the contract, etc. have placed NIH at a disadvantage.

iv. The interests of the government were not safeguarded while entering into the contract.

Audit is of the view that agreement entered into with U-*fone* was in violation of General Financial Rules.

The management did not reply.

The PAO was informed on 14.12.2012, but DAC was not held till the finalization of the report.

Audit recommends that responsibility be fixed for the irregularity and extending undue favour to a commercial firm at the cost of public exchequer.

3.4.11 Loss due to expiry of water for injections - Rs. 1.333 million

Para 145 of GFR Volume-I states that purchases must be made in the most economical manner in accordance with the definite requirements of the public service. Care should be taken not to purchase stores much in advance of actual requirements, if such purchase is likely to prove unprofitable to Government.

The management of National Institute of Health purchased 585,943 ampoules of sterile water for injection for reconstitution of the measles vaccine @ Rs. 3.45 per ampoule from M/s M. M. Enterprises, Jhang in 2007 out of which 250,000 ampoules were utilized up to January, 2012 leaving a balance of 335,943 ampoules which expired in April, 2012.

Audit observed that the procurement of sterile water was made without calculating the actual requirements.

Audit is of the view that procurement of stores was made in violation of Para 145 of GFR which resulted in the loss of Rs. 1,332,853 (335,943 × Rs. 3.45 + 15% GST) to the Government.

The management replied that the ampoules of Water for Injection were purchased against the demand of Measles Vaccine Lab of BPD. These ampoules were issued to the consumers along with Measles Vaccine Vials. In case of expiry, the end user is in a better position to clarify the position.

Reply was not satisfactory as procurement of Water for Injection was made without assessing actual requirements.

The PAO was informed on 14.12.2012, but DAC was not held till the finalization of the report.

Audit recommends that inquiry may be got conducted to fix responsibility for the loss.

3.4.12 Irregular absorption in B-19 and promotion in B-20

Establishment Division O.M. No. F.1/28/75-D-II/R-3/(CV) dated 06.06.1982 states that a civil servant on temporary transfer to a borrowing Department can be absorbed in a post in that department only if the recruitment rules relating to that post contain a provision in appointment by transfer. The pre-conditions for in appointment by transfer are that the person concerned should be holding appointment on regular basis in his parent department in the same grade in which the post to be filled in by borrowing department exits and he also possesses the qualification/experience prescribed for direct recruitment on the post. Such appointment by transfer is to be made on the recommendations of the Department Promotion Committee/Central Selection Board, as the case may be, with the approval of the appointing authority.

Dr. Jehanzeb Khan Aurakzai, a purely temporary employee of BPS-19 of National Trust for Disabled, Ministry of Social Welfare and Special Education was posted as Director Administration (B-19) in National Institute of Health for an initial period of three years vide Ministry of Health Notification No. F.4-1/2009-E-II dated 06.06.2009. The officer was absorbed against the post of Director Administration (B-19) in NIH vide Ministry of Health Notification No.

F.10-22/2009-E-II dated 05.08.2009 and was promoted to the post of Joint Executive Director (BPS-20) w.e.f. 03.01.2011 vide Ministry of Health Notification No. F.10-42/2010-E-II dated 03.01.2011.

Audit observed that a temporary employee was absorbed in NIH on regular basis.

Audit is of the view that absorption of the officer in NIH without holding a regular post in Ministry of Social Welfare and Special Education for absorption in NIH and subsequent promotion to the rank of Joint Executive Director BPS-20 is irregular and unauthorized.

The management replied that the absorption and promotion of Dr. Jehanzeb Khan Aurakzai, against the post of Director Administration (BPS-19) and Joint Executive Director (BPS-20) was initiated and completed by the Ministry of Health (Defunct).

Reply was not accepted because appointment and absorption of a temporary employee against a regular post in another department was not permissible under the rules.

The PAO was informed on 14.12.2012, but DAC was not held till the finalization of the report.

Audit recommends that a detailed inquiry regarding absorption and promotion of the officer may be conducted and responsibility may be fixed.

3.4.13 Non framing and approval of Welfare Fund rules - Rs. 4.494 million

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

The management of NIH is maintaining Welfare Fund PLS A/C No. 2935-8 in NBP, NIH branch, Islamabad. Main sources of the income of the funds are

40% contribution from Lab test fee realized from private patients and rent of shops.

The management incurred an expenditure of Rs. 4,493,563 out of Welfare Fund during 2011-12.

Audit observed that major expenditure out of Welfare Fund was incurred on payment of 12 month pay on the retirement of an employee as financial assistance.

Audit further observed that the rules for incurring expenditure from the Welfare Fund were not approved by the Ministry of Finance.

Audit is of the view that incurring of such expenditure without the approval of rules by the Ministry of Finance was irregular.

The management did not reply.

The PAO was informed on 14.12.2012, but DAC was not held till the finalization of the report.

Audit recommends that rules for receipt and expenditure from the Welfare Fund may be framed and got approved from the Ministry of Finance.

3.4.14 Irregular refund of 75% rebate of Income Tax - Rs. 2.171 million

Clause-2 of Part-III of the Second Schedule of Income Tax Ordinance, 2001 states that tax payable by a full time teacher or a researcher, employed in a non-profit education or research institute duly recognized by the Higher Education Commission, a Board of Education or a University recognized by the Higher Education Commission, including government training and research institution, shall be reduced by an amount equal to 75% of tax payable on his income from salary.

The management of the National Institute of Health refunded 75% Income Tax rebate amounting to Rs. 2,170,566 to 21 officers of the Institute vide Sanction

No. F.1(30)/2011-2012/DF dated 14.06.2012 and charged the expenditure to Pay and Allowances of the regular budget during 2011-12.

Audit observed that 75% rebate of income tax was not admissible to the employees of NIH in the light of Income Tax Ordinance, 2001.

Audit is of the view that refund of 75% rebate of Income Tax resulted in the loss of Rs. 2.171 million to the government.

The management did not reply.

The PAO was informed on 14.12.2012, but DAC was not held till the finalization of the report.

Audit recommends that unauthorized payment may be recovered from the employees.

3.4.15 Un-authorized retention of Income Tax - Rs. 4.542 million

Rule 43(a) of Income Tax Rules, 2002 states that as required under Section 160 of the Income Tax Ordinance, 2001 the tax collected or deducted shall be paid to the Commissioner by way of credit to the Federal Government where the tax has been collected or deducted by the Federal Government or a Provincial Government on the day the tax was collected or deducted.

The management of NIH deducted income tax amounting to Rs. 6,056,383 from the salaries of 82 employees in May, 2012.

Audit observed that only 25% Income Tax was credited into government treasury in June, 2012 while the remaining 75% amounting to Rs. 4,542,287 was withheld up till 31.10.2012, i.e. when the audit was held.

Audit is of the view that the unauthorized retention of government revenue is a violation of government rules which deprived the government to its due receipt of Rs. 4.542 million.

The management did not reply.

The PAO was informed on 14.12.2012, but DAC was not held till the finalization of the report.

Audit recommends that inquiry may be conducted, responsibility may be fixed for unauthorized retention of government revenue and the amount of Rs. 4.542 million may be credited into government account.

CHAPTER 4

4 CAPITAL ADMINISTRATION AND DEVELOPMENT DIVISION

4.1 Introduction of Division

The Capital Administration and Development Division (CADD) was created consequent upon the deliberations and decision of the Implementation Commission, constituted under clause (9) of Article 270AA and with the approval of the Cabinet. It will work directly under the Prime Minister and the Cabinet Secretariat.

The following departments/offices and functions were transferred to CADD vide Cabinet Division notification No. 4-5/2011-Min-1 dated 05.04.2011:

- Federal Directorate of Education, Islamabad
- Department of Libraries
- Federal College of Education, Islamabad
- FG Polytechnic Institute for Women (PIW), Islamabad
- National Institute of Science and Technical Education, Islamabad
- Private Educational Institutions Regulatory Authority
- National Library, Islamabad
- Education in the capital of the Federation
- Directorate General of Special Education
- Charitable Endowments
- Training and education of disabled
- National Veterinary Laboratory, Islamabad
- Animal Quarantine Department / stations / facilities, in the Federal Capital
- Department of Tourist Services

1. National Commission of Social Welfare
2. National Commission for Child Welfare and Development
3. National Council for Rehabilitation of Disabled Persons
4. National Trust for Disabled

The following departments/offices and functions were transferred to CADD vide Cabinet Division notification No. 4-9/2011-Min.1 dated 29.06.2011:

- Medical and Health Services for Federal Government Employees.
- National Institute of Rehabilitation & Medicine, Islamabad.
- Pakistan Institute of Medical Sciences
- Federal Government Services Hospital, Islamabad
- Federal Dental and Medical College, Islamabad
- National Training Bureau, Islamabad
- Islamabad Club
- Gun and Country Club

4.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Capital Administration and Development Division (CADD) for the financial year 2011-12 was Rs. 10,449.134 million including Supplementary Grant of Rs. 6,001.180 million out of which the Division utilized Rs. 10.882.4467 million. Grant-wise detail of current and development expenditure is as under:

(Rupees)

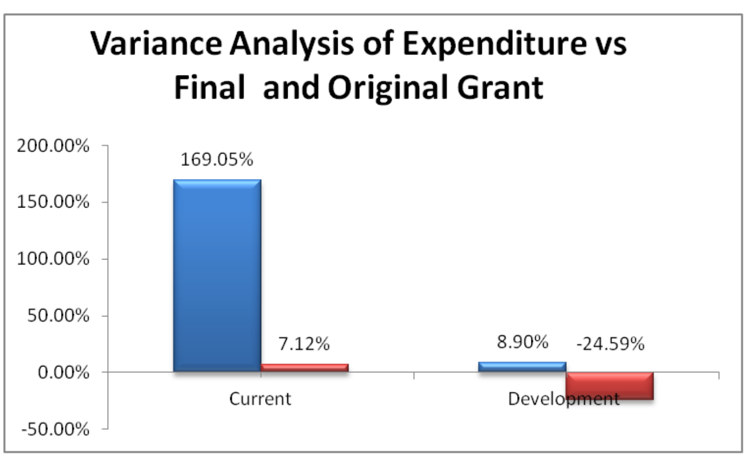
Grant No	Grant Type	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Final Grant/ Appropriation	Actual Expenditure	Excess/ (Savings)	% age Excess/ (Saving)
8	Current	3,770,603,000	5,700,307,000	9,470,910,000	10,144,808,596	673,898,596	7
103	Development	677,351,000	300,873,000	978,224,000	737,638,134	(240,585,866)	(25)
	Total	**4,447,954,000**	**6,001,180,000**	**10,449,134,000**	**10,882,446,730**	**433,312,730**	**4**

Audit noted that there was an overall excess expenditure of Rs. 433.312 million, which was due to excess expenditure of Rs. 673.898 million in Current Grant, which was partly offset by saving of Rs. 240.585 million in the Development Grant.

Supplementary Grants obtained without careful cash forecasting

In order to ensure prudent financial management, Para 13(vii) of System of Financial Control and Budgeting, 2006 states that 'Ministries / Divisions should be able to anticipate budgetary requirements well ahead of the financial year to which the budget relates and obtain the concurrence of the Finance Division. The Finance Division is expected to decline any request for Supplementary Grants except in extraordinary circumstances.' This document further states that 'the funds obtained from Supplementary Grants shall be expended for the purposes for which these have been sanctioned. In current expenditure, demands for Supplementary Grants shall not be made, except in extraordinary circumstances.' During the year, Supplementary Grants of Rs. 6,001.18 million were obtained, which were 134.92 % of the Original Budget.

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, the excess in current expenditure was 169.05%, which, after accounting for Supplementary Grants changed to savings of 7.12%. In development expenditure, excess against original budget was 8.90% which changed to savings of 24.59% when Supplementary Grants were taken into account.



4.3 Brief comments on the status of compliance with PAC Directives

Ministry	Years	No of audit paras	No of Actionable Points	Full Compliance	Not Complied	of Compliance
Capital Administration and Development Division (Printed Under Ministry of Education Devolved)	1987-88	0	0	0	0	0
	1988-89	4	4	4	0	100
	1989-90	8	6	1	5	17
	1990-91	6	5	5	0	100
	1991-92	11	9	4	5	44
	1992-93	22	22	22	0	100
	1993-94	17	17	11	6	65
	1994-95	7	1	0	1	0
	1995-96	6	6	5	1	83
	1996-97	2	2	0	2	0
	1997-98	0	0	0	0	0
	1999-00	0	0	0	0	0
	2000-01	4	4	0	4	0
	2005-06	9	9	0	9	0
	2007-08	2	2	0	2	0
	2008-09	0	0	0	0	0
Total		**100**	**89**	**53**	**36**	60
Capital Administration and Development Division (Devolved M/o Social Welfare and Special Education)	1987-88	0	0	0	0	0
	1988-89	0	0	0	0	0
	1989-90	1	0	0	0	0
	1990-91	0	0	0	0	0
	1991-92	0	0	0	0	0
	1996-97	0	0	0	0	0
	1997-98	0	0	0	0	0
	1999-00	0	0	0	0	0
	2000-01	1	0	0	1	0
	2001-02	2	2	1	1	50
	2005-06	5	5	3	2	60
	2006-07	1	1	0	1	0
	2008-09	0	0	0	0	0
Total		**22**	**19**	**13**	**7**	68
Capital Administration and Development Division (Devolved M/o Health)	1987-88	0	0	0	0	0
	1988-89	2	2	0	2	0
	1989-90	7	5	4	1	80
	1990-91	5	5	5	0	100
	1991-92	15	15	0	15	0
	1992-93	15	15	9	6	60
	1993-94	13	13	0	13	0
	1994-95	7	4	4	0	100
	1995-96	1	1	0	1	0
	1996-97	3	3	0	3	0
	1997-98	1	1	1	0	100

Capital Administration and Development Division (Devolved M/o Tourism)	1989-90	0	0	0	0	0
	1991-92	0	0	0	0	0
	1993-94	0	0	0	0	0
	1994-95	0	0	0	0	0
	1995-96	0	0	0	0	0
	1997-98	7	7	0	7	0
	2008-09	0	0	0	0	0
Total		**12**	**12**	**3**	**9**	25

4.4 AUDIT PARAS

Fraud/Misappropriation

4.4.1 Suspected misappropriation of medicines - Rs. 37.874 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.

During the period of strike observed by the employees of the Federal Government Polyclinic, Islamabad from 28.12.2011 to 04.02.2012 the Out Patient Department (OPD) of the hospital remained completely closed for 39 days.

Audit observed that although the OPD remained closed and no out-door patients were entertained, yet medicines costing Rs. 37.874 million were shown to have been consumed during this period in the OPD.

Audit is of the view that the medicines were misappropriated which resulted in loss to government.

The management replied that during the strike of the lower employees of the hospital the OPD patients were registered through emergency counters and OPD was never closed. All patients were attended by specialists/doctors. During 2011-12 funds of Rs. 358.00 million were allocated for purchase of medicines which are divided 60:40 ratio between OPD and Indoor. The total percentage allocated to OPD shows less than the amount indicated by Audit.

The reply was not accepted because it was not supported with reliable and verifiable data. Further, going by the claim of the management, i.e. 60% consumption of the entire budget for medicines in the OPD, the amount comes to Rs. 23.000 million for 39 days. The management failed to take into account that due to the strike the admissions of indoor patients were also affected and were reduced to the minimum.

The PAO was informed on 09.01.2013, but DAC was not held till the finalization of the report.

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

4.4.2 Doubtful issuance of medicines from Out Patient Department (OPD) of PIMS - Rs. 9.769 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.

The management of PIMS, Islamabad issued medicines amounting to Rs. 9.769 million to patients in the Out Patients Department (OPD) during 2011-12.

Audit observed as under:

i. The medicines were issued to OPD patients without prescriptions from the authorized doctors.

ii. Entries for issuance of medicines covering three to five days were recorded as a single entry in the Stock Register of OPD.

iii. A monthly certificate for destruction of medicines slips was available.

Audit is of the view that in the absence of prescriptions slips (primary evidence) for issuance of medicines, the expenditure of Rs. 9.796 million was susceptible to misappropriation.

The management replied that due to huge volume of prescription slips and to avoid misuse of the same, these were burnt and destroyed on monthly basis according to the guidelines/procedure for disposal of prescription slips, which had the approval of the Executive Director. The slips were destroyed after accounting under the supervision of the committee constituted for this purpose. In order to improve the system Standard Operating Procedures would be formulated.

The reply was not accepted because in the absence of primary evidence for issuance of medicines, the authenticity of their consumption could not be ascertained. The reply of the management indicates that there were no approved Standard Operating Procedures for this purpose.

The PAO was informed on 22.01.2013, but DAC was not held till the finalization of the report.

Audit recommends that inquiry should be held for fixing responsibility for destruction of auditable record.

Non Production of Record

4.4.3 Non-Production of record by Private Educational Institutions Regulatory Authority

Section 14(2) of Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 states that the officer incharge of any office or department shall afford all facilities and provide record for audit inspection and comply with requests for information in as complete a form as possible and with all reasonable expedition.

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

The audit of Private Educational Institutions Regulatory Authority (PEIRA) was included in the Audit Plan 2012-13 of the Directorate General.

The management of the organization and the controlling Ministry were informed through an Entity Communication Letter dated 29.06.2012 that the audit of the organization would commence from July/August, 2012.

An audit team was deputed to carry out the audit for the period 05.12.2006 to 30.06.2012 w.e.f. 09.08.2012. However, the management requested to postpone and reschedule the audit on the plea that the auditable record was being arranged for audit. The request was accepted with the condition that the documents may be arranged not later than October, 2012 as audit could not be withheld indefinitely.

The audit of the organization was rescheduled accordingly and an audit team was deputed to carry out the audit w.e.f. 01.11.2012. The management once again refused to entertain the audit team.

The Secretary, Ministry of Capital Administration and Development was also informed vide letter No. Coord/Audit Intimation/2012-13/F-690/Vol(1)/796 dated 29.11.2012, but the matter was not resolved.

Audit is of the view that refusal to entertain the audit team and produce the auditable record hindered the auditorial functions of the Auditor General of Pakistan.

Audit recommends that responsibility be fixed and disciplinary proceeding may be initiated against those responsible for hindering the auditorial functions of the Auditor General of Pakistan.

Irregularity & Non Compliance

4.4.4 Loss due to undue favor extended to COMSATS Institute of Information Technology - Rs. 12.117 million

Para 19(i) of GFR Volume-I states that the terms of a contract must be precise and definite and there must be no room or ambiguity or misconstruction therein.

Para 19(ii) of GFR Volume-I states that as far as possible, legal and financial advice should be taken in the drafting of contracts and before they are finally entered into.

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.

The Secretary, Ministry of Education approved vide letter No. F.144/2000.HRD-IV dated 06.06.2000 rules for Government Polytechnic Institute for Women (GPIW), Islamabad hostel accommodation. These rules allowed only students of federal government institutions, NUML and institutes other than government at monthly hostel charges @ Rs. 850, Rs. 1,500 and Rs. 2,500, respectively.

The management of Government Polytechnic Institute for Women (GPIW), Islamabad leased out 120 seats of the hostel @ Rs. 180,000 per month, i.e. Rs. 1,500 per seat to COMSATS Institute of Information Technology (CIIT), Islamabad. The initial contract was for a period of three years w.e.f. 27.08.2005 which was extended for another three years w.e.f. 27.08.2008 at the same rate. The contract was again extended for three years from 27.08.2011 to 31.08.2014 @ Rs. 204,000 per month, i.e. Rs. 1,700 per seat.

Audit observed as under:

i. CIIT, Islamabad was charged Rs. 1,500 per seat per month for the first six years and Rs. 1,700 per seat per month for the next three years instead of the approved rate of Rs. 2,500 per seat per month.

ii. CIIT, Islamabad deducted an amount of Rs. 2.517 million from the rent paid to GPIW up to August, 2009 on account of repair and maintenance.

iii. GPIW incurred an expenditure of Rs. 9.306 million from 01.07.2007 to 30.06.2012 out of the available receipt of Rs. 17.771 million.

iv. GPIW deposited only Rs. 6.999 million into the government treasury during 01.07.2007 to 30.06.2012.

Audit is of the view that the government suffered of loss of Rs. 9.600 million by not charging the approved rates. Details are as under:

(Rupees)

S. No.	**Period**	**No. of Seats**	**Approved Monthly Rate**	**Agreement Rate**	**Difference**	**Loss**
1.	27.08.2005 to 26.08.2008	120	2,500	1,500	1,000	4,320,000
2.	27.08.2008 to 26.08.2011	120	2,500	1,500	1,000	4,320,000
3.	27.08.2011 to 30.06.2012	120	2,500	1,700	800	960,000
Total Loss as on 30.06.2012						**9,600,000**

Audit is also of the view that the government suffered an additional loss of Rs. 2.517 million due to deduction of repair and maintenance charges by CIIT, Islamabad. Thus, the total loss suffered amounts to Rs. 12.117 million.

Audit maintains that the loss was incurred due to extending undue favor to CIIT, Islamabad.

The management did not reply.

The PAO was informed on 23.11.2012, but DAC was not held till the finalization of the report.

Audit recommends that responsibility may be fixed for entering into a faulty contract without seeking legal and financial advice, and granting undue favor by not charging the approved rates.

4.4.5 Less recovery and unauthorized retention of electricity charges - Rs. 3.083 million

Para 26 of GFR Volume-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.

Rule 7(1) of 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 revenues of the Federal Government be kept out of Federal Consolidated Fund of the Federal Government.

The management of Government Polytechnic Institute for Women (GPIW), Islamabad installed a bulk supply electricity connection for college, hostel and residences. Electricity is being supplied to the residents through sub meters.

Audit observed as under:

i. Payment to Islamabad Electric Supply Company (IESCO) was made by the college according to C-2 tariff (Single point supply for purchase in bulk by a distribution licensee, and Mixed load consumers not falling in any other consumer class), whereas the collection from employees residing in the college compound was made according to domestic tariff without charging General Sales Tax, Income Tax, TV Fee and Fuel Price Adjustment, etc. which resulted in less receipt of Rs. 1.448 million.

ii. An amount of Rs. 1.635 million was recovered on account of electricity charges from the residents during 2007-12 and deposited into commercial bank account, out of which expenditure of Rs. 0.454 million was incurred.

Audit is of the view that recovery from employees at domestic tariff resulted in loss of Rs. 1.448 million.

Audit is also of the opinion that retention of electricity charges and subsequent utilization was irregular and unauthorized.

The management did not reply.

The PAO was informed on 23.11.2012, but DAC was not held till the finalization of the report.

Audit recommends that the practice may be stopped immediately; the amount less recovered from the employees may be deposited into government account along with the retained/collected amount.

Audit also recommends that the expenditure incurred out of retained amount may be got condoned from the Finance Division while responsibility may be fixed for the irregularity.

4.4.6 Irregular and unauthorized payment of cash award - Rs. 3.855 million

Para 12 of GFR Volume-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 10(ii) of GFR Volume-I states that no authority should exercise its powers of sanctioning expenditure to pass an order which will be directly or indirectly to its own advantage.

The management of Federal Directorate of Education (FDE) paid cash award amounting to Rs. 3.855 million to its officers and staff from the head of account A06104-Scholarship during 2011-12.

Audit observed that cash award was paid to employees, including Director General (FDE), out of budget meant for scholarships to students and the same was approved by the Director General (FDE).

Audit is of the view that the expenditure of Rs. 3.55 million as cash award to employees was unauthorized and irregular.

The management did not reply.

The PAO was informed on 04.01.2013, but DAC was not held till the finalization of the report.

Audit recommends that inquiry may be initiated, responsibility be fixed and recovery may be made from the recipients.

4.4.7 Irregular award of contract for college canteens

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.

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.

Federal Directorate of Education letter No. F.5-10/2005-DAC/Audit/FDE dated 16.06.2005 instructed all Heads of Federal Government Educational Institutions that rent of canteen may be assessed in consultation with Pak PWD authorities.

The management of Islamabad Model College for Boys (IMCB), F-10/3 awarded contract of college canteen to Ch. Fazal Muhammad from 05.11.1997 to 05.04.2002 @ Rs. 1,600 per month during which period the cost of construction of canteen amounting to Rs. 85,000 was recovered. The contract was then extended till September, 2006 at the same monthly rate. A fresh contract was entered into from September, 2006 to November, 2023 @ Rs. 3,500 per month including utility charges with 5% annual increase.

Similarly, the management of Islamabad Model College for Boys (IMCB), G-11/1, Islamabad awarded contract of college canteen to Ch. Muhammad Taj for a period of three years w.e.f. 19.09.2002 which was extended for another two years with mutual consent. The rent of the canteen was fixed for Rs. 1,000 per month for first two years and Rs. 1,500 per month for the next three years.

Audit observed as under:

i. The contracts were awarded without open competition.

ii. The rent of both canteens was not got assessed from Pak PWD.

iii. The contract of Ch. Fazal was signed for a period of 18 years w.e.f. September, 2006 while the total period of the contract is 26 years w.e.f. November, 1997.

iv. The contractor, Ch. Taj was running the canteen without any contract since September, 2007.

v. Government will bear the cost of electricity, gas and water charges till 2023 in the case of Ch. Fazal, while it has borne similar charges in case of Ch. Taj.

Audit is of the view that the contracts of canteens were awarded in violation of provisions of FDE instructions, GFR and Public Procurement Rules, 2004.

The management did not reply.

The PAO was informed on 25.10.2012 and 14.12.2012, but DAC was not held till the finalization of the report.

Audit recommends that inquiry may be initiated against those responsible for the irregularity besides awarding fresh contracts under the relevant rules.

4.4.8 Irregular and unauthorized procurement of vehicles - Rs. 5.910 million

Rule 3(5) of Staff Cars Rules, 1980 states that no Division shall purchase a staff car unless it has obtained a No Objection Certificate from the Cabinet Division. In the case of replacement of an existing staff car, it shall first be verified from the Cabinet Division that no surplus car is available.

Para 2(a) of Cabinet Division letter No. 6-7(1)/02-M-II dated 22.07.2005 states that the power to sanction purchase of vehicle(s) in replacement of condemned vehicles is restricted to the Secretary of the concerned Ministry/Division, if budget is available. The Subordinate Offices/Attached

Departments will obtain approval of the Secretary In-charge of their respective Ministry/Division.

Para 2(b) of Cabinet Division letter No. 6-7(1)/02-M-II dated 22.07.2005 states that the new vehicle can be purchased with the approval of committee constituted in the Finance Division under the Chairmanship of Additional Secretary (Expenditure).

The management of various educational institutions in Islamabad under the Ministry of Capital Administration and Development purchased vehicles during 2009-11. Details are as under:

(Rupees)

S. No.	Institute	Date	Vehicle	Amount
1.	Islamabad Model College for Girls, I-8/4	22.11.2010	Suzuki Bolan	662,786
2.	Government Polytechnic Institute for Women	28.05.2010	Suzuki Bolan	619,000
3.	Islamabad Model College for Boys, H-9	20.09.2010	Suzuki Bolan	633,000
4.	Islamabad Model College for Boys, H-9	30.06.2010	Daewoo Bus	3,995,000
			Total	**5,909,786**

Audit observed as under:

i. IMCG, I-8/4, Islamabad purchased the vehicle in violation of Rule 3(5) of Staff Cars Rules, 1980.

ii. Government Polytechnic Institute for Women, Islamabad (GPIW) purchased the vehicle against condemned vehicle without availability of regular budget.

iii. The Islamabad Model College for Boys, H-9 Islamabad purchased two vehicles with the approval of Director General, Federal Directorate of Education instead of obtaining the approval of committee constituted in the Finance Division under the Chairmanship of Additional Secretary (Expenditure).

Audit is of the view that the purchase of the vehicles was irregular.

The management of Islamabad Model College for Boys, H-9, Islamabad stated that the vehicles were purchased with the approval of Director General, Federal Directorate of Education while the management of Islamabad Model

College for Girls, I-8/4, Islamabad and Government Polytechnic Institute for Women, Islamabad did not reply.

The reply was not accepted as the Director General, Federal Directorate of Education was not authorized to approve the purchase of vehicles.

The PAO was informed on 25.10.2012, 23.11.2012 and 14.12.2012 but DAC was not held till the finalization of the report.

Audit recommends that responsibility be fixed for the irregularity.

4.4.9 Irregular procurement of physical assets during the ban period - Rs. 3.484 million

During financial year 2011-12, the Finance Division imposed ban on purchase of physical assets to enforce austerity measures vide O.M. No. F.7(1)Exp.IV/2011 dated 17.08.2011.

The management of various educational institutions under the Ministry of Capital Administration and Development procured physical assets amounting to Rs. 3.484 million during 2011-12. Details are as under:

(Rupees)

S. No.	Organization	Items purchased	Amount
1.	Islamabad Model College for Boys, I-10/1, Islamabad.	Furniture, Machinery, etc.	699,161
2.	Islamabad Model Postgraduate College, H-8, Islamabad.	Tractor, Furniture, Machinery, etc.	940,214
3.	Federal Directorate of Education, Islamabad.	Furniture, Machinery, etc.	1,594,633
4.	Islamabad Model College for Boys, I-8/3, Islamabad.	Furniture, Machinery, etc.	249,849
		Total	**3,483,857**

Audit observed that the physical assets were purchased during the period the austerity measures were in force and ban on their purchase was imposed by the Finance Division.

Audit is of the view that the expenditure on purchase of physical assets was irregular.

The management of Islamabad Model Postgraduate College, H-8, Islamabad replied that the assets were procured with the approval of competent authority whereas the other organizations did not reply.

The reply was not accepted as the organizations were not authorized to purchase physical assets during the period of ban imposed by the Finance Division.

The PAO was informed on 25.10.2012 and 03.12.2012 but DAC was not held till the finalization of the report.

Audit recommends that responsibility may be fixed for the irregularity.

4.4.10 Irregular appointment of Executive Director, Federal Government Polyclinic, Islamabad

In compliance with the Supreme Court of Pakistan Order dated 27.01.2011 passed in Suo Moto Case No. 24 of 2010 the Establishment Division vide No. 2/12/2011-E.1 dated 01.02.2011 issued instructions that re-employment on contract basis may not be made in violation of the relevant law especially re-employment of retired civil servants against cadre posts.

Establishment Division vide 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.

Para 19(i) of GFR Volume-I states that the terms of a contract must be precise and definite and there must be no room or ambiguity or misconstruction therein.

The management of Capital Administration and Development Division vide Notification No. F.1-24/2011-H-2/PER dated 15.12.2011 appointed Dr. Shaukat Hamid Kiani, Executive Director (BS-20) Federal Government Polyclinic, Islamabad on contract basis till further orders.

Audit observed as under:

i. The contract appointment was against a cadre post, which would impact upon the promotion of other civil servants.

ii. The post was not advertised as required under the rules.

iii. The contract period was neither precise nor definite leaving room for ambiguity and misconstruction.

Audit is of the view that the appointment was irregular and authorized.

The management replied that the appointment was against a non-cadre post and no one was deprived from promotion as no one in the feeding cadre in BS-20 was available. The summary was moved by the Capital Administration and Development Division through the Establishment Division and the approval of Prime Minister for re-employment of Dr. Shaukat Hamid Kiani, Executive Director on contract basis till further orders was conveyed vide No. 3893/PSPM/11 dated 22.11.2011 and dated 12.12.2011.

The reply was not accepted because the appointment was made in violation of the orders of the Supreme Court of Pakistan against a cadre post as confirmed in Para 2 of Summary to the Prime Minister dated 17.11.2011.

The PAO was informed on 09.01.2013, but DAC was not held till the finalization of the report.

Audit recommends that necessary administrative corrective measures should be taken to implement the decision of the Supreme Court of Pakistan.

4.4.11 Unauthorized handing over of staff cars and payment of Monetization Allowance - Rs. 3.224 million

The Federal Government approved the "Compulsory Monetization of Transport Facility for Civil Servants in BS-22" vide Cabinet Division letter No. 6/7/2011-CPC dated 12.12.2011. The Monetization Policy was implemented w.e.f. 01.01.2012.

Clause (v) of Annexure to Cabinet Division letter No. 6/7/2011-CPC dated 12.12.2011 regarding Compulsory Monetization of Transport Facility for Civil Servants in BS-20 to BS-22, states that the depreciated price of the vehicles on the basis of above formula shall be calculated/recommended by the Condemnation/ Replacement Committee already constituted in all Ministries/Divisions/ Departments.

In terms of Cabinet Division letter No. 6/7/2011-CPC dated 30.12.2011 the Monetization Policy was not applicable to officers appointed on Special Pay Scales and Health Personnel scales. Such category of officers would continue to avail their existing entitlement of transport facility.

The management of Federal Government Polyclinic, Islamabad handed over official vehicles to various officers who were then paid Monetization Allowance w.e.f. 01.01.2012. An amount of Rs. 3.224 million was paid to these officers during 2011-12, i.e. up to 30.06.2012. Details are as under:

(Rupees)

S. No.	Name of officer	Vehicle No	Monthly allowance	Total
1.	Dr. Zulkifl Sabir	Suzuki Cultus IDG-292	65,960	395,760
2.	Dr. Riffat Shaheen	Suzuki Cultus GD-100	65,960	385,200
3.	Dr. Aftab Ali Malik	Suzuki Cultus GJ-699	65,960	395,760
4.	Dr. Altaf Hussain Shah	Suzuki Cultus GD-624	65,960	395,760
5.	Dr. Iftikhar Ahmad	Suzuki Cultus GV-010	65,960	395,760
6.	Dr. Muhammad Tahir	Suzuki Cultus GU-621	65,960	395,760
7.	Dr. Inayatullah Baig	Suzuki Cultus GD-099	65,960	395,760
8.	Dr. Hussain Mand Zafar Awan	Suzuki Cultus GD-030	77,430	464,580
			Total	**3,224,340**

Audit observed as under:

i. The vehicles were handed over to the officers without the recommendation of the Condemnation/Replacement Committee already constituted in all Ministries/Divisions/Departments.

ii. The Monetization Policy was not applicable to the doctors of Federal Government Polyclinic, Islamabad as they were drawing Health Allowance w.e.f. 01.01.2012.

iii. Recovery of monetized cost of the vehicles was not made.

Audit is of the view that handing over of the vehicles and payment of Monetization Allowance was irregular.

The management replied that the doctors of Polyclinic Hospital were drawing salaries in BPS along with Health Allowance as admissible under the rules. In terms of Compulsory Monetization of Transport Facility, a Committee was constituted to recommend the depreciated value. In the light of Monetization Policy the Civil Servants in BS 20 to 22 who had been provided the official transport were given the first option to purchase the allocated vehicles on depreciated price.

The reply was not accepted because the Replacement/Condemnation Committee was constituted in the controlling Ministry on whose recommendations the Principal Accounting Officer had to approve the monetization of vehicles, which was not done.

The PAO was informed on 09.01.2013, but DAC was not held till the finalization of the report.

Audit recommends that responsibility may be fixed for handing over the vehicles to the officers. The vehicles may be retrieved besides recovering the amount paid on account of Monetization Allowance.

4.4.12 Irregular release of funds to Pak PWD - Rs. 12.000 million

Para 96 of GFR Volume-I states that it is contrary to the interest of the State that money should be spent hastily or in an ill-considered manner merely because it is available or that the lapse 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 of 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.

The management of Federal Government Polyclinic, Islamabad, released an amount of Rs. 12.000 million to Pak PWD on 29.06.2012 on account of Consultancy Charges for carrying out Feasibility Study for the extension of Federal Government Polyclinic Hospital, Islamabad.

Audit observed as under:

i. The Technical and Financial Proposals of the consultancy were yet not finalized by Pak PWD.

ii. The case for allotment of plot for extension of the hospital had not been finalized.

iii. Funds were released on 29.06.2012 to avoid lapse of funds irrespective of finalization of the consultancy agreement.

Audit is of the view that the release of funds to Pak PWD was irregular and unjustified.

The management replied that in the light of Government instructions, a PC-I was prepared and an amount of Rs. 12.000 million was released to Pak PWD for selection of consulting firm. The advertisement for prequalification was published in the newspapers on 30.09.2011. The work was to be assigned to the consultant on the basis of technical and financial bids finalized by Pak PWD, and the last date for finalization of design was 05.01.2013. The extension of the hospital would be undertaken through a new PC-I after the preparation of PC-II. The delay was due to uncertain release of funds which were finally released to Pak PWD.

The reply was not accepted because the management did not provide any documents in support of their reply.

The PAO was informed on 09.01.2013, but DAC was not held till the finalization of the report.

Audit recommends that responsibility may be fixed for the irregularity.

4.4.13 Unauthorized expenditure on repair of office building - Rs. 12.000 million

Serial No. 9(46) of Annex-I of Finance Division O.M. No. F.3(2)Exp-III/2006 dated 13.09.2006 provides that only the Ministries/Divisions have been empowered to incur expenditure up to Rs. 500,000 on works of non-residential building and no power has been delegated to the heads of departments for this purpose.

The management of Federal Government Polyclinic, Islamabad, incurred an expenditure of Rs. 12.000 million on account of repair of building during 2011-12.

Audit observed that the Executive Director sanctioned the expenditure for repair of building for which he was not competent.

Audit is of the view that the expenditure incurred was irregular and unauthorized.

The management replied that the repair work was carried out under the supervision of Pak PWD Inquiry situated in the hospital. The Secretary, Ministry of Health vide No. F.15-1/2001-F&A dated 10.05.2001 with the concurrence of the Finance Division had delegated administrative powers to carry out works in respect of non-residential buildings delegated under Serial No. 8(7)(a) of Annexure-II to the Finance Division O.M. No. F.13(4)Expenditure-III/2000 dated 30.06.2000 as amended vide Finance Division O.M. of even number dated 30.03.2001 to Medical Superintendent, Federal Government Services Hospital, Islamabad to the extent of Rs. 0.500 million.

The reply was not accepted as the administrative powers were delegated by the devolved Ministry of Health under the New System of Financial Control and Budgeting, 2000 which had been replaced by the System of Financial Control and Budgeting, 2006. The Federal Government Polyclinic, Islamabad was not delegated any financial and administrative powers under the revised delegation of powers.

The PAO was informed on 09.01.2013, but DAC was not held till the finalization of the report.

Audit recommends that responsibility may be fixed for the irregularity and the irregular expenditure may be got regularized.

4.4.14 Irregular utilization of funds for prevention and management of Dengue Fever - Rs. 4.030 million

Para 12 of GFR Volume-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 Ministry of Finance released Rs. 10.000 million through Technical Supplementary Grant to Federal Government Polyclinic, Islamabad for prevention and management of dengue fever disaster, out of which Rs. 7.000 million were meant for purchase of medicines whereas Rs. 3.000 million were for purchase of machinery and equipment.

Audit observed as under:

i. An expenditure of Rs. 5.970 million was incurred for the purpose for which the funds were allocated.
ii. The balance of Rs. 4.030 million was utilized for non-related activities as stated by the management during audit.
iii. The details of expenditure of Rs. 4.030 million were not provided.

Audit is of the view that the expenditure on non-related activities was irregular and unauthorized.

The management replied that out of unutilized funds an expenditure of Rs. 0.487 million was made on purchase of allied material and the remaining funds of Rs. 3.542 million lapsed.

The reply was not accepted because the funds were approved by the Prime Minister for the purchase of machinery and equipment, and medicines for prevention and management of Dengue Fever disaster. The management failed to utilize the funds in compliance with the Directives of the Prime Minister.

The PAO was informed on 09.01.2013, but DAC was not held till the finalization of the report.

Audit recommends that the matter regarding utilization of funds for non-related activities and lapse of funds should be investigated for fixing responsibility.

4.4.15 Unauthorized opening and operation of Bank Account

Para 7 of 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 deposit elsewhere without the consent of the Ministry of Finance.

Para 85 of GFR Volume-I states an appropriation is intended to cover all the charges including the liabilities of any of the past years, to be paid during the year or to be adjusted in the accounts of it. It can be authorized by the competent authority at any time before but not after the expiry of the financial year. Any unspent balance lapses and is not available for utilization in the following year.

The management of Federal Government Polyclinic, Islamabad, was maintaining a Bank Account No. 572-8 at National Bank of Pakistan, Holiday Inn Branch, Islamabad.

Audit observed as under:

i. The bank account was opened without the approval of the Finance Division.

ii. According to the books of accounts, an unspent balance of Rs. 243,144 of the Letter of Credit (L/C) was lying in the bank account as on 30.06.2012.

iii. The bank statement and Bank Reconciliation Statement were not provided to ascertain the total amount retained in the bank account.

Audit is of the view that opening of bank account without the approval of Finance Division was irregular and unauthorized.

Audit is also of the view that the bank account was being used for other transactions also which could not be ascertained due to non-provision of bank statement and Bank Reconciliation Statement.

The management replied that Bank Account No. 572-8 was in operation since long and all receipts of Bait-ul-Mal were deposited into this account. The amount of Rs. 243,144 was a saving from the funds sanctioned for elimination of Dengue Fever, which has been deposited in the government treasury on 08.01.2013.

The reply was not accepted as the bank account was opened without the approval of Finance Division. The complete record of transactions along with bank statements was also not provided.

The PAO was informed on 09.01.2013, but DAC was not held till the finalization of the report.

Audit recommends that complete record may be provided to ascertain the purpose for which the account was unauthorizedly opened and the total amount retained therein. Besides depositing the unspent balance into government treasury the opening and maintenance of the bank account may be got approved from the Finance Division.

4.4.16 Loss on account of purchase of medicines by ignoring the lowest bids - Rs. 44.001 million

Rule 2(h)(i)(ii) of Public Procurement Rules, 2004 states that the "lowest evaluated bid" means, a bid most closely conforming to evaluation criteria and other conditions specified in the bidding document; and having lowest evaluated cost.

Rule 50 of Public Procurement Rules, 2004 states that any unauthorized breach of these rules shall amount to mis-procurement.

The management of Federal Government Polyclinic, Islamabad purchased medicines from various firms amounting to Rs. 354.457 million during 2011-12.

Audit observed that the management procured medicines by ignoring the lowest bids. Audit reviewed transactions related to 65 medicines on a test check basis where the lowest bid was ignored and resultantly a loss of Rs. 44.001 million was sustained by the government.

Audit is of the view that the management did not follow the Public Procurement Rules, 2004 which resulted in loss to the government.

The management replied that the hospital provided medical treatment to 2.500 million patients annually, including 65% dignitaries, high officials and government servants, and also provided medicines to the patients. The only method to determine real potency of medicines was clinical judgment of the treating physicians as no laboratories were available in the country. The medicines were purchased on the recommendations of the Drug Selection Committee comprising all physicians of the hospital, Pharmacist, representatives of the Ministry of Finance and Ministry of Health since establishment of the hospital. The justification for selecting medicines at higher rates was recorded in the Minutes of the meeting and the selection of medicines at lowest rates would increase the local purchase. The controlling Ministry had forwarded Standard Operating Procedures for selection and purchase of medicines and allied material to the Managing Director, Public Procurement Regulatory Authority.

The reply was not accepted because the Public Procurements Rules, 2004 do not allow the purchase from other than the lowest bidder.

The PAO was informed on 09.01.2013, but DAC was not held till the finalization of the report.

Audit recommends that responsibility may be fixed for the irregularity.

4.4.17 Irregular purchase of dietary items - Rs. 6.041 million

Rule 10 of Public Procurement Rules, 2004 states that specifications shall allow the widest possible competition and shall not favour any single contractor or supplier nor put others at a disadvantage. Specifications shall be generic and shall not include references to brand names, model numbers, catalogue numbers or similar classifications. However if the procuring agency is convinced that the use of or a reference to a brand name or a catalogue number is essential to complete an otherwise incomplete specification, such use or reference shall be qualified with the words “or equivalent”.

Rule 50 of Public Procurement Rules, 2004 states that any unauthorized breach of these rules shall amount to mis-procurement.

The management of Federal Government Polyclinic, Islamabad invited tenders on 03.06.2011 for purchase of dietary items for the year 2011-12.

Audit observed that in the tender documents brand and company names of 14 dietary items were mentioned which were procured at a cost of Rs. 6.041 million.

Audit is of the view that mentioning of brand and company name was violation of Public Procurement Rules, 2004 which narrowed the competition and deprived the public exchequer of the benefits of competitive rates.

Audit maintains that the procurement amounted to mis-procurement.

The management replied that the items were procured after completion of codal formalities and on the recommendations of the Purchase Committee, keeping in view the lowest prices.

The reply was not accepted because the name and brand of items purchased were specified in the tender documents.

The PAO was informed on 09.01.2013, but DAC was not held till the finalization of the report.

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

4.4.18 Irregular and unauthorized expenditure on Civil Works - Rs. 15.077 million

Para 192 of GFR Volume-I 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.

Serial No. 9(46) of Annex-I of the Finance Division O.M. No. F.3(2)Exp-III/2006 dated 13.09.2006 states that only Ministries/Divisions have been empowered to incur expenditure up to Rs. 500,000 on works of non-residential buildings and no power has been delegated to the head of department for said purpose.

The management of Pakistan Institute of Medical Sciences (PIMS), Islamabad carried out repair and maintenance of official and residential (colonies and hostels) buildings amounting to Rs. 15.077 million during 2011-12.

Audit observed as under:

i. The work was executed through the staff of PIMS.
ii. The management did not frame any regulations as required under Para 192 of GFR.
iii. The Executive Director was not empowered to incur expenditure on repair and maintenance.

Audit is of the view that the expenditure incurred on repair and maintenance of office and residential buildings was irregular and unauthorized.

The management replied that PIMS was established as an autonomous body under the defunct M/o Health. As per revised PC-I of Islamabad Hospital approved in 1986 a separate engineering department was created. The engineering department has qualified civil, electrical and mechanical engineers. Subsequently, on conversion of PIMS as attached department of former M/o Health in 1996, engineering staff/ department was not transferred to Pak PWD and the government provided funds in the budget to carry out routine maintenance work through PIMS engineering department instead of Pak PWD.

The administrative powers granted to the Ministries/Divisions up to Rs. 500,000 in respect of non-residential buildings vide Finance Division letter No. F.3(4)/Exp-III/2000-188 dated 30.03.2001 were further delegated to the heads of the departments vide Ministry of Health (defunct) letter No. F.15-1/2001-F&A dated 10.05.2001. The works were carried out on different occasions and were within the powers delegated to the Executive Director.

The management further replied that after taking over of the PIMS colony Pak PWD carried out repair and maintenance work, but due to poor quality of work the annual repair and maintenance of the colony was transferred to PIMS from its own resources during a meeting chaired by the Secretary, Ministry of Housing & Works on 18.05.2006 which was also attended by the Secretary, Ministry of Health.

The reply was not accepted because as the administrative powers were delegated by the devolved Ministry of Health under the New System of Financial Control and Budgeting, 2000 which were replaced by the System of Financial Control and Budgeting, 2006. No administrative and financial powers were delegated under the revised delegation of powers. Further, no regulations were prepared for this purpose in pursuance of Para 192 of GFR Volume-I. As per decision dated 18.05.2006, the annual repair and maintenance work was to be carried out by PIMS from its own resources. Instead the management has carried out the work beyond the delegated powers from the government budget.

The PAO was informed on 22.01.2013, but DAC was not held till the finalization of the report.

Audit recommends that the irregular and unauthorized practice should be discontinued forthwith, and proper procedure should be adopted to carry out the repair and maintenance in future.

4.4.19 Loss on account of purchase of medicines by ignoring the lowest bids - Rs. 10.766 million

Rule 2(h)(i)(ii) of Public Procurement Rules, 2004 states that the "lowest evaluated bid" means, a bid most closely conforming to evaluation criteria and other conditions specified in the bidding document; and having lowest evaluated cost.

Rule 50 of Public Procurement Rules, 2004 states that any unauthorized breach of these rules shall amount to mis-procurement.

The management of Pakistan Institute of Medical Sciences (PIMS), Islamabad purchased medicines from various firms through open tenders during 2011-12.

Audit observed that management procured medicines by ignoring the lowest bidders which resulted in loss to the government. On a test check basis

Audit reviewed transactions relating to 42 medicines where the lowest bid was ignored resulting in loss of Rs. 10.766 million.

Audit is of the view that the management did not follow the Public Procurement Rules, 2004 which resulted in loss to the government.

The management replied that the selections of such drugs were made only on quality basis. The Purchase Committee comprised of highly qualified doctors and their decision regarding selection of such medicines was based on their clinical experience and in the interest of the patients.

The reply was not accepted because the Public Procurements Rules, 2004 do not allow the purchase from other than the lowest bidder.

The PAO was informed on 22.01.2013, but DAC was not held till the finalization of the report.

Audit recommends that responsibility may be fixed for the irregularity.

4.4.20 Loss due to less recovery of electricity charges and non-collection of dues - Rs. 6.484 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.

Para 26 of GFR Volume-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 PIMS, Islamabad installed two bulk supply electricity meters for hospitals and residential colony.

Audit observed as under:

i. Electricity was being supplied to the residents by sub meters through two bulk supply meters.

ii. Payment to Islamabad Electric Supply Company (IESCO) was made by the PIMS according to tariff C-2 (Single point supply for purchase in bulk by a distribution licensee, and Mixed load consumers not falling in any other consumer class), whereas the collection from employees residing in the PIMS compound was made according to domestic tariff without charging General Sales Tax, Fixed Charges and Fuel Price Adjustment, which resulted in less recovery of Rs. 5.752 million.

iii. An amount of Rs. 731,567 was due from 20 residents of the colony.

Audit is of the view that recovery from employees at domestic tariff and non-recovery of outstanding dues resulted in loss of Rs. 6.484 million.

The management replied that IESCO was approached for separation of electric power supply and direct billing but no action was taken by the IESCO.

The management has accepted the audit observation.

The PAO was informed on 22.01.2013, but DAC was not held till the finalization of the report.

Audit recommends that the irregular practice may be stopped forthwith, and the amount less recovered from the employees may be recovered and deposited into government account.

4.4.21 Irregular payment of Conveyance Allowance - Rs. 9.723 million

Para 10 (v) of GFR Volume-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.

Finance Division O.M. No. F.1(1)Imp.1/177 dated 28.04.1977 states that the employees not residing within their work premises are entitled to the Conveyance Allowance.

The management of PIMS, Islamabad paid an amount of Rs. 9.723 million as Conveyance Allowance to its employees during 2011-12.

Audit observed that Conveyance Allowance was paid to employees residing within the work premises/compound of PIMS, i.e. residential colony and hostels.

Audit is of the view that payment of Conveyance Allowance to the employees residing in the compound of PIMS was irregular and unauthorized.

The management replied that PIMS was scattered over a vast area covering the whole G-8/3 Sector. Its residential colonies were separately located with a road in between the official and residential buildings.

The reply was not accepted because the employees were residing within the compound of PIMS and as per rule they were not entitled for Conveyance Allowance.

The PAO was informed on 22.01.2013, but DAC was not held till the finalization of the report.

Audit recommends that the practice for payment of Conveyance Allowance should be discontinued forthwith and the irregular payment should be recovered.

4.4.22 Irregular payment of Health Allowance to deputationists from provinces - Rs. 1.749 million

The Federal Government vide Finance Division O.M. No. F.2(13)R-2/2011-777 dated 06.02.2012 granted benefit of one basic pay of running salary as Health Allowance to the health personnel in the employment of Federal Government, in BPS scheme, with effect from 01.01.2012.

The Finance Division vide U.O. No. F.2(13)R-2/2012-172 dated 27.03.2012 clarified the term "Health Personnel" as a person holding a post in any institute or organization delivering services in the health sector and included in Schedule-I, but did not include:

i. A person who is on deputation to the Federal Government from any Province or other authority;

ii. A person who is employed on contract or on work charge basis or who is paid from contingencies.

The management of PIMS, Islamabad paid an amount of Rs. 1.750 million as Health Allowance to 12 Medical Officers from January, 2012 to June, 2012. Details are as under:

(Rupees)

S. No.	Name of employee	Amount per month	Total
1.	Dr. Javeria Ashraf	20,800	124,800
2.	Dr. Yasir Mehmood Malik	17,200	103,200
3.	Dr. Sumaira Rahim	17,200	103,200
4.	Dr. Farhat Alam	29,200	175,200
5.	Dr. Mumtaz Ahmed	26,800	160,800
6.	Dr. Shumaila Naeem	20,800	124,800
7.	Dr. Syed Farooq Shah	29,000	174,000
8.	Dr. Muhammad Riaz Khan	34,000	204,000
9.	Dr. Anwar Ahmed Gul	18,400	110,400
10.	Dr. Ajmal Khan	23,200	139,200
11.	Dr. Niaz Muhammad	27,500	165,000
12.	Dr. Nasreen Butt	27,500	165,000
		Total	**1,749,600**

Audit observed that the Health Allowance was paid to Medical Officers appointed on deputation from various provinces.

Audit is of the view that payment of Health Allowance to deputationists from provinces was irregular and unauthorized.

The management replied that Pay & Allowances of PIMS employees were drawn through computerized system of AGPR. Health Allowance was paid by AGPR through monthly pay slips. However, as per advice of Audit the matter had been taken up with AGPR to recover the amount.

The management has accepted the audit observation.

The PAO was informed on 22.01.2013, but DAC was not held till the finalization of the report.

Audit recommends that the amount irregularly paid should be recovered.

4.4.23 Unauthorized use of vehicles by non-entitled officers - Rs. 2.684 million

Rule 2(x) of Staff Car Rules, 1980 defines the 'Entitled Officers' as officers of grade 22, 21 & 20 of the Federal Government borne on the sanctioned establishment of a Division or an Organization under its administrative control.

The management of PIMS, Islamabad allocated seven vehicles to officers of BS-18 and 19 and one additional vehicle to Executive Director and incurred an expenditure of Rs. 2.685 million during 2011-12. Details are as under:

(Rupees)

S. No.	Vehicle No.	Designation	BPS	POL	Repair and Maintenance
1.	IDH-3105	Joint Executive Director (Projects & Dev.)	BS-19	228,673	74,135
2.	IDB-8246	Deputy Director (MCH)	BS-18	218,313	25,780
3.	GE-739	Deputy Executive Director (Non-Medical)	BS-19	248,230	73,550
4.	IDF-6408	Principal (College of Nursing)	BS-19	210,195	104,185
5.	IDF-5992	Director, Children Hospital	BS-19	274,199	95,810
6.	IDB-7168	Chief Nursing Superintendent	BS-19	215,908	59,810
7.	IDL-5936	Director Finance (Islamabad Hospital)	BS-19	461,247	10,800
8.	IDL-3652	Executive Director (additional vehicle)	BS-21	271,835	112,020
			Sub-Total	**2,128,600**	**556,090**
				Total	**2,684,690**

Audit observed that vehicles were allocated in violation of Staff Car Rules, 1980.

Audit is of the view that the allocation of vehicles to non-entitled officers and expenditure of Rs. 2.684 million was irregular and unauthorized.

The management replied that the given vehicles were used in the units/ wings/offices of the officers concerned and not exclusively by the officers.

The reply was not accepted because the vehicles were allocated to the officers exclusively.

The PAO was informed on 22.01.2013, but DAC was not held till the finalization of the report.

Audit recommends that the vehicles should be retrieved forthwith, besides recovery of the unauthorized expenditure.

4.4.24 Unauthorized retention of 41 vehicles and expenditure thereon - Rs. 8.361million

The Federal Government approved the “Compulsory Monetization of Transport Facility for Civil Servants in BS-20 to BS-22” vide Cabinet Division letter No. 6/7/2011-CPC dated 12.12.2011. The Monetization Policy was implemented w.e.f. 01.01.2012.

Para (xv) of Annexure to the Monetization Policy states that the Ministries/Divisions/Departments needing operational vehicles shall get their authorization of such vehicles fixed from the Vehicles Committee constituted with a representative each from Cabinet Division, Finance Division and the respective Ministry/Division/Department.

The management of PIMS, Islamabad retained 41 vehicles for operational/ general duty and incurred expenditure of Rs. 8.361 million from January, 2012 to June, 2012.

Audit observed that the vehicles were placed on the Operational/General Duty pool without the approval of the Cabinet Division.

Audit is of the view that the retention of the vehicles on Operational/General Duty pool without the approval of the Cabinet Division and expenditure on POL and Repair & Maintenance was irregular and unauthorized.

The management replied that the matter of re-authorization of vehicles was sent to the CA&DD vide letter No. F-17/2009/TPT-PIMS dated 02.07.2012.

The management has accepted the observation.

The PAO was informed on 22.01.2013, but DAC was not held till the finalization of the report.

Audit recommends that the authorization of vehicles may be got fixed and the surplus vehicles should be surrendered to the Cabinet Division.

4.4.25 Irregular appointment to the post of Assistant Engineer (Civil)

Para 6(2)(b) of Terms and Conditions of Service of Civil Servants states that in the case of initial appointment to a service or post, a civil servant shall not be deemed to have completed his period of probation satisfactorily until his character and antecedents have been verified as satisfactory in the opinion of the appointing authority.

The management of Pakistan Institute of Medical Sciences (PIMS), Islamabad appointed Mr. Ubaid Ullah as Assistant Engineer (Civil) on 04.11.1990.

Audit observed as under:

i. The officer was on probation from 04.11.1990 to 03.11.1991.
ii. The officer was holding Civil Engineering degree from Kabul University.
iii. The antecedents of the officer were not verified from the Kabul University.
iv. The officer was promoted as Deputy Director (Engineering) in BS 18 on 24.05.2011.

Audit is of the view that the appointment and promotion of officer without verification of antecedents was irregular and unauthorized.

The management replied that the degree of the officer had been verified to be true by the Pakistan Engineering Council vide letter No. PEC/CIVIL/8811 dated 17.08.2010.

The reply was not accepted because the Pakistan Engineering Council had only verified the contents of the certificate and clearly mentioned in their letter dated 17.08.2010 that Pakistan Engineering Council was seeking verification of the degree from Kabul University, Afghanistan through Parep Kabul, which was yet to be done.

The PAO was informed on 22.01.2013, but DAC was not held till the finalization of the report.

Audit recommends that inquiry may be initiated and responsibility may be fixed for the irregularity.

CHAPTER 5

5 MINISTRY OF CLIMATE CHANGE

5.1 Introduction of Ministry

Climate Change Division is the focal point for National Policy, Legislation, Plans, Strategies and programs with regard to Disaster Management and Climate Change, including Environmental Protection and preservation. The Division also deals with other countries, international Agencies and Forums for coordination, and monitoring & implementation of Environmental Agreements.

Wings/Attached Departments of Climate Change Division are:

i. National Disaster Management Authority
ii. Pakistan Environmental Protection Agency
iii. Pakistan Environmental Planning & Architectural Consultants Ltd.
iv. Pakistan Environmental Protection Council
v. Zoological Survey Department

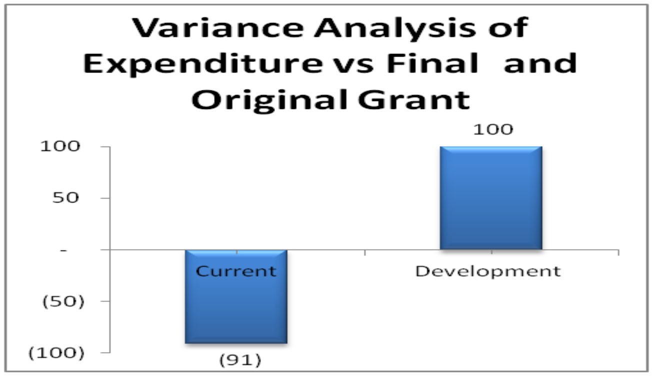
5.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Climate Change Division for the financial year 2011-12 was Rs. 3.250 million out of which the Division utilized Rs. 339.187 million. Grant-wise detail of current and development expenditure is as under:

(Rupees)

Grant No	Grant Type	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Final Grant/ Appropriation	Actual Expenditure	Excess/ (Savings)	% age Excess/ (Saving)
74C	Current	-	3,250,551,000	3,250,551,000	307,950,637	(2,942,600,363)	(91)
122C	Development	-	-	-	31,236,813	31,236,813	100
	Total	-	**3,250,551,000**	**3,250,551,000**	**339,187,450**	**(2,911,363,550)**	**(90)**

Audit noted that there was an overall saving of Rs. 2,911.363 million, which was due to saving of Rs. 2,942.60 million in Current Grant. It was further observed that department incurred an expenditure of Rs. 31.237 million without provision of any Original or Supplementary allocation in Development Grant No. 122C.



5.3 Brief comments on the status of compliance with PAC Directives

Ministry	Years	No of audit paras	No of Actionable Points	Full Compliance	Not Complied	% of Compliance
Climate Change (Devolved M/o Environment)	1987-88	0	0	0	0	0
	1988-89	0	0	0	0	0
	1989-90	0	0	0	0	0
	1990-91	0	0	0	0	0
	1991-92	0	0	0	0	0
	1992-93	0	0	0	0	0
	1993-94	0	0	0	0	0
	1994-95	0	0	0	0	0
	1995-96	0	0	0	0	0
	1996-97	0	0	0	0	0
	1997-98	0	0	0	0	0
	1999-00	0	0	0	0	0
	2000-01	0	0	0	0	0
	2001-02	0	0	0	0	0
	2006-07	2	2	2	0	100
Total		**3**	**3**	**2**	**1**	**67**

5.4 AUDIT PARAS

Irregularity & Non Compliance

5.4.1 Irregular and unauthorized expenditure due to non-vetting of National Disaster Management Authority Rules, 2007 by Finance Division

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

Section 5(e) of the Controller General of Accounts (Appointment, Functions and Powers) Ordinance, 2001 states that the Controller General shall render advice on accounting procedures for new schemes, programs or activities undertaken by the Government concerned.

Para 2 of Finance Division U.O. No. F8(1)Exp.IV/2004 dated 01.03.2006 states that it is clarified that the Finance Division's officers acting as Members of a Board or a Governing Body are not authorized to give consent/approval on behalf of Finance Division, where this permission is required in terms of Finance Division O.M. No. F3(11)Exp.I/73 dated 08.02.1974 unless this has been specifically obtained. The mere fact that a representative of the Ministry of Finance is presented on the Board of Directors does not constitute approval of Ministry of Finance. There is a laid down procedure for obtaining the required concurrence of the Ministry of Finance by the concerned Wing.

The management of National Disaster Management Authority (NDMA) issued NDMA Rules, 2007 on 27.10.2007 containing Service, Pay & Allowances/Facilities, Medical Attendance, Transport and Procurement Rules.

Audit observed as under:

i. To date the NDMA Rules, 2007 have not been vetted and concurred by the Finance Division.

ii. This issue was also discussed in the DAC meeting held on 02.02.2011 where the DAC decided that the NDMA will resubmit the rules to Ministry of Finance for vetting, which however is still awaited.

Audit is of the view that all payments and financial transactions in conflict with the government rules and regulations were irregular and unauthorized.

The management replied that the NDMA Rules, 2007 were approved during National Disaster Management Commission (NDMC) meeting held on 05.03.2007 headed by the Prime Minister who also held the portfolio of Finance Minister. During this meeting while granting approval of rules, the Prime Minister used his executive authority judicially and legally. It was, therefore, not deemed necessary to resubmit the rules to subordinate executive authorities (Ministry of Finance). The Controller General of Accounts (CGA) vide letter dated 13.02.2008 also endorsed NDMA's point of view and advised Accountant General Pakistan Revenue to process payment cases pertaining to NDMA employees in accordance with NDMA rules as approved by the Federal Government/Prime Minister.

The reply was not accepted. The Prime Minister of Pakistan who is the Chairperson of the NDMC as provided under Section 3(2)(a) of the National Disaster Management Act, 2010 acted as the ex-officio member of NDMC and not as the Prime Minister of Pakistan irrespective of fact that he also held the portfolio of Finance Minister. Therefore, in terms of Para 2 of the Finance Division U.O. No. F8(1)Exp.IV/2004 dated 01.03.2006 the NDMA was required to obtain the concurrence of Ministry of Finance. Further, the Controller General of Accounts is an attached department of the Ministry of Finance and cannot assume the role of the controlling Ministry.

The PAO was informed on 17.10.2012, but DAC was not held till the finalization of the report.

Audit recommends that the rules may be got approved from the Ministry of Finance while the expenditure already incurred may also be got regularized from the Finance Division.

5.4.2 *Recovery of irregular payment of Prime Minister Secretariat Allowance to NDMA employees*

The Prime Minister, vide Cabinet Division Notification No. 4-14/2011-Min-I dated 26.10.2011 constituted the National Disaster Management Division under the Ministry of National Disaster Management.

Para 2 of the notification transferred the National Disaster Management Authority from the Prime Minister's Secretariat to the National Disaster Management Division.

The nomenclature of the Ministry of National Disaster Management was later changed to Ministry of Climate Change vide Cabinet Division Notification No. 4-14/2011-Min-I dated 18.04.2012.

As per past practice, the employees of NDMA were paid P.M. Secretariat Allowance during financial year 2011-12.

Audit observed as under:

i. The National Disaster Management Authority was no longer under the administrative control of the Prime Minister's Secretariat w.e.f. 26.10.2011.
ii. The employees of NDMA were paid P.M. Secretariat Allowance after 26.10.2011, which is continuing to be paid to date.

Audit is of the view that the payment of P.M. Secretariat Allowance to NDMA employees after 26.10.2011 was irregular.

The management replied that employees of NDMA were drawing their pay, allowances and other privileges as per NDMA Rules, 2007. Rule 24(1) of NDMA Rules, 2007 states that the employees of the Authority shall be treated as part of the Prime Minister's Secretariat for the purpose of privileges/allowances admissible to the employees of that Secretariat, without prejudice to the privileges/allowances admissible to them under these rules. Therefore, issuance of notification for change of allocation from Prime Minister's Secretariat to any other Ministry does not affect the admissibility of P.M. Secretariat Allowance to employees of NDMA.

Reply was not accepted. The administrative control of NDMA, w.e.f. 26.10.2011 was transferred from the Prime Minister's Secretariat to National Disaster Management Division, now Climate Change Division. The privileges/ allowances enjoyed by NDMA employees were, therefore, no longer admissible.

The PAO was informed on 17.10.2012, but DAC was not held till the finalization of the report.

Audit recommends that NDMA should calculate and recover the amount irregularly paid w.e.f. 26.10.2011 and further payment should be discontinued.

5.4.3 Irregular transfer to and unauthorized use of two Toyota Land Cruisers, Prado by the Ministry of Climate Change

Rule 11 of Rules for the Use of Staff Cars, 1980 states that a staff car belonging to an Attached Department or a Sub-ordinate Office of a Division shall not be used by the Administrative Department except (as provided) under Rule 10 and every Department or office shall be responsible for any misuse or irregularity committed in this behalf.

Rule 24(2) of Rules for the Use of Staff Cars, 1980 states that the Prime Minister of Pakistan has been pleased to approve the following revised entitlement of staff cars:

S. No.	Particulars	Capacity
1.	Federal Ministers / Ministers of State /Advisors / Special Assistants to the Prime Minister with status of Minister /Minister of State	1800 cc

Para 10 of GFR Volume-I states that every officer incurring or authorizing expenditure from public funds should be guided by high standards of financial propriety and he is expected to exercise the same vigilance in respect of expenditure incurred from public money as a person of ordinary prudence would exercise in respect of expenditure of his own money.

According to the list of vehicles and detail of PSO fleet/corporate fuel cards provided to Audit, the management of NDMA handed over two Toyota Land Cruiser Prado, operational vehicles, to the Ministry of Climate Change along with PSO corporate fuel cards. Details are as under:

(Rupees)

S. No.	Vehicle No.	Make & CC	Allocated to	Date of transfer	PSO Corporate Card No	Monthly Ceiling
1	LC-277	Toyota Land Cruiser Prado, 4546 CC	Minister for Climate Change	20.04.12	700460090053530	30,000
2	LC-282	Toyota Land Cruiser Prado, 4546 CC	Ministry of Climate Change	11.07.12	700460090053522	30,000

Audit observed as under:

i. In violation of Rule 11 of Rules for the Use of Staff Cars, 1980 the NDMA handed over two Toyota Land Cruiser Prado along with PSO corporate fuel cards to the Ministry of Climate Change.

ii. The Minister for Climate Change was not entitled to use a staff car in excess of 1,800 CC vehicle.

iii. In violation of Para 10 of GFR Volume-I, NDMA management provided two PSO corporate fuel cards having Rs. 30,000 monthly ceiling to the Ministry of Climate Change.

Audit is of the view that due to irregular handing over of its operational vehicles to the Ministry of Climate Change, the fuel cards and the vehicles are being misused due to unauthorized use.

The management replied that Ministry of Climate Change, being the administrative Ministry of NDMA has to oversee the pre and post disaster activates/situation and relief operation which involve extensive field visits of the threatened as well as affected areas. Ministry of Climate Change being a newly established ministry lacks the required operation paraphernalia. Therefore, NDMA has to facilitate the Ministry in its role.

Reply was not accepted. The transfer the operational vehicles along with PSO fuel card for exclusive use of the Minister and to the Ministry of Climate Change is violation of Rules for the Use of Staff Cars, 1980 and GFR.

The PAO was informed on 17.10.2012, but DAC was not held till the finalization of the report.

Audit recommends that the NDMA should take back the vehicles with immediate effect along with the PSO corporate fuel cards and recovery be effected on account of repair/maintenance and fuel used.

CHAPTER 6

6 MINISTRY OF COMMERCE

6.1 Introduction of Ministry

The Ministry of Commerce is responsible for matters concerning trade policy of the country and coordination with various trade organizations of different countries in this regard. The core operational activities of Commerce Division include:

- To define trade policy for the country
- To provide liaison among various Chambers of Commerce
- To coordinate with various trade organizations of different countries and provide one window operation for them

Under the Rules of Business, 1973 the Commerce Division is assigned the following functions:

- Imports and exports across custom frontiers
- Export promotion
- Commercial intelligence and statistics
- Tariff policy and its implementation
- Anti-dumping duties, countervailing duties and safeguard laws
- Inter-Provincial trade
- Domestic Commerce
- Organization and control of Chambers and Trade Associations
- Law of Insurance and regulation and control of Insurance companies
- Administrative control of Attached Departments/Organizations
- Selection of Trade Officers for posting in Pakistan's Missions abroad

There are different attached departments and sub-divisions that assist the Division in performing its functions. These departments and sub-divisions are as follows:

- Trade Development Authority of Pakistan
- Trading Corporation of Pakistan
- National Tariff Commission
- State Life Insurance Corporation
- Foreign Trade Institute of Pakistan
- Pakistan Reinsurance Company
- National Insurance Company
- Pakistan Tobacco Board
- Federation of Chambers and Industry
- Pakistan Horticulture Development and Export Board

Following function was transferred to Commerce Division vide Cabinet Division Notification No. 4-5/2011-Min-1 dated 05.04.2011.

- Fishing and fisheries beyond territorial waters

Following departments/offices and functions were transferred to Commerce Division vide Cabinet Division Notification No. 4-9/2011-Min.1 dated 29.06.2011:

Function:

- Plant protection

a) Standardization and import of pesticides.
b) Aerial spray
c) Plant quarantine

d) Locust control in its international aspect and maintenance of locust warning agricultural policy

e) Department of Plant Protection, Karachi

6.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Commerce Division for the financial year 2011-12 was Rs. 5,926.716 million including Supplementary Grant of Rs. 638.949 million out of which the Division utilized Rs. 4,870.975 million. Grant-wise detail of current and development expenditure is as under:

(Rupees)

Grant No	Grant Type	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Final Grant/ Appropriation	Actual Expenditure	Excess/ (Savings)	% age Excess/ (Saving)
15	Current	4,863,148,000	556,635,000	5,419,783,000	4,638,515,089	(781,267,911)	(14)
104	Development	424,619,000	82,314,000	506,933,000	232,460,508	(274,472,492)	(54)
	Total	**5,287,767,000**	**638,949,000**	**5,926,716,000**	**4,870,975,597**	**(1,055,740,403)**	**(18)**

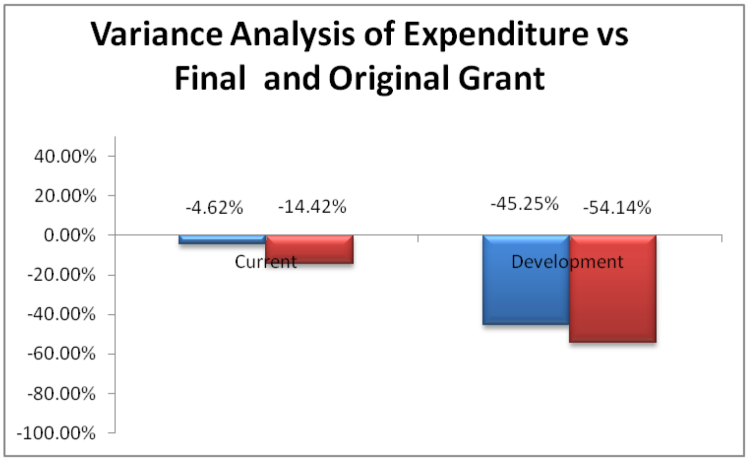
Audit noted that there was an overall saving of Rs. 1,055.740 million, which was due to saving in Current Grant, as well as the Development Grant.

Supplementary Grants obtained without careful cash forecasting

In order to ensure prudent financial management, Para 13(vii) of System of Financial Control and Budgeting, 2006 states that 'Ministries / Divisions should be able to anticipate budgetary requirements well ahead of the financial year to which the budget relates and obtain the concurrence of the Finance Division. The Finance Division is expected to decline any request for Supplementary Grants except in extraordinary circumstances.' This document further states that 'the funds obtained from Supplementary Grants shall be expended for the purposes for which these have been sanctioned. In current expenditure, demands for Supplementary Grants shall not be made, except in extraordinary circumstances.' During the year, Supplementary Grants of Rs. 638.949 million were obtained which were 12.08 % of the Original Budget.

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, the saving in current expenditure was

4.62% which changed to 14.42% after Supplementary Grant. While in development expenditure the saving was 45.25% which changed to 54.14% after taking Supplementary Grant into account.



6.3 Brief comments on the status of compliance with PAC Directives

Ministry	Years	No of audit paras	No of Actionable Points	Full Compliance	Not Complied	% of Compliance
Commerce	1988-89	1	1	0	1	0
	1989-90	3	2	1	1	50
	1990-91	6	4	0	4	0
	1991-92	1	1	1	0	100
	1992-93	3	3	3	0	100
	1993-94	4	4	0	4	0
	1995-96	3	3	0	3	0
	1996-97	7	7	4	3	57
	1997-98	69	25	8	17	32
	2001-02	12	10	1	9	10
	2005-06	16	7	0	7	0
	2006-07	1	1	1	0	100
	2007-08	4	4	2	2	50
	2008-09	8	8	0	8	0
Total		**141**	**83**	**23**	**60**	28

6.4 AUDIT PARAS

Fraud/Misappropriation

6.4.1 Fraudulent payment to M/s Expocube on account of "Magic Show - 2006" - US$ 13,276.50

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.

The management of Consulate General of Pakistan, Los Angeles paid in advance an amount of US$ 13,276.50 to M/s Expocube for lighting and related services for the booths at 'Magic Show 2006'.

Audit observed as under:

i. The firm claimed an additional amount of US$ 13,276.50 by an act of fraud, although it was originally paid in advance.

ii. The firm opened an account with the title of "Export Promotion Bureau of Pakistan" and claimed this amount from the service provided by M/s GES (service provider for the show).

iii. A case was registered against M/s Expocube and M/s GES with the police department for identity theft and forgery.

iv. The amount was, however, not recovered.

Audit is of the view that the firm was fraudulently paid an additional amount of US$ 13,276.50 which resulted in loss to the government.

The management did not reply.

The PAO was informed on 24.10.2012 but DAC was not held till the finalization of the report.

Audit recommends that responsibility be fixed for the fraudulent payment besides recovering the amount.

Irregularity & Non Compliance

6.4.2 Loss due to incorrect calculation of depreciation of vehicles - Rs. 0.102 million

The Federal Government approved the “Compulsory Monetization of Transport Facility for Civil Servants in BS-20 to BS-22” vide Cabinet Division letter No. 6/7/2011-CPC dated 12.12.2011. The Monetization Policy was implemented w.e.f. 01.01.2012.

Clause (iv) of the Monetization Policy states that depreciation of the vehicles will be calculated for each completed years of life of the vehicles.

The management of Ministry of Commerce and National Tariff Commission (NTC) monetized six vehicles, and calculated the depreciation on the basis of date of purchase of the vehicles. Details are as under:

(Rupees)

S. No.	Name	Vehicle No.	Date of Purchase	Date of Registration	Market Price/ purchase price	Reserve Price by Department	Reserve Price by Audit	Difference
1.	Ministry of Commerce	GJ-075	12.03.2007	19.05.2007	1,444,000	502,743	522,458	19,715
2.		GJ-066	12.03.2007	19.05.2007	1,444,000	502,743	512,601	9,858
3.		GJ-088	12.03.2007	19.05.2007	1,444,000	502,743	512,601	9,858
4.		GT-376	20.08.2008	16.09.2008	965,000	473,088	481,536	8,448
5.	NTC	GU-384	09.06.2009	30.09.2009	1,354,000	892,667	941,580	48,913
6.		GA-376	09.07.2004	29.07.2004	1,399,000	264,052	268,942	4,890
					Total	**3,138,036**	**3,239,718**	**101,682**

Audit observed that management of Ministry of Commerce and National Tariff Commission calculated the depreciation of vehicles from the date of purchase of vehicles instead of the date of registration as had been done by other Ministries/Divisions/Attached Departments.

Audit is of the view that the incorrect basis of calculation has resulted in loss to public exchequer.

Audit is also of the view that a uniform policy should have been adopted for depreciation of vehicles.

The management did not reply.

The PAO was informed on 23.11.2012, but DAC was not held till the finalization of the report.

Audit recommends that either necessary clarification may be obtained from the Cabinet Division or the amount calculated by Audit may be recovered.

6.4.3 Irregular payment of entertainment charges - Rs. 1.421 million

Para 10(i) of Finance Division O.M. No. F.1(1)/Imp/2005 dated 01.07.2005 states that the rates of Entertainment Allowance per month shall be revised as under:

(Rupees)

S. No.	BPS No.	Existing Allowance	Revised
1.	BPS-19	Nil	500
2.	BPS-20	450	600
3.	BPS-21	525	700
4.	BPS-22	725	975

The management of Trade Development Authority of Pakistan paid an amount of Rs. 1.421 million on account of entertainment charges to the employees during 2011-12 at the following monthly rates w.e.f. 01.01.2002:

(Rupees)

S. No.	Designation	Rate	S. No.	Designation	Rate
1.	Director General	2,500	**4.**	Consultant	2,500
2.	Director	1,500	**5.**	Deputy Director	1,000
3.	Assistant Director	500	**6.**	Marketing Officer, etc.	500

Audit observed that the entertainment charges were paid in addition to the authorized Entertainment Allowance during 2011-12. Details are as under:

(Rupees)

Month	Date	Amount	Month	Date	Amount
July, 2011	12.08.2011	120,925	January, 2012	17.02.2012	106,440
August, 2011	06.09.2011	99,285	February, 2012	20.03.2012	120,575
September, 2011	19.10.2011	103,095	March, 2012	20.04.2012	126,225
March-July, 2011	11.11.2011	5,000	April, 2012	21.05.2012	108,625
October, 2011	21.11.2011	111,220	May,2012	21.06.2012	134,855
November, 2011	20.12.2011	125,450	June, 2012	21.07.2012	142,355
December, 2011	21.01.2012	116,450		**Sub Total**	**739,075**
	Sub Total	**681,425**		**Grand Total**	**1,420,500**

Audit is of the view that payment of entertainment charges in addition to the Entertainment Allowance was irregular and unauthorized.

The management did not reply.

The PAO was informed on 06.12.2012, but DAC was not held till the finalization of the report.

Audit recommends that the unauthorized payment may be recovered and further payment should be discontinued.

6.4.4 Irregular expenditure on account of gift items - Rs. 1.799 million

Serial No. 9(39) of System of Financial Control and Budgeting as amended vide Finance Division O.M. No. F.3(11)Exp.III/2007/683 dated 10.11.2007 empowers a Ministry/Division to sanction expenditure on account of gifts up to Rs. 300,000 in one year subject to availability of budget.

The management of Trade Development Authority of Pakistan incurred an expenditure of Rs. 1.799 million on account of gifts to various foreign dignitaries during 2011-12.

Audit observed that the expenditure was incurred beyond the delegated financial powers.

Audit is of the view that expenditure beyond the delegated powers was irregular.

The management did not reply.

The PAO was informed on 06.12.2012, but DAC was not held till the finalization of the report.

Audit recommends that responsibility may be fixed for the irregularity besides seeking condoning the irregularity from the Finance Division.

6.4.5 *Unauthorized expenditure of participation fee in Bridal Asia, 2011 - Rs. 1.800 million*

Para 3.2(1)(b) of Guidelines for Participation in International Trade Fairs/ Exhibitions states that for managed and allocated fairs, an exporter or his firm/ sister concern will be considered for selection with normal TDAP subsidy in the same event for three times only. Sister concerns are those where one or more Directors are commonly identified by the CNIC. For participation for the fourth time, subsidy will be reduced by 50%, while after that 100% expenditure will be borne by the exporter. The selection, however, in these cases (fourth & thereafter) will be subject to availability of space.

Rule 4(v) of EMDF Rules & Forms states that as regards exhibitions, the Fund would meet the expenditure on rent, decoration, carriage and freight charges of stalls and exhibitions in respect of only such exhibitions where the participation is official.

The management of Trade Development Authority of Pakistan paid an amount of Rs. 1.800 million to M/s Pieces of Passion (Private) Limited, Lahore vide cheque No. 4657368 dated 26.01.2012 on account of financial assistance for participation in Bridal Asia 2011, India.

Audit observed that the management incurred the expenditure in contravention of the Guidelines as the firm had already participated four times in the same event.

Audit further observed that in para 171/N of file No. TDAP-177(1)/Lifestyle Pakistan, the Fashion Coordinator stated that "TDAP is a facilitating organization and it is mandated to assist and support collective efforts rather than individual approaches to promote values and designs to international markets through such events. During the last PAC meeting held on 09.02.2011, TDAP was cautioned and advised by the PAC to perform within its mandate and should not offer subsidy to any individual".

Audit is of the view that the expenditure of Rs. 1.800 million on account of financial assistance for participation in Bridal Asia-2011, India was unauthorized.

The management did not reply.

The PAO was informed on 06.12.2012, but DAC was not held till the finalization of the report.

Audit recommends that inquiry may be held and responsibility may be fixed for the irregularity besides recovery of the participation fee from the firm.

6.4.6 Irregular payment to Sindh Police on account of safety & security - Rs. 1.000 million

Para 12 of GFR Volume-I states that a Controlling Officer must see not only that the total expenditure is kept within the limits of 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 Trade Development Authority of Pakistan paid an amount of Rs. 1.000 million to Sindh Police during 2011-12. Details are as under:

(Rupees)

S. No.	Cheque No.	Date	Name of Payee	Amount
1.	05483317	18.10.2011	DIG Admin, Sindh Police, Karachi	700,000
2.	0548319	21.10.2011	SSP Security, Special Branch, Karachi	300,000
			Total	**1,000,000**

Audit observed that the payment was made to Sindh Police on account of safety and security of Expo Pakistan-2011.

Audit is of the view that the payment was irregular as provision of safety and security is the core responsibility of the Police Department.

The management did not reply.

The PAO was informed on 06.12.2012, but DAC was not held till the finalization of the report.

Audit recommends that inquiry may be held, responsibility may be fixed and the amount may be recovered from the Sindh Police.

6.4.7 Irregular expenditure on purchase of physical assets despite ban - Rs. 1.484 million

Para (2) & (3) of Finance Division O.M. No. F.7(2)Exp.IV/2011 dated 17.08.2011 states that there will be a ban on purchase of physical assets.

The management of Trade Development Authority incurred an expenditure of Rs. 1.484 million on purchase of physical assets during 2011-12. Details are as under:

(Rupees)

S. No.	Cheque No.	Date	Item Purchased	Amount
1.	122134	08.08.2011	Furniture	66,000
2.	122170	10.08.2011	Fax Machine	24,690
3.	122171	10.08.2011	Carpet	76,800
4.	122204	15.08.2011	IT Equipment	86,000
5.	122355	30.08.2011	Furniture	69,937
6.	122377	07.09.2011	Telephone sets	60,500
7.	122415	12.09.2011	Furniture	30,636
8.	821807	07.10.2011	Telephone wire	96,000
9.	821928	19.10.2011	Revolving chairs/Vertical blinds	483,000
10.	822505	19.12.2011	Machinery	44,679
11.	822509	19.12.2011	IT Equipment	79,364
12.	1489267	09.02.2012	Cordless Phones	81,400
13.	1489803	09.04.2012	Thumb Impression Machine	45,511
14.	1489813	11.04.2012	Thumb Impression Machine	77,190
15.	1489954	23.04.2012	Vertical Blinds	29,471
16.	1490050	07.05.2012	IT Equipment	70,644
17.	2204797	22.05.2012	Carpet	62,100
			Total	**1,483,922**

Audit observed that physical assets were procured despite ban imposed by the Finance Division.

Audit is of the view that expenditure on purchase of physical assets was irregular and unauthorized.

The management did not reply.

The PAO was informed on 06.12.2012, but DAC was not held till the finalization of the report.

Audit recommends that responsibility may be fixed and expenditure may be got regularized from Ministry of Finance.

6.4.8 Unauthorized retention of un-spent balance - € 0.399 million

Para 26 of GFR Volume-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.

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

The management of Commercial Wings of Missions at Brussels, Rome, The Hague and Frankfurt incurred an expenditure of € 1,080,799.38 from Export Market Development Fund (EMDF) against remittance of € 1,479,473.65 during 2009-11. Details are as under:

(Euros)

S. No.	Name of Mission	AIR Para No.	Remittance	Expenditure	Un-spent Amount
1.	Frankfurt	6, 7, 8, 9, 10, 11, 12, 13, 14, 16, 17	1,201,651.00	932,549.33	269,101.67
2.	Brussels	7	8,911.90	1,369.05	7,542.85
3.	Rome	3, 7	97,482.75	0	97,482.75
4.	Hague	5	171,428.00	146,881.00	24,547.00
		Total	**1,479,473.65**	**1,080,799.38**	**398,674.27**

Audit observed as under:

i. An amount of € 0.399 million was unspent and retained by the Missions.

ii. The retained amount was not refunded to Trade Development Authority of Pakistan (TDAP), Karachi.

Audi is of the view that retention of unspent balance was irregular and unauthorized.

The managements did not reply.

The PAO was informed on 24.10.2012 but DAC was not held till the finalization of the report.

Audit recommends that the retained unspent balance amount of € 398,674.27 should be refunded to TDAP.

6.4.9 Loss due to non-refund of Value Added Tax - € 0.169 million

Para 8.27 of Financial Management of Missions Abroad (FMMA) Volume-II states that Foreign Missions in Pakistan were exempt from all taxes other than service taxes, i.e. Conservancy and Water taxes on reciprocal basis. Our Missions should also be exempt from such taxes.

The management of Commercial Wings of the following Missions abroad paid € 169,363.40 on account of Value Added Tax (VAT) @ 19% on procurement of various items during 2008-11:

(Euros)

S. No.	Name of Mission & period of Audit	AIR Para No	VAT @ 19%
1.	Frankfurt, 2009-11	6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17	123,487.45
2.	Istanbul, 2009-11	05	1,455.12
3.	Paris, 2008-11	59, 84	42,289.03
4.	Madrid. 2006-11	46	2,130.80
		Total	**169,362.40**

Audit observed that refund of VAT amounting to € 0.169 million was not claimed by the Missions from the tax authorities.

Audit is of the view that failure to claim refund of legitimate claims of VAT by the Missions deprived the government of its due receipt, which resulted in loss to the government.

The management did not reply.

The PAO was informed on 24.10.2012 but DAC was not held till the finalization of the report.

Audit recommends that VAT should be got refunded and deposited into the government account.

CHAPTER 7

7 COMMUNICATIONS DIVISION

7.1 Introduction of Division

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

7.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Communications Division for the financial year 2011-12 was Rs. 7,906.068 million including Supplementary Grant of Rs. 2,175.335 million out of which the Division utilized Rs. 7,718.151 million. Grant-wise detail of current and development expenditure is as under:

(Rupees)

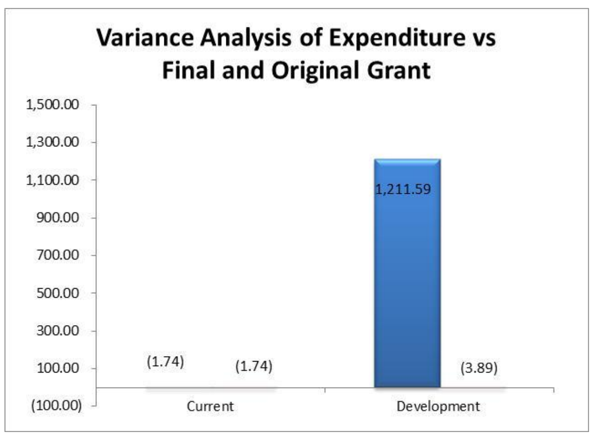
Grant No	Grant Type	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Final Grant/ Appropriation	Actual Expenditure	Excess/ (Savings)	% age Excess/ (Saving)
16	Current	3,278,003,000	1,000	3,278,004,000	3,514,997,433	236,993,433	7
17	Current	2,280,731,000	-	2,280,731,000	1,947,233,614	(333,497,386)	(15)
	Subtotal	**5,558,734,000**	**1,000**	**5,558,735,000**	**5,462,231,047**	**(96,503,953)**	**(2)**
105	Development	171,999,000	2,175,334,000	2,347,333,000	2,255,920,081	(91,412,919)	(4)
	Total	**5,730,733,000**	**2,175,335,000**	**7,906,068,000**	**7,718,151,128**	**(187,916,872)**	**(2)**

Audit noted that there was an overall saving of Rs. 187.916 million, which was due to net saving of Rs. 96.503 million in current grants and saving of Rs. 91.412 million in the development grant.

Supplementary Grants obtained without careful cash forecasting

In order to ensure prudent financial management, Para 13(vii) of System of Financial Control and Budgeting, 2006 states that 'Ministries / Divisions should be able to anticipate budgetary requirements well ahead of the financial year to which the budget relates and obtain the concurrence of the Finance Division. The Finance Division is expected to decline any request for Supplementary Grants except in extraordinary circumstances.' This document further states that 'the funds obtained from Supplementary Grants shall be expended for the purposes for which these have been sanctioned. In current expenditure, demands for Supplementary Grants shall not be made, except in extraordinary circumstances.' During the year, Supplementary Grants of Rs. 2,175.335 million were obtained, which were 37.95 % of the Original Budget.

According to Para 71 of General Financial Rules (Volume I), while framing budget estimates, the authorities should exercise utmost foresight. Variation between estimated and actual expenditure captures the level of foresight that goes into budget formulation. As shown in the chart below, the saving in current expenditure was 1.74%, which, after accounting for Supplementary Grants remained at 1.74%. In development expenditure, excess against original budget was 1211.59% which came to savings of 3.89% when Supplementary Grants were taken into account.



7.3 Brief comments on the status of compliance with PAC Directives

Ministry	Years	No of audit paras	No of Actionable Points	Full Compliance	Not Complied	% of Compliance
Communications	1987-88	0	0	0	0	0
	1988-89	0	0	0	0	0
	1989-90	0	0	0	0	0
	1990-91	0	0	0	0	0
	1991-92	0	0	0	0	0
	1992-93	0	0	0	0	0
	1993-94	0	0	0	0	0
	1994-95	0	0	0	0	0
	1995-96	0	0	0	0	0
	1996-97	0	0	0	0	0
	1997-98	7	4	1	3	25
	1999-00	0	0	0	0	0
	2000-01	31	19	18	1	95

	2001-02	0	0	0	0	0
	2005-06	3	3	1	2	33
	2007-08	2	2	0	2	0
	2008-09	0	0	0	0	0
Total		**44**	**29**	**20**	**9**	69

7.4 AUDIT PARAS

Irregularity & Non Compliance

7.4.1 Loss due to incorrect calculation of depreciation of vehicles - Rs. 0.403 million

The Federal Government approved the "Compulsory Monetization of Transport Facility for Civil Servants in BS-20 to BS-22" vide Cabinet Division letter No. 6/7/2011-CPC dated 12.12.2011. The Monetization Policy was implemented w.e.f. 01.01.2012.

Clause (iv) of the Monetization Policy states that depreciation of the vehicles will be calculated for each completed year of life of the vehicles.

The management of Ministry of Communications monetized four vehicles, and calculated the depreciation on the basis of year of manufacture of vehicles. Details are as under:

(Rupees)

S. No.	Vehicle No.	Year	Date of Registration	Market Price/purchase price	Reserve Price by Department	Reserve Price by Audit	Difference
1.	GA-828	2003	06.10.2004	939,000	217,487	317,270	99,783
2.	GK-948	2007	29.01.2008	1,587,500	520,192	650,240	130,048
3.	GK-946	2007	29.01.2007	1,587,500	520,192	650,240	130,048
4.	GD-026	2005	08.11.2005	987,000	206,988	250,111	43,123
				Total	**1,464,859**	**1,867,861**	**403,002**

Audit observed that management of Ministry of Communications calculated the depreciation of vehicles for the entire year instead of the date of registration as had been done by other Ministries/Divisions/Attached Departments.

Audit is of the view that the incorrect basis of calculation has resulted in loss to public exchequer.

Audit is also of the view that a uniform policy should have been adopted for depreciation of vehicles.

The management did not reply.

The PAO was informed on 07.01.2013, but DAC was not held till the finalization of the report.

Audit recommends that either necessary clarification may be obtained from the Cabinet Division or the amount calculated by Audit may be recovered.

7.4.2 Irregular retention of deputationists beyond the maximum period of five years

Serial No. 27 (iv) of Chapter 3 of ESTACODE (Edition 2007) states that on completion of the maximum period of five years both the borrowing and the lending organizations should ensure immediate repatriation of the deputationists.

Serial No. 27 (v) of Chapter 3 of ESTACODE (Edition 2007) states that in case it is not possible to repatriate a person to his parent organization for compelling reasons, the case should be referred to the Establishment Division before the expiry of the maximum period of 5 years, fully explaining the circumstances due to which immediate repatriation is not possible and measures taken to obtain or groom a replacement as early as possible.

The National Highways & Motorway Police, Islamabad requisitioned the services of various employees on deputation basis on usual terms and conditions.

Audit observed that six civilian and 750 uniformed personnel have completed the maximum period of deputation of five years in NH&MP but they were neither repatriated to their parent organizations nor were their cases referred to the Establishment Division for extension.

Audit is of the view that retention of deputationists beyond the maximum period of five years and subsequent payment of emoluments was irregular and unauthorized.

The management replied that the case for reduction in deputation quota from 40% to 20% in the rank of IP/SPO (BS-16) and DSP/CPO (BS-17) has been approved by the Ministry of Communications and forwarded to the Establishment Division. On approval, the NH&MP would be able to establish its own force and the deputationists serving beyond the maximum deputation period would be repatriated to their parent departments.

The management has accepted the audit observation.

The PAO was informed on 30.11.2012, but DAC was not held till the finalization of the report.

Audit recommends that the officers who have completed their maximum period of deputation may be repatriated and the period overstayed may be got regularized from the Establishment Division.

7.4.3 Unauthorized operation of NH&MP Regimental and Welfare Fund and expenditure thereof - Rs. 200.333 million

Para 7 of 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.

Para 25 of GFR Volume-I states that all department regulations in so far as they embody orders of instructions of a financial character or have important financial hearing should be made by or will the approval of the Ministry of Finance.

Section 90(2)(g) of National Highways & Motorway Police Ordinance, 2000 states that the NH&MP shall plan budget and manage publicity, information and education campaigns for the purpose of maintaining good order and safety on the national highways.

The Cabinet considered a Summary dated 31.07.2000 submitted by the Secretary Communications and approved proposal for utilization of 25% fine money for rewards for Highway Police and 25% for road safety campaigns and education.

During 2011-12, the management of NH&MP transferred Rs. 135.000 million from the Road Safety Campaigns, Performance Reward and Welfare Fund into Regimental & Welfare Fund (Account No. 01-167-0002-4) maintained with Allied Bank Limited (ABL), Civic Center, Islamabad from which an expenditure of Rs. 200.333 million was incurred on various activities.

Audit observed as under:

i. The Regimental & Welfare Fund was being maintained without the approval of the Finance Division.

ii. The account in ABL was opened without the approval of the Finance Division.

iii. The draft Regimental & Welfare Fund Rules, 2006 on basis of which the expenditure was incurred were not approved by the Finance Division.

Audit is of the view that the transfer of funds meant for road safety campaigns and payment of reward into an unapproved fund and expenditure thereof was irregular and unauthorized.

The management replied that the Regimental & Welfare Fund Rules, 2006 had been submitted for approval of Finance Division, Controller General of Accounts and Law, Justice & Human Rights Division through Ministry of Communications vide office letter No. NH&MP-1(1)/RWF/Policy/12/281 dated 19.03.2012.

The management has accepted the audit observation.

The PAO was informed on 30.11.2012, but DAC was not held till the finalization of the report.

Audit recommends that the funds irregularly transferred from the Road Safety Campaigns, Performance Reward and Welfare Fund may be deposited back, further the Regimental & Welfare Fund may be got approved from Finance Division and the expenditure may be got regularized.

7.4.4 *Unauthorized expenditure on account of rent of office building - Rs. 13.089 million*

Serial No. 9(16) of Annex-I to Para 8(a) of Finance Division O.M. No. F.3(2)Exp-III/2006 dated 13.09.2006 states that the Ministries/Divisions are empowered to incur expenditure up to Rs. 100,000 per month under the head rent of non-residential buildings.

Ministry of Housing and Works O.M. No. F.2(1)/2004-Policy dated 17.09.2004 fixed the scales of office accommodation in regular office buildings and requisitioned/hired buildings separately for air conditioned and non-air-conditioned buildings.

The management of the NH&MP hired different buildings for Central Police Office, Headquarters, Islamabad. Details are as under:

(Rupees)

S. No.	Buildings hired	Office	Monthly rent
1.	H. No. 7, Main Kaghan Road, F-8/3, Islamabad	CPO Q	392,645
2.	H. No. 7, Street No. 10, F-8/3, Islamabad	CPO-II	282,828
3.	H. No. 18, Street No. 3-C, F-10/2, Islamabad	CPO-III	200,000
4.	H. No. 364, Street No.24, E-11/4, Islamabad	CPO-IV	107,000
5.	H. No. 15, Street No. 46, F-7/1, Islamabad	Camp Office	132,000

Audit observed as under.

i. All the buildings were hired without observing the scales of office accommodation fixed by Ministry of Housing of Works.

ii. The management was not competent to hire buildings over monthly rent of Rs. 100,000.

iii. The management has declared H. No. 15 Street No. 46, F-7/1 as Camp Office of Zonal DIGs.

Audit is of the view that hiring of building without observing the laid down instructions was irregular and unauthorized.

Audit is also of the view that there is no justification of maintaining a Camp Office at Islamabad for Zonal DIGs who discharge their duties in their respective zones.

The management replied that as per approved policy the buildings were hired by NHA for NH&MP. The management further replied that N-5 South Zone and West Zone N-25 RCD Highway and N-10 Coastal Highway are thousands of miles away from the Central Police Office. To overcome the situation and follow-up the cases and files of important/immediate nature, necessary staff of these zones has been deputed in the camp office for immediate disposal of important cases.

The reply was not accepted as buildings were hired without assessing the actual requirement under the rules. Further, the building hired as camp office for Zonal DIGs is not covered under any rule because the Zonal DIGs have offices in their respective zones.

The PAO was informed on 30.11.2012, but DAC was not held till the finalization of the report.

Audit recommends that camp office may be de-hired forthwith and no further expenditure may be incurred on the said building.

Audit further recommends that remaining buildings may be got reassessed as per the instructions of the Ministry of Housing and Works and responsibility may be fixed for the irregularity besides regularization of expenditure incurred.

7.4.5 Un-authorized withdrawal from Road Safety Campaigns, Performance Reward and Welfare Fund - Rs. 37.745 million

Para 7 of 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.

Para 96 of GFR Volume-I states that money may not be spent merely because it is available.

Rule 7(f) of the NH&MP (Road Safety Campaigns, Performance Reward) Rules, 2007 states that all financial transaction amounting to rupees ten thousand or more shall be made from the fund through cheques.

Rule 7(i) of the NH&MP (Road Safety Campaigns, Performance Reward) Rules, 2007 states that each claim will be pre-audited in the light of General Financial Rules, Federal Treasury Rules, Public Procurement Rules, 2004, Income Tax and Sales Tax Rules as amended from time to time by the Federal Government and passed for passed for payment by the Audit Officer, Internal Audit of NH&MP. No cheque of any claim shall be signed by co-signatory and issued for payment unless it is passed for payment by the Audit Officer, Internal Audit.

The management of the NH&MP advanced an amount of Rs. 37.745 million to various officers out of Road Safety Campaigns, Performance Reward and Welfare Fund during 2011-12. Details are as under:

(Rs. in million)

S. No.	Officer	Amount
1.	AIG (O&D)	22.027
2.	CPO (HQ)	1.890
3.	PRO	2.403
4.	DIG N-5 (Central)	8.425
5.	DIG (Motorway)	3.000
	Total	**37.745**

Audit observed as under:

i. The advances were drawn in cash.

ii. The advances were granted without any claim.

iii. Adjustment accounts of advances were not obtained.

Audit is of the view that the advances were made in violation of General Financial Rules and NH&MP (Road Safety Campaigns, Performance Reward) Rules, 2007.

Audit is also of the view that the adoption of such practices may result in misuse of public funds.

The management replied that Rule 6(b) of NH&MP (Road Safety Campaigns, Performance Reward) Rules, 2007 provided to educate the road users through print and electronic media, i.e. press, newspapers, journals, magazines, pamphlets, television, radio, etc. or on the website of the National Highways and

Motorway Police by maintenance of national database on traffic and roads safety programs or by other appropriate means including encouraging the community participation and holding of events like seminars, workshops, etc. within the scope of awareness about traffic codes, rules and safety, or any activity directly related to the safety of the road users.

In the light above referred rule, road safety programs, i.e. holding of seminars, workshops, etc. have been conducted by NH&MP Road Safety Wing under the supervision of AIG (O&D) and Zonal DIGs at their respective zones. The major payment was made to AIG (O&D) and Zonal DIGs through crossed cheques which were credited in to their respective bank accounts being maintained by the AIG (O&D) and Zonal DIGs. No cash payment has been made.

The reply was not accepted being irrelevant as Audit has objected the grant of heavy advances to various officers in violation of rules.

The PAO was informed on 30.11.2012, but DAC was not held till the finalization of the report.

Audit recommends that responsibility be fixed, disciplinary action be initiated against officials responsible for removing heavy public funds for placement at the disposal of various officers and not obtaining adjustment accounts.

7.4.6 Unauthorized expenditure on account of cash award - Rs. 6.700 million

Serial No. 9(37) of Annex-I of Para 8(a) of Finance Division O.M. No. F.3(2)Exp-III/2006 dated 13.09.2006 states that the Ministries/Divisions are empowered to incur expenditure on payment of scholarship/reward in accordance with approved rates for scales.

Para 10 of GFR Volume-I states that every officer incurring or authorizing expenditure from public funds should be guided by high standards of financial propriety.

Para 10(i) of GFR Volume-I states that every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public moneys as a person of ordinary prudence would exercise in respect of expenditure of his own money.

Rule 157 (Note 2) of FTR Volume-I states that payment of five hundred rupees and above to local bodies, firms and private persons may be made through "Bank Order".

Rule 157 (1) of FTR Volume-I states that cheque shall always be crossed "A/c payee only-not negotiable".

The management of the NH&MP during 2011-12 incurred an expenditure of Rs. 6.700 million on account of payment of cash award to their employees.

Audit observed as under:

i. The payment of cash award was made without approved rates for scales

ii. The entire payment was drawn in cash instead of making payment through crossed cheques.

Audit is of the view that the payment of cash reward without approved rates for scales was irregular and unauthorized.

Audit is also of the view that withdrawal of cash was susceptible to misappropriation.

The management replied that the Inspector General, NH&MP has full powers to sanction the cash reward to the employees. The IGP has further delegated powers to subordinate officers to sanction the cash reward to the employees of NH&MP. During 2012-13 payment of cash reward will be made through AGPR along with monthly salary of the officers/officials.

The reply was not accepted as the cash reward was paid without getting the rates approved from the Finance Division.

The PAO was informed on 30.11.2012, but DAC was not held till the finalization of the report.

Audit recommends that the rates may be got approved from the Finance Division till which time the irregular practice may be discontinued.

7.4.7 Irregular expenditure on advertisement - Rs. 6.409 million

Para 2(VI) of Ministry of Information and Broadcasting letter No. F.15(77)/96-Advt. dated 23.05.1997 states that the appointment of the finally selected Advertising Agency/Agencies shall preferably be for a period of two years. This shall not, however, be extended beyond two years except with the approval of Press Information Department, which may allow such extension for a maximum period of three months only.

The Press Information Department vide letter No. F.15(4)/97-Advt. dated 30.09.2007 appointed the following advertising agencies for handling the NH&MP advertisements and publicity assignments for a period of two years with immediate effect:

i. M. Com Advertisement Agency (Pvt) Ltd.
ii. Midas Advertisement Agency (Pvt) Ltd.
iii. Adgroup Advertisement Agency (Pvt) Ltd.
iv. Adreach Advertisement Agency (Pvt) Ltd.

The management of the NH&MP incurred an expenditure of Rs. 6.409 million, which included an expenditure of Rs. 2.439 million from the regular budget and Rs. 3.970 million from Road Safety Campaigns, Performance Reward and Welfare Fund.

Audit observed that even after expiry of the agreement after two years on 30.09.2009, the management of NH&MP continued to award the advertising work to the same agencies without seeking extension from the PID.

Audit is of the view that award of advertising work to same firms after expiry of the contract on 30.09.2009 was irregular and unauthorized.

The management replied that the NH&MP had taken up the matter with the PID for re-appointment of advertising agencies through open competition.

The management has accepted the audit observation.

The PAO was informed on 30.11.2012, but DAC was not held till the finalization of the report.

Audit recommends that responsibility may be fixed for the irregularity, further work may not be awarded to the advertising agencies and advertising firms may be hired through open competition.

7.4.8 Non-disposal of 22 replaced vehicles

Para 4 of Chapter III of Replacement Policy of National Highways and Motorway Police Vehicles circulated vide NH&MP letter No. FHP-21(04)/G/06/4209 dated 18.11.2006 provides criteria for replacement of operational vehicles of NH&MP.

Para 7(c) of Chapter III of Replacement Policy of National Highways and Motorway Police Vehicles circulated vide NH&MP letter No. FHP-21(04)/G/06/4209 dated 18.11.2006 provides that on provision of new vehicles, the replaced vehicles shall be closed in NH&MP Lines Headquarters and elsewhere. These vehicles would be offered to Cabinet Division Transport Pool or to Islamabad Capital Territory Police, Punjab Police, Sindh Police, Khyber Pakhtunkhwa Police, Balochistan Police, Gilgit-Baltistan Police, AJK Police, FIA, IB, NPA, National Police Bureau, as well as all Ministries and Divisions of Government of Pakistan on reserve price/book value basis. In case no willingness is received within thirty days from aforementioned departments/agencies for one or the whole vehicles NH&MP would itself auction these vehicles through open auction/sealed quotations as deemed fit. The amount so accumulated through sale, reserve price or auction, would be deposited in the Government treasury.

The Vehicle Replacement Committee of NH&MP in its meeting held on 24.08.2011 under the Chairmanship of DIG (HQ) declared 38 vehicles of various types and models unfit for operational duties.

The Prime Minister vide Summary No. 9(19)/2002-PMP dated 01.11.2011 approved the purchase of only 22 vehicles (10 single cabin pickups and 12 double cabin pickups) as replacement of the unfit vehicles.

The management of NH&MP incurred an expenditure of Rs. 63.070 million on purchase of 22 vehicles from M/s Indus Motors during 2011-12.

Audit observed as under:

i. The management did not offer the unfit vehicles to various departments/agencies for purchase at reserve price/book value.
ii. The management did not dispose of the 22 unfit vehicles through open auction/sealed quotations.
iii. The 22 replaced vehicles are still being used for operational duties.

Audit is of the view that failure to dispose of the unfit vehicles and their continuous retention was irregular and unauthorized.

Audit is also of the view that non-disposal of unfit vehicles deprived the government of its due receipt and their continued utilization for operational duties has resulted in additional financial burden.

The management replied that after the delivery of these 22 vehicles to zones, the replaced vehicles were received at Headquarters and were being offered to sister organizations as per replacement policy.

The management has accepted the audit observation.

The PAO was informed on 30.11.2012, but DAC was not held till the finalization of the report.

Audit recommends that the unfit vehicles may be dispose of according to the laid down policy under intimation to Audit.

7.4.9 Unauthorized retention of government receipt - Rs. 1.994 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.

The management of the NH&MP received an amount of Rs. 1.994 million from various driving schools during 2011-12.

Audit observed that instead of depositing the receipt into government treasury the same was deposited into commercial bank account No. 01-167-0002-4 titled NH&MP Regimental & Welfare Fund maintained in ABL, Aabpara Branch, Islamabad.

Audit is of the view that the retention of government receipt in a commercial bank account and subsequent utilization was irregular and deprived the government of its due receipt.

The management replied that the case has been taken up and the government receipt amounting to Rs. 1.994 million would be deposited in the government treasury.

The management has accepted the audit observation.

The PAO was informed on 30.11.2012, but DAC was not held till the finalization of the report.

Audit recommends that the government receipt may be deposited into government account besides discontinuing the practice.

7.4.10 Irregular maintenance of bank accounts and retention of funds therein - Rs. 615.288 million

Para 7 of 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.

Section 7(a) NH&MP (Road Safety Campaigns, Performance Reward) Rules, 2007 states that NH&MP share from the fine money shall be deposited in an account maintained with the Allied Bank Limited, Civic Centre Branch, Islamabad.

The management of NH&MP was maintaining following bank accounts in different banks with a balance of Rs. 615.288 million on 30.06.2012:

(Rupees)

S. No.	Bank	Account No.	Balance
1.	JS Bank	0000229446	516,261,469
2.	First Women Bank	0026-06000795	48,754,659
3.	Albaraka Bank	0110363947017	50,272,102
		Total	**615,288,230**

Audit observed that the bank accounts were opened without obtaining approval of the Finance Division.

Audit also observed that an amount of Rs. 50.00 million was withdrawn and deposited in Burj Bank on 29.09.2011 for three months. Similarly, another amount of Rs. 50.00 million was withdrawn and deposited in Dubai Islamic Bank Pakistan Limited on 04.01.2012 for three months without approval of the Finance Division.

Audit is of the view that retention of public money in commercial bank accounts, its withdrawal and subsequent deposit elsewhere without approval of the Finance Division was irregular.

The management replied that in terms of Section 7(a) NH&MP (Road Safety Campaigns, Performance Reward) Rules, 2007 a bank account to deposit the NH&MP share of fine money was being maintained with the Allied Bank Limited, Civic Centre Branch, Islamabad. However, in the light of Finance Division O.M. No. F.4(1)/2002-BR.II dated 02.07.2003 and No. 17 & 3/2005-Stat dated 12.10.2005, three more banks accounts were opened to deposit fine share after obtaining comparative rate of profit from various banks. Para 3(a) of the O.M. lays down the criteria and rate of profit for investment of funds. As no account was opened below the profit rate of ABL, therefore, no loss was incurred. The amount deposited in Burj Bank and Dubai Islamic Bank Limited was a short term investment for three months out of NH&MP Regimental & Welfare Fund.

The reply was not accepted because the Finance Division O.M. referred above relates to investment of working balances/surplus funds which was not applicable to NH&MP fine share as this was required to be deposited in ABL, Civic Center Branch, Islamabad only. The Regimental & Welfare Fund is not only being maintained irregularly and unauthorizedly by NH&MP, but the amount deposited in this account has also been transferred from the Road Safety Campaigns, Performance Reward and Welfare Fund comprising of fine money.

The PAO was informed on 30.11.2012, but DAC was not held till the finalization of the report.

Audit recommends that funds may be withdrawn from the unauthorized bank accounts and deposited back into the Road Safety Campaigns, Performance Reward and Welfare Fund being maintained in ABL, Civic Center, Islamabad. Responsibility may be fixed for the unauthorized opening of bank accounts, transfer of funds therein and subsequent investment.

7.4.11 Irregular expenditure on account of Fixed Daily Allowance and Special Allowance - Rs. 14.99 million

Para 1(ii) of Finance Division O.M. No. F.11(1)R.3/98 dated 03.03.2001 states that 20 days Fixed Daily Allowance is admissible to all officers and personnel on operational duties of National Highways and Motorway Police (NH&MP).

The management of NH&MP paid Fixed Daily Allowance and Special Allowance amounting to Rs. 14.990 million to 77 employees posted abroad on deputation in United Nations Missions.

Audit observed that payment of Fixed DA and Special Allowance to the employees posted abroad on deputation in United Nation Missions was inadmissible.

Audit is of view that payment of these allowances to the officials posted abroad in United Nation Mission was irregular.

The management replied that Clause (b) of Ministry of Interior letter No. 2/87/11-Law dated 26.12.2011 provides that “Deployment of police officials abroad in connection with United Nation Peace Missions in different countries was not “deputation abroad” because their pay/salaries were being regularly paid by concerned Police Departments in Pakistan at par with other police officials/ personnel performing duties in Pakistan and were only paid Mission Subsistence Allowance (MSA) while performing their duties abroad. As per Ministry of Interior O.M. No. 2/87/11-Law dated 24.01.2012 all emoluments and other entitlements from Member States should continue to be paid and/or provided to United Nations Police Officers as if they were serving in their home country. In view of the O.M. dated 26.12.2011 and 24.01.2012 the officials/officers deployed on U.N. Missions were being paid Fixed DA and Special Allowance.

The reply was not accepted because the Ministry of Interior does not have the authority to interpret financial rules and regulations.

The PAO was informed on 30.11.2012, but DAC was not held till the finalization of the report.

Audit recommends that the opinion of the Finance Division may be obtained failing which the amount paid without authorization may be recovered.

7.4.12 Irregular appointments of Junior Patrol Officers

The Cabinet Division vide O.M. No. 3/3/2008-SP dated 10.11.2010 granted NOC to fill 240 posts of Junior Patrol Officers (JPO) in response to National Highways & Motorway Police letter No. NH&MP-43(3)/08/EA/2846 dated 10.11.2010.

The Ministry of Finance vide O.M. No. F-7(2)Exp-IV/2011 dated 17.08.2011 imposed ban on new recruitment.

The management of DIG Motorways NH&MP Islamabad appointed 70 Junior Patrol Officers (BS-5) on different dates after 17.08.2011.

Audit observed that the appointments were made during the period ban was imposed on new recruitments.

Audit is of the view that the appointments during the period of ban without obtaining approval of the Finance and Establishment Divisions were irregular and unauthorized.

The management replied that in view of the NOC dated 10.11.2010 from the Establishment Division a schedule for recruitment of 211 posts of JPO was chalked out. The entire process, i.e. advertisement, computerization of 29,978 applications, physical test, written test, interview and compilation of final result was done from 21.06.2011 to 29.07.2011 but appointment letters to 199 selected candidates were issued from 07.09.2011 onwards. The entire recruitment process was done prior to the imposition of ban and only the appointment letters were issued during the ban period.

The management has accepted the audit observation that the appointments were carried out during the period of ban.

The PAO was informed on 30.11.2012, but DAC was not held till the finalization of the report.

Audit recommends that the matter may be taken up with the Finance and Establishment Divisions besides initiating disciplinary proceedings against persons responsible for issuing appointment letters after imposition of ban on recruitment.

7.4.13 Illegal allocation of vehicles to Ministry of Communications

Rule 11 of Staff Car Rules 1980 states that a staff car belonging to an attached department or a sub-ordinate office of a Division shall not be used by the administrative except as provided under Rule 10 and every department or office shall be responsible for any misuse or irregularity committed in this behalf.

The management of National Highways & Motorway Police, HQ, Islamabad was maintaining a fleet of 21 vehicles as “Headquarters Pool” including vehicle No. IDP 2703 Toyota Land Cruiser Prado (Model 2008) and IDP 2914 Toyota Corolla Altis (Model 2010).

Audit observed that the above mentioned two vehicles were in use of the Ministry of Communications as evident from NH&MP letter No. B.05/M-

2(N)7(1)/11-559 dated 09.07.2011 and letter No. B.05/M-2(N)7(1)/11-575 dated 16.07.2011.

Audit also observed that fuel amounting to Rs. 178,351 for the said vehicles was obtained from Lahore during July and August, 2011.

Audit requested the management to provide details of vehicles placed at the disposal of controlling Ministry and details of vehicles under the use of officers transferred out from NH&MP which was not provided.

Audit is of the view that use of vehicles by the controlling Ministry was a violation of the Staff Car Rules, 1980.

The management replied that said vehicles were at the disposal of HQ Pool as 10% reserve and were occasionally used by high officials of Ministry of Communications for official visit to National Highways and Motorway.

The management has accepted the audit observation.

The PAO was informed on 30.11.2012, but DAC was not held till the finalization of the report.

Audit recommends that all such vehicles may be withdrawn from the Ministry and other departments/officers.

7.4.14 Irregular payment of House Rent Ceiling - Rs. 59.135 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. In Sindh, only Karachi is the specified station for which house rent ceiling is admissible to personnel who are not provided official accommodation.

The management of the National Highways & Motorway Police, Karachi paid an amount of Rs. 59.135 million on account of House Rent Ceiling during 2011-12. Details are as under:

(Rs. in million)

S. No.	Sector	Amount
1.	Sukkur - I	21.880
2.	Sakrand - II	17.149
3.	Hyderabad - III	20.106
	Total	**59.135**

Audit observed that the House Rent Ceiling was paid to employees of NH&MP, N-5, Karachi who were posted at Hyderabad, Sakrand & Sukkur and not residing at prescribed stations.

Audit is of the view that the payment to the employees on this account was irregular and unauthorized.

Similar irregularity was pointed out through Audit Report 2007-08, 2008-09 and 2010-11 but the same is being repeated.

The management did not reply.

The PAO was informed on 30.11.2012, but DAC was not held till the finalization of the report.

Audit recommends that the irregular payment of House Rent Ceiling may be stopped forthwith while the amount paid may be recovered.

CHAPTER 8

8 DEFENCE DIVISION

8.1 Introduction of Division

The Defence Division is responsible for policy and administrative matters pertaining to the defence of the Federation and three Armed Forces. It also deals with administrative & financial matters pertaining to Meteorological Department, Civil Aviation Authority, Airport Security Force, Pakistan International Airlines and Survey of Pakistan. The responsibility in respect of international negotiations, agreements and purchases of defence equipment along with allied accessories are also being handled by this Division. It has eight Attached Departments and three Autonomous Bodies.

Function of Defence Division as per Rules of Business, 1973

1. Defence of the Federation or any part thereof in peace or war including:

    i. Army, naval and air forces of the Federation and any other armed forces raised or maintained by the Federation; any armed forces which are not part of forces of the Federation but are attached to or operating with any of the armed forces of the Federation.

    ii. Army, naval and air force works

2. Civilian employees paid from Defence estimates:

    i. Defence matters pertaining to treaties and agreements with other Governments, except those relating to purchase of stores; and

    ii. Matters regarding military assistance to foreign countries.

3. Stores and stationery for the Defence Services, other than those dealt with by the Defence Production Division.
4. Administration of National Guards Act, 1973.

5. International Red Cross and Geneva Conventions in so far as they effect belligerents.
6. Military Awards and decorations.
7. Welfare and ex-servicemen.
8. Cantonment areas including:
    i. Map the delimitation of such areas;
    ii. Local Self-Government in such areas, the constitution of local authorities for such areas and the functions and powers of such authorities and
    iii. The regulation of housing accommodation (including control of rent) in such areas.
9. Acquisition of requisitioning of property for Defence Services; imposition of restrictions upon the use of lands in the vicinity of such property and of works of Defence.
10. Pardons, reprieves and respites, etc. of all personnel belonging to the Armed Forces.
11. Survey of Pakistan.
12. Administrative and budgetary control of Federal Government Educational Institutions (Cantonments/Garrisons) Directorate and its Institutions.
13. Administration of Military Lands and Cantonments Groups.
14. National Maritime Policy.
    i. Matters relating to security of resources of the Maritime Zones of Pakistan Including protection of Human life and property.
    ii. Maritime Security Agency (MSA):
        i. National Coordination of maritime activities.
        ii. National Maritime
    iii. Maritime surveys and elimination of dangers of navigation.

iv. Promotion of Maritime disciplines.

v. International aspects:

a. Matters arising out of the implementation of Law of the Sea pertaining to Maritime Affairs.

b. International Negotiations, agreements and treaties (excluding those handled by other Divisions).

c. Liaison with International Sea Bed Authorities and other International Agencies in the Maritime Field.

d. Aircraft and air navigation; administration of Civil Aviation Ordinance, 1961.

e. Provisions of aerodromes.

f. Regulations, organization and safety of air traffic and of aerodromes;

g. Administration of Airport Security Force.

h. Pakistan International Airlines Corporation.

i. Air service agreements with other countries liaison with International Civil Aviation Organization and other International agencies concerned with Aviation.

j. Federal Meteorological Organizations and Meteorological Observations; World Meteorological Organization.

8.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Defence Division for the financial year 2011-12 was Rs. 520,453.18 million including Supplementary Grant of Rs. 14,753.917 million against which the Division utilized Rs. 524,802.596 million. Grant-wise detail of current and development expenditure is as under:

(Rupees)

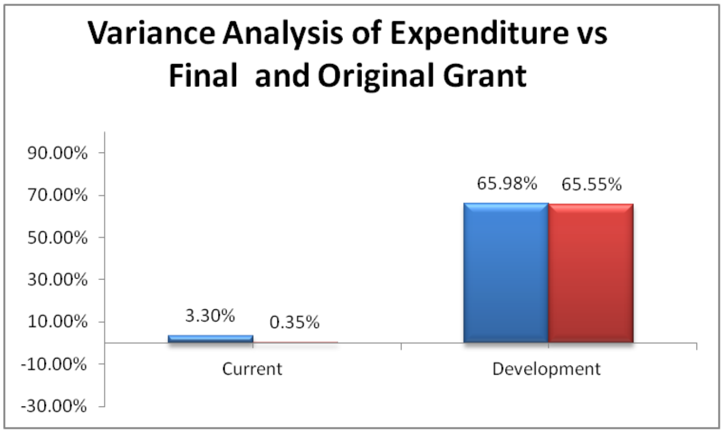
Grant No	Grant Type	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Final Grant/ Appropriation	Actual Expenditure	Excess/ (Savings)	% age Excess/ (Saving)
18	Current	963,568,000	422,085,000	1,385,653,000	1,377,902,313	(7,750,687)	(0.56)
19	Current	2,522,290,000	24,000	2,522,314,000	2,910,381,529	388,067,529	15.39
20	Current	578,825,000	-	578,825,000	638,877,056	60,052,056	10.37
21	Current	648,540,000	-	648,540,000	640,381,803	(8,158,197)	(1.26)
22	Current	2,140,318,000	-	2,140,318,000	3,141,805,967	1,001,487,967	46.79
23	Current	495,000,000,000	14,321,808,000	509,321,808,000	509,710,061,855	388,253,855	0.08
	Subtotal	**501,853,541,000**	**14,743,917,000**	**516,597,458,000**	**518,419,410,523**	**1,821,952,523**	**0.35**
106	Development	3,815,418,000	10,000,000	3,825,418,000	6,371,882,049	2,546,464,049	66.57
107	Development	30,304,000	-	30,304,000	11,304,000	(19,000,000)	(62.70)
	Subtotal	**3,845,722,000**	**10,000,000**	**3,855,722,000**	**6,383,186,049**	**2,527,464,049**	**65.55**
	Total	**505,699,263,000**	**14,753,917,000**	**520,453,180,000**	**524,802,596,572**	**4,349,416,572**	**0.84**

Audit noted that there was an overall excess of Rs. 4,349.416 million, which was due to excess expenditure of Rs. 1,821.952 million in current grants and excess expenditure of Rs. 2,527.464 million in development grants.

Supplementary Grants obtained without careful cash forecasting

In order to ensure prudent financial management, Para 13(vii) of System of Financial Control and Budgeting, 2006 states that 'Ministries / Divisions should be able to anticipate budgetary requirements well ahead of the financial year to which the budget relates and obtain the concurrence of the Finance Division. The Finance Division is expected to decline any request for Supplementary Grants except in extraordinary circumstances.' This document further states that 'the funds obtained from Supplementary Grants shall be expended for the purposes for which these have been sanctioned. In current expenditure, demands for Supplementary Grants shall not be made, except in extraordinary circumstances.' During the year, Supplementary Grants of Rs. 14,753.917 million were obtained, which was 2.91% of the Original Budget.

According to Para 71 of General Financial Rules (Volume I), while framing budget estimates, the authorities should exercise utmost foresight. Variation between estimated and actual expenditure captures the level of foresight that goes into budget formulation. As shown in the chart below, the excess in current expenditure was 3.30%, which, after accounting for Supplementary Grants changed to 0.35%. In development expenditure, excess against original budget was 65.98% which came to 65.55% when Supplementary Grants were taken into account.



8.3 Brief comments on the status of compliance with PAC Directives

Ministry	Years	Total No of audit paras	Total No of Actionable Points	Full Compliance	Not Complied	% of Compliance
Defence	1987-88	0	0	0	0	0
	1988-89	1	0	0	0	0
	1989-90	0	0	0	0	0
	1990-91	1	1	0	1	0
	1991-92	0	0	0	0	0
	1992-93	0	0	0	0	0
	1993-94	0	0	0	0	0
	1994-95	1	1	1	0	100
	1995-96	0	0	0	0	0
	1996-97	1	1	0	1	0
	1997-98	37	17	3	14	18
	1999-00	0	0	0	0	0
	2000-01	53	53	47	6	89
	2001-02	0	0	0	0	0
	2005-06	4	4	0	4	0
	2008-09	0	0	0	0	0
Total		**98**	**77**	**51**	**26**	66

8.4 AUDIT PARAS

Irregularity & Non Compliance

8.4.1 Irregular award of contract of canteen

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.

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.

The management of Survey of Pakistan under administrative control of Ministry of Defence awarded contract of canteen to M/s Ch. Zulfiqar Ali on 16.12.2002 for two years up to 15.12.2004 at monthly rate of Rs. 1,500 including utility charges. The contract was extended in piecemeal for a period of eight years w.e.f. December, 2004 with an interval of two years each.

Audit observed as under:

i. The contract was repeatedly extended without open competition.

ii. Government has borne the electricity, gas and water charges since 2002.

Audit is of the view that the contract of canteen was extended in violation of provisions of Public Procurement Rules, 2004 and GFR.

The management replied that the contract was awarded during 2002, which expired on 15.12.2004. Keeping in view the rates and quality of food stuff the agreement with the contractor was extended. Moreover, it would be security risk if contract is awarded to new contractor on expiry of each contract as security point of view Ch. Zulfiqar Ali and his staff is well known by all concerned.

The reply was not accepted as the contract was extended without open competition.

The PAO was informed on 23.11.2012, but DAC was not held till the finalization of the report.

Audit recommends that the contract of the canteen should be awarded after open competition in line with the Public Procurement Rules, 2004 besides fixing the responsibility for the irregularity.

8.4.2 Excess payment to M/s PIAC due to non-deduction of Income Tax - Rs. 21.249 million

Section 153(1)(b & c) of the Income Tax Ordinance, 2001 states that Withholding Tax has to be deducted @ 6% on payments made to contractors.

The Ministry of Defence made payment of Rs. 354.144 million to Pakistan International Airlines Corporation (PIAC) on account of payment of charted flights for evacuation of stranded Pakistanis in Libya on the directives of the Prime Minister.

Audit observed that the management did not deduct Withholding Tax @ 6% from payments made to PIAC.

Audit maintains that non-deduction of Income Tax deprived the exchequer of its legitimate receipts.

The management replied that the amount of Rs. 354.144 million was paid to M/s PIAC on account of fare of air tickets of passengers evacuated from Libya. As per Clause (xi) of SRO No. 586(1)/91 dated 13.06.1991 passengers tickets were exempted from deduction of Income Tax.

The reply was not accepted because the management did not purchase individual tickets but evacuated the stranded Pakistanis through chartered flights.

The PAO was informed on 23.11.2012, but DAC was not held till the finalization of the report.

Audit recommends that the Income Tax due from M/s PIAC may be recovered and deposited into treasury.

8.4.3 Un-authorized payment to Army Welfare Trust (Askari Aviation Private Limited) - Rs. 67.94 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.

Rules 12(2) of Public Procurement Rules, 2004 states that all procurement opportunities over one 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 Ministry of Defence vide U.O. No. 6(11)/2011-F-II dated 07.03.2011 and even number dated 11.03.2011 authorized Army Welfare Trust (Askari Aviation) to provide two passenger aircraft to carry up to 300 passengers each from Tunisia to Islamabad. On successful completion of flights an amount of USD 790,000 equivalent to Rs. 67.940 million was paid to M/s Army Welfare Trust, Rawalpindi.

Audit observed as under:

i. The Prime Minister had approved the evacuation of stranded Pakistanis through chartered (PIA or non PIA) or commercial flights at government expense.

ii. The Army Welfare Trust (Askari Aviation) was not a commercial airline.

iii. The work was awarded to M/s Army Welfare Trust (Askari Aviation) without calling open tenders.

Audit is of the view that undue favor was extended to the Army Welfare Trust, therefore, the payment was irregular and unauthorized.

The management replied that the arrangement for evacuation of Pakistani stranded in Libya (Dyerba, Tunisa) was made in extreme emergency. In this connection, Askari Aviation a subsidiary of Army Welfare Trust was asked to evacuate 300 stranded Pakistanis from Dyerba, Tunsia, Lybia with the approval of the Prime Minister. After obtaining negotiated rates from various private chartered companies registered in Pakistan, the Army Welfare Trust was engaged for the evacuation.

During record verification on 07.01.2013 the management provided a copy of the approval of the Acting Secretary, Ministry of Defence for engagement of private chartered companies through negotiated tendering in terms of Rule 42(d)(iii) of Public Procurement Rules, 2004 on the grounds of extreme emergency and technicality of the matter.

The reply and approval of the Acting Secretary were not accepted as the Prime Minister had approved the evacuation of stranded Pakistanis through chartered or commercial flights of PIA and private airlines, and M/s Army Welfare Trust was not a private airline.

The PAO was informed on 23.11.2012, but DAC was not held till the finalization of the report.

Audit recommends that matter may be investigated for extending undue favor to Army Welfare Trust.

8.4.4 Irregular expenditure on account of POL charges - Rs. 2.228 million

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

Ministry of Defence incurred an expenditure of Rs 2.228 million on purchase of POL from PAF Base Chaklala, Rawalpindi and PNS Zafar Mehran, Islamabad.

Audit observed that the registration numbers of the vehicles mentioned in the claims were different from those provided to Audit.

Audit is of the view that difference in registration numbers of vehicles could lead to misuse of POL besides inability of Audit to ascertain the authenticity of the expenditure.

The management replied that relevant record pertaining to purchase of POL from PAF Base, Chaklala and PNS Zafar Mehran, Islamabad on book adjustment basis had been rechecked. Although, the registration numbers of vehicles mentioned in the claims of PAF Base, Chaklala and PNS Zafar Mehran, Islamabad were different from the list of vehicles provided to Audit, but the expenditure had been sanctioned for book adjustment of POL for the vehicles mentioned in the list provided to Audit. As such there was no misuse of POL.

The reply was not accepted because the management could not provide proof in support of their claim during record verification on 07.01.2013.

The PAO was informed on 23.11.2012, but DAC was not held till the finalization of the report.

Audit recommends that original record showing corresponding registration numbers duly approved by the competent authority be provided to ascertain the authenticity of the expenditure.

Internal Control Weaknesses

8.4.5 Non reconciliation of receipt - Rs.119.980 million

Para 4 of Survey of Pakistan Revised Accounting Procedure, 2010 states that the Deputy Surveyor General/Director shall ensure that an overall reconciliation of receipts into and payment from Deposit Head is carried out with the accounting section of concerned AGPR office by the project section of Surveyor General Office (SGO) and concerned Directorate at other stations on quarterly basis.

The management of Survey of Pakistan (SoP) under the administrative control of Ministry of Defence had a balance of Rs. 119.980 million in the head of account Deposit Works, received from various organizations from 1988-89 to 2010-11.

Audit observed that the said amount had not been reconciled with AGPR since financial year 2005-06.

Audit is of the view that non-reconciliation of said amount may lead to misappropriation.

The management replied that the Paid for Job Projects were being carried out by different Directorates of SoP. Reconciliation of these jobs was entirely the responsibility of Officer Commanding and Director concerned. Director Training and Research was not responsible for reconciliation of Paid for Job Projects. However, the reconciliation reports which were received from various Directorates were compiled here. The reconciliation after 2008 was not done due to non-cooperation of AGPR authorities.

The management has accepted the observation.

The PAO was informed on 23.11.2012, but DAC was not held till the finalization of the report.

Audit recommends that responsibility may be fixed for not carrying out reconciliation, while efforts may be made to complete the reconciliation.

CHAPTER 9

9 DEFENCE PRODUCTION DIVISION

9.1 Introduction of Division

The primary responsibility of the Division is to provide a coordinated base for self-reliance in the production of defence stores and materials.

The main objectives/functions of the Defence Production Division are:

i. Laying down policies or guidelines on all matters relating to defence production.

ii. Procurement of firearms, weapons, ammunition, equipment, stores and explosives for the defence forces.

iii. Declaration of industries necessary for the purpose of defence or for the prosecution of war.

iv. Research and development of defence equipment and stores.

v. Coordination of defence science research with civil scientific research organizations.

vi. Indigenous production and manufacture of defence equipment and stores.

vii. Negotiations of agreements or MOUs for foreign assistance or collaboration and loans for purchase of military stores and technical know-how or transfer of technology.

viii. Export of defence products.

ix. Marketing and promotion of activities relating to export of defence products.

x. Coordinate production activities of all defence production organizations or establishments.

9.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Defence Production for the financial year 2011-12 was Rs. 2,065.147 million including Supplementary Grant of Rs. 79.001 million out of which the Division utilized Rs. 1,486.181 million. Grant-wise detail of current and development expenditure is as under:

(Rupees)

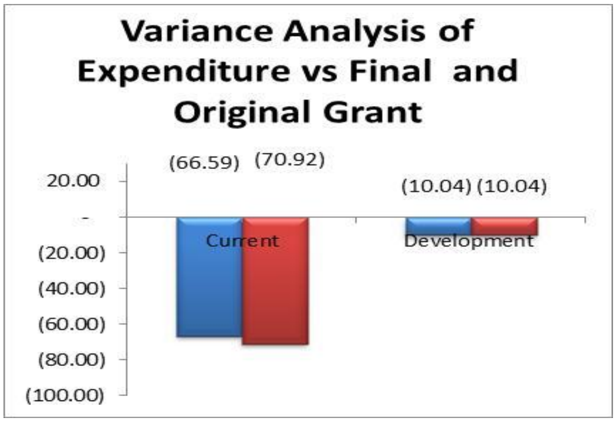
Grant No	Grant Type	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Final Grant/ Appropriation	Actual Expenditure	Excess/ (Savings)	% age Excess/ (Saving)
24	Current	531,411,000	79,001,000	610,412,000	177,523,090	(432,888,910)	(71)
108	Development	1,454,735,000	-	1,454,735,000	1,308,658,451	(146,076,549)	(10)
	Total	**1,986,146,000**	**79,001,000**	**2,065,147,000**	**1,486,181,541**	**(578,965,459)**	**(28)**

Audit noted that there was an overall saving of Rs. 578.965 million, which was due to saving of Rs. 432.888 million in current grants and saving of Rs. 146.076 million in development grants.

Supplementary Grants obtained without careful cash forecasting

In order to ensure prudent financial management, Para 13(vii) of System of Financial Control and Budgeting, 2006 states that 'Ministries / Divisions should be able to anticipate budgetary requirements well ahead of the financial year to which the budget relates and obtain the concurrence of the Finance Division. The Finance Division is expected to decline any request for Supplementary Grants except in extraordinary circumstances.' This document further states that 'the funds obtained from Supplementary Grants shall be expended for the purposes for which these have been sanctioned. In current expenditure, demands for Supplementary Grants shall not be made, except in extraordinary circumstances.' During the year, Supplementary Grants of Rs. 79.001 million were obtained, which was 3.97% of the Original Budget.

According to Para 71 of General Financial Rules (Volume I), while framing budget estimates, the authorities should exercise utmost foresight. Variation between estimated and actual expenditure captures the level of foresight that goes into budget formulation. As shown in the chart below, the saving in current expenditure was 66.59%, which, after accounting for Supplementary Grants changed to 70.92%. In development expenditure, saving against original budget was 10.04%.



9.3 Brief comments on the status of compliance with PAC Directives

There is no PAC directive in respect of Defence Production Division.

9.4 AUDIT PARAS

Irregularity & Non Compliance

9.4.1 Irregular payment on account of POL - Rs. 6.285 million

Para 12 of GFR Volume-I states that a Controlling Officer must see not only that the total expenditure is kept within the limits of 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.

Military Vehicles Research and Development Establishment (MVRDE) intimated Ministry of Defence Production (MoDP) regarding outstanding audit objection on provision of POL to MoDP vehicles for Rs. 6.285 million for the years 2000-01 to 2009-10. Details are as under:

(Rupees)

S. No.	Year	Month	Amount
1.	2000	Jan to June	141,300
2.	2001	July to December	18,8219
3.	2002	Jan to June	19,140
4.	2003	Jan to June	301,751
5.	2003	July to December	125,042
6.	2004	Jan to June	188,023
7.	2004	July to December	139,685
8.	2005	Jan to June	145,065

9.	2005	July to December	472,584
10.	2006	Jan to June	516,650
11.	2007	July, 2006 to June, 2007	1,082,681
12.	2008	July, 2007 to June, 2008	1,031,678
13.	2008	July to December, 2008	739,494
14.	2009	Jan to June, 2009	694,818
15.	2010	Jan to June, 2010	498,628
		Total	**6,284,758**

Audit observed that although MoDP was provided funds in the regular budget for purchase of POL, yet a liability was created by purchase of POL from MVRDE.

Audit is of the view that expenditure on account of purchase of POL from MVRDE was irregular.

The management did not reply.

The PAO was informed on 02.11.2012, but DAC was not held till the finalization of the report.

Audit recommends that inquiry may be held to determine whether POL was actually purchased from MVRDE and fix responsibility for the irregularity.

9.4.2 Irregular auction of condemned vehicles - Rs. 2.264 million

Rule 26 of Rules for Use of Staff Cars, 1980 states that all vehicles shall be disposed of by the Ministry/Division concerned through public auction.

Ministry of Defence Production (MoDP), Rawalpindi disposed of the following vehicles:

(Rupees)

S. No.	Vehicle No.	Amount
1.	RIV-2026	119,685
2.	RIV-2056	154,050
3.	RIY-2504	400,000
4.	RIZ-6976	345,786
5.	RIY-2657	465,786
6.	RIY-9994	779,237
	Total	**2,264,544**

Audit observed that the Ministry of Defence Production sold the vehicles without public auction, as required under the rules.

Audit is of the view that sale of vehicle without public auction was irregular giving rise to possibility of favoritism and loss by foregoing open auction.

The management did not reply.

The PAO was informed on 02.11.2012, but DAC was not held till the finalization of the report.

Audit recommends investigating the matter and fixing responsibility for not auctioning the vehicles through open auction.

9.4.3 Irregular expenditure on account of entertainment - Rs. 4.026 million

Serial No. 9(38) of Annexure-I of Finance Division O.M. No. F.3(2)Exp.III/2006 dated 13.09.2006 states as under:

i. For light refreshment not exceeding Rs. 30 per head at meetings convened for official business, decision to incur such expenditure will be taken only by officers of and above the status of Joint Secretary.

ii. For receptions, lunches and dinners up to Rs. 40,000 in each case for Ministries/Divisions subject to the condition that per head expenditure including taxes and soft drinks, etc. should not in any case exceed Rs. 1,200.

iii. For serving lunch boxes not exceeding Rs. 200 per head in meetings which are prolonged beyond office hours without break in the interest of Government work.

Ministry of Defence Production (MoDP), Rawalpindi incurred an expenditure of Rs. 4.026 million on entertainment during 2007-12. Details are as under:

(Rupees)

S. No.	Year	Expenditure
1.	2008-09	1,623,777

2.	2009-10	751,786
3.	2010-11	689,345
4.	2011-12	960,719
	Total	**4,025,627**

Audit observed as under:

i. The bills were not supported by purposes of the meetings, list of participants and agenda of the meetings.

ii. Instances were also noticed where expenditure on entertainment was incurred for providing tea break to the officers.

iii. Entertainment was also provided to the officers in BPS-20 and above on regular basis.

Audit is of the view that expenditure on account of entertainment at the cost of public exchequer was irregular.

The management did not reply.

The PAO was informed on 02.11.2012, but DAC was not held till the finalization of the report.

Audit recommends that recovery may be initiated from the officers who availed entertainment and tea break at public expense.

9.4.4 Non-recovery of standard rent and utility charges - Rs. 1.178 million

Para 26 of GFR Volume-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 Finance Division (Military) vide U.O. No. F.14-8/General-1048 dated 06.12.2007 intimated that standard rent and allied charges were outstanding against the following officers of Ministry of Defence Production:

(Rupees)

S. No.	Name of Officer	Allied charges	Standard Rent	Total
1.	Mr. Ahmad Hussain Bajwa, DS (DP)	261,619	447,271	708,890

2.	Mr. Muhammad Anwar, DS, (DP)	112,812	356,337	469,149
	Total	**374,431**	**803,608**	**1,178,039**

Audit observed that the standard rent and allied charges were not recovered from the officers.

Audit is of the view that non-recovery of the government dues was irregular.

The management did not reply.

The PAO was informed on 02.11.2012, but DAC was not held till the finalization of the report.

Audit recommends that the outstanding dues may be recovered and deposited into government account.

9.4.5 Un-authorized use of vehicles of attached departments

Rule 11 of the Rules for Use of Staff Cars, 1980 states that a staff car belonging to an Attached Department or a Subordinate Office of a Division shall not be used by the Administrative Department and every Department or office shall be responsible for any misuse or irregularity committed in this behalf.

The Ministry of Defence Production was using the following vehicles of attached and sub-ordinate offices:

S. No.	Registration/ B.A. No.	Department Name	Remarks
1.	92-8139 RIW-139	Pakistan Ordinance Factory	Attached with Secretary w.e.f. 25.07.2011
2.	91-0984 RIW-984	-do-	Attached with Joint Secretary w.e.f. 03.04.2011
3.	92-8066	-do-	For protocol duties
4.	RIW-840	-do-	
5.	92-8025	-do-	Double cabin Pick up
6.	91-0849	-do-	
7.	X-61-6281	Defence Export Promotion Organization (DEPO)	Attached with FA(DP)
8.	94-0111	-do-	Handed over on 03.08.2010
9.	94-0113	-do-	Attached w.e.f. 30.08.2007
10.	A-1066	National Radio	Attached w.e.f. 19.07.2008

		Telecommunication Corporation	
11.	85-9409 GA-310	MVRDE	
12.	85-6114	-do-	
13.	88-9521	Heavy Industries Taxila	
14.	JS-963	SIGMA Motors	Land Rover Defender*
15.	1381-PN LRC-9271	Pakistan Navy	
16.	88-9032	Not made known to Audit	

* No cost no obligation basis

Audit observed that the Ministry was using vehicles of attached and sub-ordinate departments in violation of Rule 11 of Staff Car Rules, 1980.

Audit is of the view that the utilization of the vehicles was irregular and unauthorized.

The management did not reply.

The PAO was informed on 02.11.2012, but DAC was not held till the finalization of the report.

Audit recommends that the vehicles may be returned to the respective departments and responsibility may be fixed for the irregularity as required under the rules.

CHAPTER 10

10 ELECTION COMMISSION OF PAKISTAN

10.1 Introduction of Commission

Election Commission came into being on 23rd day of March, 1956 when the Second Constituent Assembly succeeded in framing and adopting the first Constitution of Islamic Republic of Pakistan in 1956. Article 137 of the Constitution provided for the Election Commission comprising Chief Election Commissioner/Chairman of the Commission and such number of Election Commissioners as may be determined by the President. First Chief Election Commissioner was appointed on 25th June, 1956. The term of office of the Chief Election Commissioner was five years with upper age limit of 65 years. Election Commission was charged with duties of preparation of electoral rolls, their annual revision and organizing and conducting elections to Assemblies. This Constitution provided for election to National and Provincial assemblies on the adult franchise basis. A separate institution 'Delimitation Commission' was also provided for delimitation of constituencies.

In 1958, Martial Law was imposed and the Constitution was abrogated. Consequently, the Election Commission also ceased to exist. Another Constitution was adopted in 1962, which provided for election of members of National and Provincial Assemblies through electoral college consisting of 80,000 Basic Democracy Members. This time Chief Election Commissioner was to be appointed by the President of Pakistan for a term of three years. Chief Election Commissioner enjoyed perks and privileges of a Judge of the Supreme Court. The Commission had two Members, one each from West and East Pakistan, who were Judges of their respective High Courts. After abrogation of 1962 Constitution in 1969, the Election Commission continued working on the basis of the "Provisional Constitution Order"

The 1973 Constitution provided for an Election Commission consisting of Chairman/Chief Election Commissioner and two Members, who were to be Judges of High Courts. The number of Members of the Election Commission was later raised to four. The 18th Amendment to the Constitution has provided more consultative process of appointment of the Chief Election Commissioner and four Members of the Commission. Their appointment is now to be made on the recommendation of a Joint Parliamentary Committee consisting of sixteen members of the Senate and the National Assembly belonging equally to the Government and the Opposition. Members have to be former Judges of High Courts of the Provinces.

10.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Election Commission for the financial year 2011-12 was Rs. 1,889.806 million including Supplementary Grant of Rs. 500.053 million out of which the Division utilized Rs. 2,479.530 million. Grant-wise detail of current and development expenditure is as under:

(Rupees)

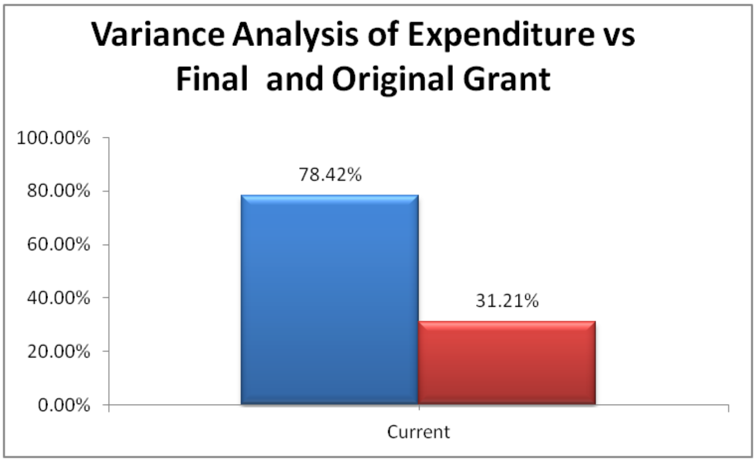
Grant No	Grant Type	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Final Grant/ Appropriation	Actual Expenditure	Excess/ (Savings)	% age Excess/ (Saving)
J	Charged	1,389,753,000	500,053,000	1,889,806,000	2,479,530,588	589,724,588	31

Audit noted that there was an overall excess of Rs. 589.724 million against final allocation of Rs. 1,889.806 million.

Supplementary Grants obtained without careful cash forecasting

In order to ensure prudent financial management, Para 13(vii) of System of Financial Control and Budgeting, 2006 states that 'Ministries / Divisions should be able to anticipate budgetary requirements well ahead of the financial year to which the budget relates and obtain the concurrence of the Finance Division. The Finance Division is expected to decline any request for Supplementary Grants except in extraordinary circumstances.' This document further states that 'the funds obtained from Supplementary Grants shall be expended for the purposes for which these have been sanctioned. In current expenditure, demands for Supplementary Grants shall not be made, except in extraordinary circumstances.' During the year, Supplementary Grants of Rs. 500.053 million were obtained, which was 35.98% of the Original Budget.

According to Para 71 of General Financial Rules (Volume I), while framing budget estimates, the authorities should exercise utmost foresight. Variation between estimated and actual expenditure captures the level of foresight that goes into budget formulation. As shown in the chart below, the excess in current expenditure was 78.42%, which, after accounting for Supplementary Grants changed to 31.21%.



10.3 Brief comments on the status of compliance with PAC Directives

Ministry	Years	No of audit paras	No of Actionable Points	Full Compliance	Not Complied	% of Compliance
Election Commission of Pakistan	1987-88	0	0	0	0	0
	1988-89	0	0	0	0	0
	1989-90	0	0	0	0	0
	1990-91	1	1	1	0	100
	1991-92	1	1	1	0	100
	1992-93	0	0	0	0	0
	1993-94	0	0	0	0	0
	1994-95	1	1	1	0	100
	1995-96	0	0	0	0	0
	1996-97	2	2	0	2	0
	1997-98	0	0	0	0	0
	1999-00	0	0	0	0	0
	2000-01	0	0	0	0	0
	2001-02	0	0	0	0	0
	2005-06	3	3	0	3	0
	2007-08					0
	2008-09	0	0	0	0	0
Total		**8**	**8**	**3**	**5**	38

10.4 AUDIT PARAS

Irregularity & Non Compliance

10.4.1 Mis-procurement of printing material – Rs. 49.290 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.

The Election Commission of Pakistan (ECP), Islamabad paid an amount of Rs. 49.290 million to M/s Post Office Foundation Press (POFP), Islamabad for printing work during 2009-12. Details are as under:

(Rupees)

S. No.	Bill No.	Financial Year	Material printed	Amount
1.	E-10	2009-10	Books, Manuals	3,313,500
2.	E-17	2009-10	Envelopes, Books, Manuals	5,880,916
3.	E-19	2010-11	Manuals, Forms	34,380,600
4.	E-6	2011-12	Forms, Registers	5,715,000
			Total	**49,290,016**

Audit observed that work was awarded to M/s Post Office Foundation Press (POFP), Islamabad without calling open tenders on each occasion.

Audit is of the view that procurement of printing material amounting to Rs. 49.290 million without open competition was irregular.

The management did not reply.

The PAO was informed on 25.10.2012, but DAC was not held till the finalization of the report.

Audit recommends that responsibility may be fixed for the irregularity.

10.4.2 *Irregular expenditure on printing due to misclassification - Rs. 68.127 million*

Para 12 of GFR Volume-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 5(d) of Finance Division O.M. No. F.3(2)Exp.III/2006 dated 13.09.2006 states that the Principal Accounting Officer is responsible for ensuring that the expenditure is not incurred in excess of the budget allocation. He shall ensure that payments are correctly classified under the appropriate heads of accounts and that departmental accounts are regularly reconciled every month.

The Election Commission of Pakistan (ECP), Islamabad incurred an expenditure of Rs. 68,127,551 on printing under the head of account 'A03970-Others' during 2009-12 from the Cost Centre ID-2826.

Audit observed that the management incurred expenditure under the head of account 'A03970-Others' instead of 'A03902-Printing and Publication' in which budget was available under the Cost Centre ID-1536. The management did not even bother to re-appropriate funds from 'A03970-Others' to 'A03902-Printing and Publication'.

Audit is of the view that the expenditure under improper head of account was irregular, which resulted in misstatement in the financial statements of the federal government.

The management did not reply.

The PAO was informed on 25.10.2012, but DAC was not held till the finalization of the report.

Audit recommends that the irregular practice may be stopped besides fixing responsibility for the irregularity.

10.4.3 Unauthorized purchase of additional vehicle - Rs. 1.899 million

In terms of Para 2(b) of Cabinet Division letter No. 6-7(1)02-M.II dated 22.07.2005 the Ministry/Division/Department concerned will take up a case with Finance Division for enhancement in the authorized strength of vehicles and for purchase of additional vehicles necessitated due to increase in establishment/ workload, etc. For this purpose, a Vehicles Committee composed as under has been constituted to evaluate all proposals for additional vehicles:

a.	Additional Secretary (Exp) Finance Division	Chairman
b.	Joint Secretary (Military Wing) Cabinet Division	Member
c.	Joint Secretary (Admn) of Division concerned	Member

The Secretary Incharge may sanction purchase of new vehicle(s), after approval of the proposal by the Vehicles Committee. A copy of the sanction will be sent to the Cabinet Division for record/information.

The Election Commission of Pakistan (ECP), Islamabad purchased a vehicle (Toyota Corolla Altis 1598cc) for Rs. 1.899 million during 2010-11.

Audit observed that the additional vehicle was purchased without approval of the Vehicles Committee.

Audit is of the view that purchase of additional vehicle was irregular and unauthorized.

The management did not reply.

The PAO was informed on 25.10.2012, but DAC was not held till the finalization of the report.

Audit recommends that the matter may be taken up with the Finance Division for regularization.

Internal Control Weaknesses

10.4.4 Loss due to expiry of indelible ink – Rs. 2.501 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 Provincial Election Commissioner (PEC), Punjab, Lahore informed the Election Commission of Pakistan (ECP), Islamabad on 14.11.2009 that 43,900 vials of expired indelible ink were lying in stock of PEC, Punjab. Similarly, record shows that 2,415 vials of expired indelible ink were lying with PEC, Balochistan. Thus, a total of 46,315 vials of expired indelible ink were lying with ECP.

Audit observed that Election Commission of Pakistan had to incur a loss of Rs. 2,501,010 (46,315 vials × Rs. 54 per vial) due to expiry of the indelible ink.

Audit also observed that demands for different items, including indelible ink, from different Provincial Election Commissioners were made from time to time for holding bye-elections but preference was given to make purchases instead of shifting the available stock of indelible ink which could have prevented the loss.

Audit is of the view that loss was incurred due to mismanagement on the part of the management.

The management did not reply.

The PAO was informed on 25.10.2012, but DAC was not held till the finalization of the report.

Audit recommends that inquiry may be held for fixing responsibility on the persons responsible for the irregularity.

CHAPTER 11

11 ESTABLISHMENT DIVISION

11.1 Introduction of Division

The Establishment Division is the administrative arm of the Federal Government, empowered under Schedule I of the Rules of Business 1973 to regulate all matters of general applicability to various Occupational Groups in public service.

The business assigned to the Establishment Division as per the Rules of Business includes:

- Fostering excellence in the civil service
- Providing and equality of opportunity to civil servant
- Ensuring transparency in appointments, postings and promotions
- Undertaking governance through institutions and systems
- Administrative reforms

11.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Establishment Division for the financial year 2011-12 was Rs. 4,114.895 million including Supplementary Grant of Rs. 467.779 million out of which the Division utilized Rs. 2,995.308 million. Grant-wise detail of current and development expenditure is as under:

(Rupees)

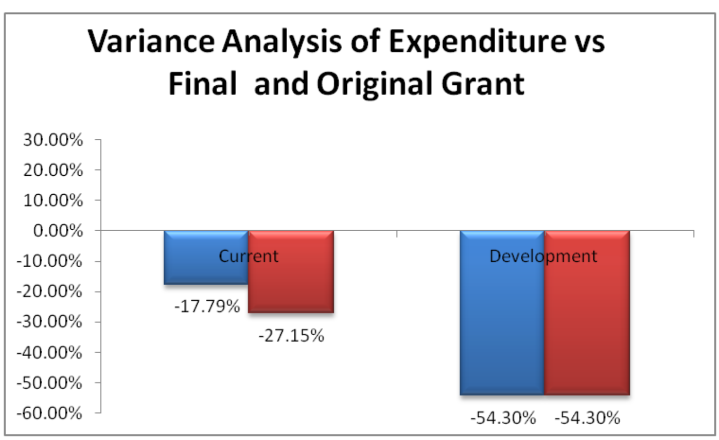
Grant No	Grant Type	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Final Grant/ Appropriation	Actual Expenditure	Excess/ (Savings)	% age Excess/ (Saving)
5	Current	1,353,327,000	446,903,000	1,800,230,000	1,747,095,690	(53,134,310)	(3)
6	Current	295,214,000	-	295,214,000	341,486,977	46,272,977	16
7	Current	1,990,275,000	20,876,000	2,011,151,000	902,932,357	(1,108,218,643)	(55)
	Subtotal	**3,638,816,000**	**467,779,000**	**4,106,595,000**	**2,991,515,024**	**(1,115,079,976)**	**(27)**
102	Development	8,300,000	-	8,300,000	3,793,012	(4,506,988)	(54)
	Total	**3,647,116,000**	**467,779,000**	**4,114,895,000**	**2,995,308,036**	**(1,119,586,964)**	**(27)**

Audit noted that there was an overall saving of Rs. 1,119.587 million, which was mainly due to saving of Rs. 1,115.08 million in current expenditure.

Supplementary Grants obtained without careful cash forecasting

In order to ensure prudent financial management, Para 13(vii) of System of Financial Control and Budgeting, 2006 states that 'Ministries / Divisions should be able to anticipate budgetary requirements well ahead of the financial year to which the budget relates and obtain the concurrence of the Finance Division. The Finance Division is expected to decline any request for Supplementary Grants except in extraordinary circumstances.' This document further states that 'the funds obtained from Supplementary Grants shall be expended for the purposes for which these have been sanctioned. In current expenditure, demands for Supplementary Grants shall not be made, except in extraordinary circumstances.' During the year, Supplementary Grants of Rs. 467.779 million were obtained, which was 12.82% of the Original Budget.

According to Para 71 of General Financial Rules (Volume I), while framing budget estimates, the authorities should exercise utmost foresight. Variation between estimated and actual expenditure captures the level of foresight that goes into budget formulation. As shown in the chart below, the saving in current expenditure was 17.79%, which, after accounting for Supplementary Grants changed to 27.15%. In development expenditure, saving against original budget was 54.30%.



11.3 Brief comments on the status of compliance with PAC Directives

Ministry	Years	No of audit paras	No of Actionable Points	Full Compliance	Not Complied	% of Compliance
Establishment	1988-89	0	0	0	0	0
	1990-91	1	1	0	1	0
	1996-97	2	0	0	0	0
	1997-98	0	0	0	0	0
	1999-00	0	0	0	0	0
	2005-06	2	2	0	2	0
	2008-09	2	2	0	2	0
Total		**29**	**23**	**1**	**22**	**4**

11.4 AUDIT PARAS

Irregularity & Non Compliance

11.4.1 Loss due to incorrect calculation of depreciation of vehicles - Rs. 0.110 million

The Federal Government approved the "Compulsory Monetization of Transport Facility for Civil Servants in BS-20 to BS-22" vide Cabinet Division letter No. 6/7/2011-CPC dated 12.12.2011. The Monetization Policy was implemented w.e.f. 01.01.2012.

Clause (iv) of the Monetization Policy states that keeping in view the existing condition of vehicles which are extensively used. It has been decided to allow 15% depreciation for each completed year of life of the vehicles. Alternately, the market price of the new car will be taken and depreciated at 20% per annum on reducing balances which ever depreciated price is higher shall be adopted as the reserve price.

The management of Staff Welfare Organization monetized a vehicle No. GU-525 Suzuki Cultus Model 2009 to the Director General at a reserve price of Rs. 494,080.

Audit observed as under:

i. The current market price of Rs. 965,000 was taken as the basis for calculating the depreciation instead of the original purchase price of Rs. 857,000 (Rs. 790,000 original invoice price + Rs. 67,000 difference paid for change of specification of vehicle).

ii. The depreciation was calculated w.e.f. 01.01.2009 instead of the date of registration, i.e. 19.11.2009.

iii. By calculating depreciation on the basis of current market price and allowing depreciation w.e.f. 01.01.2009 a loss of Rs. 113,492 was sustained. Details are as under:

(Rupees)

S. No.	Reserve price calculated on the basis of original purchase price from date of registration	Reserve Price calculated by Committee based on current market price w.e.f. 01.01.2009	Difference
1.	607,572	494,080	113,492

Audit is of the view that incorrect calculation of depreciation resulted in loss to the government.

The management replied that the case has been referred to the Establishment Division for advice on the issue.

The management has accepted the audit observation.

The PAO was informed on 25.10.2012, but DAC was not held till the finalization of the report.

Audit recommends that the amount may be recovered.

11.4.2 Unauthorized approval of Federal Employees Benevolent and Group Insurance Fund (Employees Service) Rules, 2011

Section 23 of the Federal Employees Benevolent and Group Insurance Act, 1969 states that the Federal Government may make rules for the purpose of giving effect to all or any of the provisions of the Act.

In pursuance of the powers conferred under the aforesaid Section 23, the Secretary, Establishment Division issued SRO No. 1111(K)/71 dated 23.09.1971 containing the rules applicable to the Federal Employees Benevolent and Group Insurance Fund (FEB&GIF).

Section 2 of the Rules states that the rules and orders of the Central Government relating to allowances and other concessions shall apply to the employees of the Board as they apply to the employees of the Central Government.

The Secretary, Establishment Division amended the SRO No. 1111(K)/71 dated 23.09.1971 by adding “The Schedule” vide Establishment Division Notification No. 4/3T/AP-70 dated May, 1973. According to “The Schedule”, the Fundamental Rules & Supplementary Rules, Civil Service Regulations, Central Provident Fund (Central Services) Rules, Pension Rules introduced under Pension-cum-gratuity Scheme, 1954, the Prescribed Leave Rules, 1955 and Central Services (Medical Attendance) Rules, 1958 were applicable to the Fund w.e.f. 23.09.1971.

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

The Management of the FEB&GIF with the approval of the Board notified the Federal Employees Benevolent and Group Insurance Fund (Employees Service) Rules, 2011 vide SRO No. 454(1)/2011 dated 23.05.2011 covering appointments, promotions, deputations, contract appointment, seniority, appointment authority, conduct, discipline, service record, leave, pay and allowances, traveling, daily allowance, retirement, appeal and representation, post-retirement benefits, CP Fund, medical attendance and treatment, etc.

Audit observed that the management issued the Federal Employees Benevolent and Group Insurance Fund (Employees Service) Rules, 2011 without approval of the Federal Government as required under Section 23 of the Act, while the SRO No. 1111(K)/71 dated 23.09.1971 issued by the Secretary, Establishment Division was still in force.

Audit is of the view that issuance of FEB&GIF (Employees Service) Rules, 2011 without the approval of the Federal Government was unauthorized and unlawful.

The management replied that the FEB&GIF was an autonomous organization not financed from the public exchequer. At the time of establishment of FEB&GIF the employees were serving on deputation with no service rules. To run the affairs the federal government rules were adopted Vide SRO No. 1111(K)/71 dated 23.09.1971.

The Board of Trustees in its 81st and 82nd meetings held on 03.03.2011 and 21.04.2011, respectively exercised the powers under Section 7 of the FEB&GIF Act, 1969 and approved the administrative and financial rules, respectively on the recommendations of Third Party Evaluation Committee.

The reply was not accepted as Section 7 of the FEB&GIF Act, 1969 does not confer any powers on the Board for making the rules, which are only vested in the Federal Government under Section 23 of the Act. Further, the Fund is being financed by the Group Insurance and Benevolent Fund subscriptions of the Federal Government employees which were a sacred trust.

The PAO was informed on 07.12.2012, but DAC was not held till the finalization of the report. However, a meeting was held with FEB&GIF management on 07.01.2013 on their request to ascertain their point of view.

Audit recommends that responsibility may be fixed for misguiding the Board and obtaining a decision in violation of Section 23 of the FEB&GIF Act, 1969.

Audit also recommends that the matter may be taken up with the Federal Government for correcting the irregularity.

11.4.3 Unauthorized utilization of FEB&GI Funds on Pay and Allowances and operational expenses - Rs. 159.323 million

Section 11 of Federal Employees Benevolent Fund and Group Insurance Act, 1969 states that there shall be established a Fund to be called the Federal Government Employees Benevolent Fund.

Sections 13 & 14 of Federal Employees Benevolent Fund and Group Insurance Act, 1969 substantiate the Benevolent Grants to be paid from the Benevolent Fund and payment of Benevolent Grant.

Section 17 of Federal Employees Benevolent Fund and Group Insurance Act, 1969 states that there shall be established a Fund to be called the Federal Employees Insurance Fund which shall vest in and be held and administered by the Board.

Rule 67 of GFR Volume-I states that except in cases in which Government has expressly directed otherwise departmental estimates of revenue and expenditure should be prepared.

The management of the FEB&GIF paid Rs. 159.323 million on account of Pay & Allowances and other operating expenditure of the Board from the FEB&GI Fund during 2009-12. Details are as under:

(Rs. in million)

S. No.	Financial Year	Amount
1.	2009-10	26.910
2.	2010-11	30.566
3.	2011-12	101.847
	Total	**159.323**

Audit observed that the Pay & Allowances and other operating expenses of the Board were met from the subscriptions of the federal government employees, which were held as a sacred Trust and were not meant for meeting the expenditure of the organization.

Audit is of the view that management of the Board was not authorized to make such payments from the subscriptions made by federal government employees or income earned thereof.

The management replied that the FEB&GIF is a body corporate in the terms of Section 5 of the Federal Employees Benevolent & Group Insurance Act, 1969. Its affairs are governed by a Board of Trustees under the Chairmanship of Secretary, Establishment Division. The sources of funding the FEB&GIF consist of subscriptions paid by the employees and investment income and not from public exchequer. These funds are managed by a Board of Trustees, as per Section 4 of the Act. The powers of the Board have been specified under Section 7 of the Act, 1969. Under Section 7(d) & (i) the Board shall have the power to sanction expenditure in connection with the administration and management of the Benevolent Fund and Insurance Funds and to do or cause to be done all things ancillary or incidental to any of the aforesaid powers or to the purposes of the Benevolent Fund and the Insurance Fund.

The management also replied that the expenditure on operational cost and Pay & Allowances are being paid with the approval of the Board. Section 7(d) read with Section 17(4) authorize the Board to make expenditure out of the Fund.

The reply was not accepted. The management misinterpreted Sections 7(d) and 17(4) of FEB&GIF Act, 1969 which relate to administration of Benevolent and Insurance Funds and not to meet day to day expenditure of the organization.

The PAO was informed on 07.12.2012, but DAC was not held till the finalization of the report. However, a meeting was held with FEB&GIF management on 07.01.2013 on their request to ascertain their point of view.

Audit recommends that the subscriptions of the employees should not be utilized for meeting the salaries and other expenditure of FEB&GIF for which purpose separate budgetary allocation should be obtained from the Federal Government.

11.4.4 Irregular purchase of vehicles – Rs. 5.747 million

In terms of Para 2(b) of Cabinet Division letter No. 6-7(1)02-M.II dated 22.07.2005 the Ministry/Division/Department concerned will take up a case with Finance Division for enhancement in the authorized strength of vehicles and for purchase of additional vehicles necessitated due to increase in establishment/ workload, etc. For this purpose, a Vehicles Committee composed as under has been constituted to evaluate all proposals for additional vehicles:

a.	Additional Secretary (Expenditure), Finance Division	Chairman
b.	Joint Secretary (Military Wing), Cabinet Division	Member
c.	Joint Secretary (Admin) of Division concerned	Member

The Secretary Incharge may sanction purchase of new vehicle(s), after approval of the proposal by the Vehicles Committee. A copy of the sanction will be sent to the Cabinet Division for record/information.

The management of FEB&GIF procured two Honda City (1300 cc) cars for Rs. 2.988 million and a Toyota Hilux Double Cabin Pickup (2494 cc) for Rs. 2.759 million during 2011-12.

Audit observed that the management procured the vehicles without the approval of the Vehicles Committee of the Finance Division.

Audit is of the view that the purchase of vehicles without the approval of the Vehicles Committee was irregular and unauthorized.

The management replied that FEB&GIF was an autonomous organization governed by a Board of Trustees which is empowered to sanction the administrative expenditure of the Fund under Section 7(d) of the FEB&GIF Act, 1969. The vehicles were purchased for entitled officers and setting up an office on the site of Benevolent Fund Tower, Blue Area project. There was no need to send the case to Finance Division for purchase of vehicles.

The reply was not accepted as government instructions fully apply to FEB&GIF vide SRO No. 1111(K)/71 dated 23.09.1971. The organization is a Trustee of subscriptions made by the Federal Government employees and has misinterpreted Section 7(d) of the FEB&GIF Act, 1969 for its own benefits.

The PAO was informed on 07.12.2012, but DAC was not held till the finalization of the report. However, a meeting was held with FEB&GIF management on 07.01.2013 on their request to ascertain their point of view.

Audit recommends that responsibility may be fixed for not observing the government instructions besides regularizing the irregularity.

11.4.5 Irregular monetization of official vehicles - Rs. 2.520 million

The Federal Government Approved the “Compulsory Monetization of Transport Facility for Civil Servants in BS-22” vide Cabinet Division letter No. 6/7/2011-CPC dated 12.12.2011. The Monetization Policy was implemented w.e.f. 01.01.2012.

Clause (v) of the Monetization Policy states that the depreciated price of the vehicles shall be calculated/recommended by the Condemnation /Replacement

Committee already constituted in all Ministries/Divisions/Departments, in accordance with Cabinet Division's U.O. No. 6-7(1)/02.M.II dated 26.06.2007. The recommendations of the Committee shall be approved by the Principal Accounting Officer, who will ensure the element of transparency in calculation of depreciated price of the vehicles as per entitlement of the officers.

The Management of the FEB&GIF monetized two Honda City 1300 cc vehicles bearing No GX 163 and GX 165 at a depreciated value of Rs. 2.520 million.

Audit observed as under:

i. The depreciated value was not calculated/recommended by the Condemnation/Replacement Committee constituted in the Establishment Division in accordance with Cabinet Division's U.O. No. 6-7(1)/02.M.II dated 26.06.2007.

ii. The approval of the Principal Accounting Officer was not obtained to ensure the element of transparency in calculation of depreciated price of the vehicles.

iii. The depreciation was calculated by a Committee of FEB&GIF constituted pursuant to a meeting of the Board on 16.03.2012, which was not competent to constitute such a Committee.

iv. The Committee of the FEB&GIF calculated the reserve prices of the vehicles by allowing depreciation for one complete year, i.e. w.e.f. 01.01.2011 despite the fact that the vehicles were purchased/delivered on 11.12.2011.

Audit is of the view that the entire process of monetization of vehicles was irregular and unauthorized.

The management replied that the Board of Trustees in its 85th meeting held on 16.03.2012 decided to adopt the monetization of transport facility. The Monetization Committee in its meeting held on 28.06.2012 recommended to hand over the vehicles to the entitled officers w.e.f. 01.07.2012, who were handed over the vehicles as per Monetization Policy of the Federal Government and adopted by the Board of Trustees.

The reply was not accepted. The monetization of the vehicles was carried out in violation of the Monetization Policy.

The PAO was informed on 07.12.2012, but DAC was not held till the finalization of the report. However, a meeting was held with FEB&GIF management on 07.01.2013 on their request to ascertain their point of view.

Audit recommends that the vehicles may be retrieved from the officers and responsibility may be fixed for the irregularity.

11.4.6 Irregular execution of development works - Rs. 50.778 million

Planning and Development Division letter No. 21(2-Gen)/PIA/PC-2004 dated 18.12.2004 states that the autonomous organizations whether commercial or non-commercial having Board by whatever name called, would be competent to sanction their development schemes with 100% self-financing with no government guarantee and involving less than 25% foreign exchange/foreign assistance, subject to the following:

i. A Development Working Party should be constituted by each organization and notified to consider and approve their self-financed projects.

ii. The organization and, among others, should include representatives of the Planning & Development Division, the Finance Division, and the Ministry/Division concerned, each not below the rank of Joint Secretary.

iii. The quorum of the Development Working Party should be incomplete without the presence of either representative of the Finance Division and the Planning and Development Division. In case either of these Divisions does not agree to the project proposal or any aspect thereof, the case would be referred to the CDWP for consideration.

iv. The decision of the Development Working Party will be subject to the endorsement of the Board of the organization.

The management of FEB&GIF incurred an expenditure of Rs. 50.778 million during 2011-12 on development work.

Audit observed that the management of FEB&GIF had not constituted a Departmental Development Working Party (DDWP), which was a mandatory requirement to finalize the development schemes.

Audit is of the view that the execution of the development schemes was irregular and unauthorized.

The management replied that a Real Estate Committee had been constituted to deal with real estate investment matters. All development work is first approved by the Committee and thereafter vetted by the Board of Trustees.

The reply was not accepted as the constitution of the DDWP was mandatory for execution of the development schemes. The matter objected by Audit does not concern investment in real estate, but relates to development work.

The PAO was informed on 07.12.2012, but DAC was not held till the finalization of the report. However, a meeting was held with FEB&GIF management on 07.01.2013 on their request to ascertain their point of view.

Audit recommends that a Departmental Development Working Party should be constituted in the light of Planning and Development Division letter No. 21(2-Gen)/PIA/PC-2004 dated 18.12.2004. The matter regarding development schemes under execution or fully executed should be placed before the DDWP for reconsideration and regularization.

11.4.7 Unauthorized investment - Rs. 3,186.555 million.

Para 4 of Finance Division O.M. No. F.4(1)/2002-BR.II dated 02.07.2003 states that the corporate entities, which are holding trust funds such as pension funds, benevolent funds or insurance funds were not allowed to invest their surplus funds in the non-government securities/Term Finance Certificate/shares. They will devise their investment policies through their own Boards.

Section 7(f) of the Federal Employees Benevolent Fund and Group Insurance Act, 1969 states that the Board shall have power to invest moneys held in the Benevolent Fund in Government securities and units of Investment Corporation of Pakistan or National Investment Trust, in the construction of buildings for purposes of raising rent income, and in other profitable ventures the plans whereof having been previously approved by the Federal Government.

The management of FEB&GIF invested funds of Rs. 22,754.808 million in various schemes as on 30.06.2012.

Audit observed that FEB&GIF invested funds of Rs. 3,186.555 million in non-government shares and TFCs.

Audit is of the view the investments in non-government shares and securities were irregular and unauthorized.

The management replied that the Board of Trustees had devised its own investment policies. The investments were made strictly within the investment policy approved by the Board in consultation with the Finance Division. The investment parameters devised by the Board are the same as notified in Para 5 of Finance Division O.M. No. F.4(1)/2002-RB.II dated 02.07.2003.

The reply was not accepted as Para 5 of Finance Division O.M. dated 02.07.2003 relates to investment of working balances/surplus funds, which is not applicable to FEB&GIF as the organization holds trust funds, i.e. benevolent and insurance funds. Such funds are not allowed to be invested in non-government securities, Term Finance Certificate and shares.

The PAO was informed on 07.12.2012, but DAC was not held till the finalization of the report. However, a meeting was held with FEB&GIF management on 07.01.2013 on their request to ascertain their point of view.

Audit recommends that responsibility be fixed for investing trust funds in violation of government instructions, while the unauthorized investment may be withdrawn.

11.4.8 Loss due to investment in non-government securities - Rs. 1,224.020 million

Section 7(f) of the Federal Employees Benevolent Fund and Group Insurance Act, 1969 states that the Board shall have power to invest moneys held in the Benevolent Fund in Government securities and units of Investment Corporation of Pakistan or National Investment Trust, in the construction of buildings for purposes of raising rent income, and in other profitable ventures the plans whereof having been previously approved by the Federal Government.

The management of FEB&GIF invested Rs. 1,224.020 million from Insurance Funds in Term Finance Certificates (TFCs) of Pak American Fertilizer Ltd. (Azgard-9 Group) during June, 2009 to April, 2010 at a profit rate of six month KIBOR plus 1.75%. According to the Redemption Schedule, profit and principal were payable semi-annually and the entire investment would mature on 14.01.2015.

Audit observed as under:

i. The investments were made in violation of Section 7(f) of FEB&GIF Act, 1969 by investing in non-government securities.

ii. The company paid an amount of Rs. 80.606 million as profit and amortization up to 14.01.2010 after which it failed to make payment on account of profit and amortization of principal amount.

iii. The management vide letter No. 2-3/INV/2011-12 dated 02.04.2012 approached the Securities and Exchange Commission of Pakistan (SECP) to intervene and safeguard their interest in the investment in TFCs due to non-payment of profit and amortization of principal amount by Pak American Fertilizer Ltd. (Azgard-9 Group).

Audit is of the view that investment in non-government securities was prone to risk. Non-payment of profit and non-redemption of principal amount by the company resulted in loss to the Insurance Fund meant for payment of insurance and welfare grants to the families of the employees.

The management replied that the investment in TFCs of Pak American Fertilizer Ltd. (now Agritech Limited) was made with the approval of the Investment Committee in meetings held on 11.06.2009 & 16.03.2010. The Board of Trustees vetted the action in its 76^{th} & 80^{th} meeting held on 06.08.2009 & 31.08.2010. The company paid profit up to 25.10.2010, while profit up to 14.07.2011 was paid in the shape of a new TFC. The company restructured its

TFCs under which the profit due has been adjusted through a new TFC while the maturity of investment has been extended up to 2019.

The management has accepted the audit observation. It is clear that the investment was prone to risk and the invested funds are now at the mercy of the private company up to the extended period of 2019. The FEB&GIF has neither received profit nor amortization of the principal amount but has been left stranded holding worthless securities not backed by any sovereign guarantee.

Audit maintains that misinterpretation of Section 7(f) of the FEB&GIF Act, 1969 has led to this situation.

The PAO was informed on 07.12.2012, but DAC was not held till the finalization of the report. However, a meeting was held with FEB&GIF management on 07.01.2013 on their request to ascertain their point of view.

Audit recommends that the matter may be got investigated from an independent agency to fix responsibility for making investment in non-government securities resulting in loss to the government.

11.4.9 Non recovery of Pay & Allowances from ex-Managing Director - Rs. 1.711 million

Establishment Division vide Notification No. 2/11/2009-E-I dated 23.07.2009 appointed Mr. Sadiq Ali Khan as Managing Director, Federal Employees Benevolent and Group Insurance Funds on contract basis on standard terms and conditions w.e.f. 14.08.2009. Later on the notification was withdrawn *ab-initio* vide Establishment Division Notification No. 2/11/2009-E-I dated 13.10.2010.

The management of FEB&GIF paid an amount of Rs. 1.711 million to the officer on account of pay and allowances and other privileges from 14.08.2009 to 13.10.2010.

The management of FEB&GIF vide letter No. 7-276(PF)/Admn-BT dated 25.05.2011 stated that the Board of Trustees in its 82nd meeting decided that the pay & allowances and other privileges drawn by the officer should be recovered from him in pursuance of Supreme Court decision in NRO case.

Audit observed that amount paid on account of pay and allowances and other privileges was not recovered from the officer.

Audit is of the view that as the appointment of the officer was withdrawn *ab-initio*, therefore, the pay & allowances and other privileges paid to the officer were required to be recovered.

The management replied that efforts were being made for the recovery.

The PAO was informed on 07.12.2012, but DAC was not held till the finalization of the report. However, a meeting was held with FEB&GIF management on 07.01.2013 on their request to ascertain their point of view.

Audit recommends that the amount may be recovered from the officer.

11.4.10 Unauthorized payment of various Allowances - Rs. 11.702 million

Section 23 of the Federal Employees Benevolent and Group Insurance Act, 1969 states that the Federal Government may make rules for the purpose of giving effect to all or any of the provisions of the Act.

Pursuant to the powers conferred under Section 23, the Secretary, Establishment Division issued SRO No. 1111(K)/71 dated 23.09.1971 which prescribed the government rules applicable to the Federal Employees Benevolent and Group Insurance Funds (FEB&GIF). These rules, *inter alia,* included the Fundamental Rules & Supplementary Rules and the Central Services (Medical Attendance) Rules, 1958.

The Board of Trustees of FEB&GIF in its meeting held on 21.04.2011 allowed House Rent Allowance @ 90%, Conveyance Allowance @ 25% and Medical Allowance @ 15% of running basic pay, Amenity Allowance @ Rs. 500 per month and Canteen Allowance @ Rs. 400 per month.

Audit observed that, during 2011-12, the management paid an amount of Rs. 11.702 million in excess of the rates prescribed and approved by the Finance Division. Details are as under:

(Rupees)

S. No.	Allowance	Excess payment
1.	House Rent Allowance	8,666,384
2.	Conveyance Allowance	1,290,964
3.	Medical Allowance	965,617
4.	Canteen Allowance	341,400
5.	Amenity Allowance	437,400
	Total	**11,701,765**

Audit is of the view that the management sanctioned and paid the Allowances without seeking approval of the Finance Division, which was unauthorized and resulted in overpayment.

The management replied that since establishment of FEB&GIF the annual budget was being approved by the Board of Trustees. The Pay & Allowances were paid with the approval of the Board and in light of FEB&GIF (Employees Service Rules), 2011 duly approved by the Board of Trustees.

The reply was not accepted. Under Section 23 of FEB&GIF Act, 1969 only the Federal Government has the authority to make the rules, which have been prescribed in SRO No. 1111(K)/71 dated 23.09.1971 issued by the Secretary, Establishment Division. The FEB&GIF (Employees Service Rules), 2011 have been approved by the Board of Trustees in violation of Section 23 of the Act and are, therefore, unlawful.

The PAO was informed on 07.12.2012, but DAC was not held till the finalization of the report. However, a meeting was held with FEB&GIF management on 07.01.2013 on their request to ascertain their point of view.

Audit recommends that unauthorized payment of Rs. 11.702 million may be recovered besides discontinuing the irregular practice forthwith.

11.4.11 Irregular extension of contract of Security Agency - Rs. 1.183 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.

As per the tender notice dated 09.03.2010 the contract was required to be made for one year, further extendable for another year.

Clause (i) of Terms and Conditions of the Contract between FEB&GIF and M/s Safety & Security Private Limited dated 01.04.2010 states that the agreement shall take effect from 01.04.2010 to 31.03.2011. The contract may be extended for further period of one year with a maximum of 10% increase in rates with mutual consent.

The management of FEB&GIF hired M/s Safety & Security Services Pvt. Ltd. Rawalpindi for security services for a period of one year from 01.04.2010 to 31.03.2011 @ Rs. 81,495 per month. The contract was extended for one year with 10% annual increase @ Rs. 89,640 per month from 01.04.2011 to 31.03.2012. The contract was further extended for another year with 10% increase from 01.04.2012 to 31.03.2013 involving an expenditure of Rs. 1.183 million which was shared by all tenants of the building.

Audit observed that the contract was extended for the third year without open competition and in violation of the terms and conditions of the tender notice and the contract agreement.

Audit is of the view that the extension of the contract for the third year was irregular and unauthorized, and deprived the government of the benefits of competitive rates.

The management replied that on expiry of the first year the contract was extended for another year with 10% increase from 01.04.2011 to 31.03.2012 according to the terms and conditions of the contract and tender notice. The contract was further extended for one year with 10% increase from 01.04.2012 to 31.03.2013 in the light of the same terms and conditions. There was no need for fresh hiring of security agency as the matter was processed in line with the terms and conditions of the agreements and tender notice.

The reply was not accepted because the tender notice as well as the original contract agreement clearly specified extension for one year only. The extension for the third year was an undue benefit to the security agency and defeats the purpose of the Public Procurement Rules, 2004.

Audit recommends that responsibility should be fixed for the irregularity. The process for hiring of a security agency in line with the Public Procurement Rules, 2004 should be initiated prior to the completion of the existing contract.

CHAPTER 12

12 FEDERAL TAX OMBUDSMAN

12.1 Introduction of Ombudsman

The Government of Pakistan established the Federal Ombudsman in 1983 in accordance with the requirements of the Constitution of the country. The Provinces followed suit and established Provincial Ombudsmen. Thus Pakistan joined the international club of countries having the office of Ombudsmanship as a critical component of welfare states with adequate focus on service delivery at national and sub-national levels. Sectoral needs lead the government to establish the office of specialized Ombudsmen for Tax administration, Insurance and Banking sectors.

The core function of Federal Tax Ombudsman revolves around:

"Disposal of complaints of tax maladministration promptly, justly, fairly, independently investigated, and to rectify any injustice done to a taxpayer by actions of the tax employees of Federal Board of Revenue (FBR)/Revenue Division, Government of Pakistan."

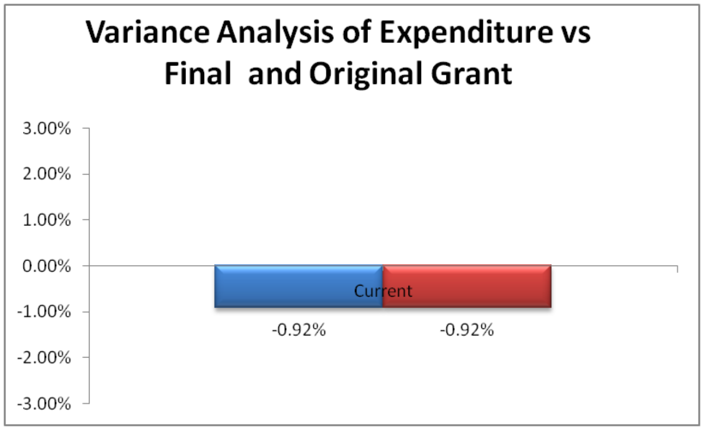
12.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Federal Tax Ombudsman for the financial year 2011-12 was Rs. 90.106 million out of which the Division utilized Rs. 89.275 million. Detail of current expenditure is as under:

(Rupees)

Grant No	Grant Type	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Final Grant/ Appropriation	Actual Expenditure	Excess/ (Savings)	% age Excess/ (Saving)
L	Current	90,103,000	3,000	90,106,000	89,274,964	(831,036)	(1)

Audit noted that there was an overall saving of Rs.0.831 million that amounted to 0.92% of Original budget.



12.3 Brief comments on the status of compliance with PAC Directives

There is no PAC Directive in respect of Federal Tax Ombudsman.

12.4 AUDIT PARAS

Irregularity & Non Compliance

12.4.1 Irregular purchase of imported vehicle - Rs. 7.640 million

Finance Division vide U.O. No. 431AFS(E) dated 28.01.2000 imposed ban on purchase of imported vehicles for official use.

The Federal Tax Ombudsman Secretariat purchased a vehicle Toyota Fortuner 2.7 VVT-I bearing registration No. GX 739 from M/s Toyota Islamabad on 11.05.2012 at a cost of Rs. 7.64 million out of the funds of project titled "Enhancing countrywide Outreach, up-gradation and Computerization of FTO Offices" under Access to Justice Program of Ministry of Law and Justice.

Audit observed that the imported vehicle was purchased despite the ban imposed by the Finance Division.

Audit is of the view that purchase of the imported vehicle was irregular and unauthorized.

The management replied that imported vehicle was provided in the PC-I of the project approved by CDWP on 18.03.2010. The vehicle was purchased for monitoring and evaluation of project activities, particularly in the interior/remote Districts of Pakistan. Moreover, as per Section 24 of the Establishment of the Office of Federal Tax Ombudsman Ordinance, 2000 the FTO is the Chief Executive and Principal Accounting Officer in respect of the expenditure incurred against budget Grant or Grants, for which purpose the FTO exercises all the financial and administrative powers delegated to a Ministry or Division.

The reply was not accepted as the vehicle was purchased in violation of the instructions of the Finance Division, which are applicable to all Principal Accounting Officers, including the Federal Tax Ombudsman.

DAC meeting held on 08.01.2013 directed to get the irregularity condoned from the Prime Minister.

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

12.4.2 Unjustified operation of Secret Service Fund and expenditure therefrom - Rs. 3.900 million

Serial No. 9(32) of System of Financial Control and Budgeting, 2006 states that the Ministries/Divisions are empowered to make expenditure under secret service expenditure subject to prescribed conditions.

The Federal Tax Ombudsman performs his functions in accordance with the provisions of the Establishment of the Office of Federal Tax Ombudsman Ordinance, 2000.

The Federal Tax Ombudsman Secretariat, Islamabad incurred an expenditure of Rs. 3.900 million under the head Secret Service Fund during 2010-12.

Audit observed that there was no provision in the Ordinance for maintaining the Secret Service Fund and incurrence of expenditure therefrom.

Audit maintains that the establishment of Secret Service Fund is inconsistent with the provisions of the Ordinance. Therefore, the expenditure was unjustified.

The management replied that the allocation was made under the head A03914-Secret Service Fund to meet the statutory requirements of Section 26(2) of FTO Ordinance, 2000 which empowers the FTO to pay a reward or remuneration to any person for exceptional services rendered or valuable assistance given and withhold the identity of such a person. During October, 2010 the Supreme Court of Pakistan assigned the investigation of International Security Assistance Force (ISAF) containers scam. To keep the names of certain individuals assisting the investigation confidential, the operation of the Secret Service Fund became necessary.

The reply was not accepted as the FTO Ordinance, 2000 did not contain any provision for the establishment of Secret Service Fund. Since establishment of the office of FTO till sanction of the Secret Service Fund in January, 2011 no such necessity arose.

DAC meeting held on 08.01.2013 directed to provide proof for the creation of Secret Service Fund specifically for the purpose of investigating the ISAF containers scam.

Audit recommends that either the operation of the Secret Service Fund may be discontinued.

CHAPTER 13

13 FEDERALLY ADMINISTERED TRIBAL AREAS

13.1 Introduction of FATA

Federally Administered Tribal Areas (FATA) are strategically located between the Pakistan-Afghanistan border and the settled areas of Khyber Pakhtunkhwa (KP).

Under Article 1 of the Constitution of the Islamic Republic of Pakistan, 1973 FATA is included among the 'territories' of Pakistan. It is represented in the National Assembly and the Senate but remains under the direct executive authority of the President (Articles 51, 59 and 247). Laws framed by the National Assembly do not apply in FATA unless so ordered by the President, who is also empowered to issue regulations for the 'peace and good governance' of the Tribal Areas. FATA continues to be governed primarily through the Frontier Crimes Regulation, 1901. It is administered by the Governor of Khyber Pakhtunkhwa in his capacity as an Agent to the President of Pakistan, under the overall supervision of the Ministry of States and Frontier Regions.

Until 2002, decisions related to the development planning in the Tribal Areas was taken by the FATA Section of Planning and Development Department, Khyber Pakhtunkhwa and implemented by the government's line departments. In the same year, a FATA Secretariat was set up, headed by the Secretary, FATA. Four years later, in 2006, the Civil Secretariat FATA was established to take over decision-making functions, with an Additional Chief Secretary, four Secretaries and a number of Directors. Project implementation is now carried out by line departments of the Civil Secretariat, FATA. The Governor's Secretariat plays a coordinating role for interaction between the federal and provincial governments and the Civil Secretariat, FATA.

FATA Rules of Business, 2006 govern the functioning of the FATA Civil Secretariat and its line departments.

The development initiatives and allocations in FATA had followed a compartmentalized approach, concentrated around sectoral facilities and benefiting a few influential and politically active sections, which had deprived large segments of the population from social uplift and economic empowerment. However, FATA Secretariat has undertaken surveys for improvement in the development programs in the region and a Sustainable Development Plan has been developed for FATA to secure the social, economic and ecological well-being promoting a just, peaceful and equitable society where the people can live in harmony, respect and dignity.

13.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Federally Administered Tribal Area (FATA) for the financial year 2011-12 was Rs. 23,949.333 million including Supplementary Grant of Rs. 2,331.130 million against which the FATA Secretariat utilized Rs. 25,815.053 million. Grant-wise detail of current and development expenditure is as under:

(Rupees)

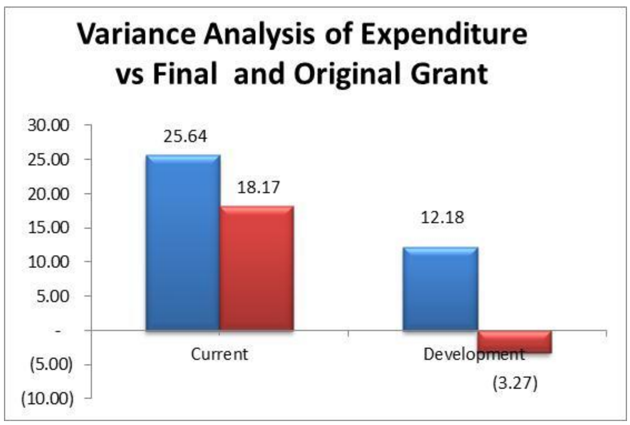
Grant No	Grant Type	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Final Grant/ Appropriation	Actual Expenditure	Excess/ (Savings)	% age Excess/ (Saving)
91	Current	11,618,203,000	734,260,000	12,352,463,000	14,596,879,896	2,244,416,896	18
125	Development	10,000,000,000	1,596,870,000	11,596,870,000	11,218,173,743	(378,696,257)	(3)
	Total	**21,618,203,000**	**2,331,130,000**	**23,949,333,000**	**25,815,053,639**	**1,865,720,639**	**8**

Audit noted that there was an overall excess of Rs. 1,865.720 million, which was due to excess expenditure of Rs. 2,244.416 million in Current Grant which was partly offset by saving of Rs. 378.696 million in Development Grant.

Supplementary Grants obtained without careful cash forecasting

In order to ensure prudent financial management, Para 13(vii) of System of Financial Control and Budgeting, 2006 states that 'Ministries / Divisions should be able to anticipate budgetary requirements well ahead of the financial year to which the budget relates and obtain the concurrence of the Finance Division. The Finance Division is expected to decline any request for Supplementary Grants except in extraordinary circumstances.' This document further states that 'the funds obtained from Supplementary Grants shall be expended for the purposes for which these have been sanctioned. In current expenditure, demands for Supplementary Grants shall not be made, except in extraordinary circumstances.' During the year, Supplementary Grants of Rs. 2,331.13 million were obtained, which was 10.78% of the Original Budget.

According to Para 71 of General Financial Rules (Volume I), while framing budget estimates, the authorities should exercise utmost foresight. Variation between estimated and actual expenditure captures the level of foresight that goes into budget formulation. As shown in the chart below, the excess in current expenditure was 25.64%, which, after accounting for Supplementary Grants changed to 18.17%. In development expenditure, excess in original budget was 12.18% which changed to saving of 3.27% when Supplementary Grants were taken into account.



13.3 Brief comments on the status of compliance with PAC Directives

PAO	Years	No of audit paras	No of Actionable Points	Full Compliance	Not Complied	% of Compliance
FATA	1987-88	0	0	0	0	0
	1988-89	0	0	0	0	0
	1989-90	6	6	0	6	0
	1990-91	4	4	1	3	25
	1991-92	0	0	0	0	0
	1992-93	8	8	7	1	88
	1993-94	24	7	0	7	0
	1994-95	10	1	1	0	100
	1995-96	0	0	0	0	0
	1996-97	0	0	0	0	0
	1997-98	0	0	0	0	0
	1999-00	2	2	0	2	0
	2000-01	24	24	0	24	0
	2001-02	0	0	0	0	0
	2005-06	12	12	3	9	25
	2007-08	5	5	1	4	20
	2008-09	0	0	0	0	0
Total		**103**	**77**	**13**	**64**	**17**

13.4 AUDIT PARAS

Non Production of Record

13.4.1 Non-production of record

Section 14(2) of Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 states that the officer incharge of any office or department shall afford all facilities and provide record for audit inspection and comply with requests for information in as complete a form as possible and with all reasonable expedition.

Section 14(3) of Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 states that ‘any person or authority hindering the auditorial functions of the Auditor-General regarding inspection of accounts shall be subject to disciplinary action under relevant Efficiency and Discipline Rules, applicable to such person’.

The Political Agent, Kurram Agency refused to provide the following information/record:

i. List of bank accounts

ii. List of official and residential buildings along with the names of occupants and relevant record

iii. Internal Audit Report

iv. Details of donations received from different donors, i.e. UN and USAID

v. Certificates regarding theft, fraud and loss

vi. Bank statements of salary accounts of Kurram Levies maintained by the DDO/Assistant Political Agent, Sadda in NBP, Parachinar and Sadda.

vii. Bank statements of Regular Account, Fine Account, Cess on Timber and Mineral Account, Amanat Account, Food Account, Khasadar Account, Scholarship Account, PLA and Assignment Account, Judicial Fine Account, WAPDA Revenue Account, Rahdari

Account, Vehicles Registration Fee Account and Qaumi Commission Account.

viii. Personal files of the officers

Similarly, the Political Agent, South Waziristan Agency did not provide the following information/record:

i. List of bank accounts along with bank statements
ii. Personal files of the officers
iii. List of official and residential buildings along with the names of occupants and relevant record
iv. List of different receipts and their governing rules
v. Stock register
vi. Advance register
vii. Internal Audit Report
viii. Detail of the donations received from different donors, i.e. UN and USAID
ix. Certificates regarding theft, fraud and loss
x. Station wise strength of employees in the Agency
xi. Detail of renewal fee received from the contractors.

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

The management did not reply.

The PAO was informed on 30.11.2012, but DAC was not held till the finalization of the report.

Audit recommends that responsibility may be fixed for hindering the auditorial functions of the Auditor General of Pakistan besides provision of record to Audit.

13.4.2 Non-production of record of receipts and expenditure - Rs. 1,831.362 million and Rs. 97.238 million, respectively

Section 14(2) of Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 states that the officer in charge of any office or department shall afford all facilities and provide record for audit inspection and comply with requests for information in as complete a form as possible and with all reasonable expedition.

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

The FATA Secretariat provided the following information regarding receipts and expenditure of Political Agents, Kurram Agency and South Waziristan Agency:

(Rs. in million)

S. No.	Agency	Receipt	Expenditure
1.	Kurram Agency	199.362	97.238
2.	South Waziristan Agency [Released by FATA Secretariat against financial assistance (compensation)]	1,632.000	0
	Total	**1,831.362**	**97.238**

The Political Agents refused to provide the auditable record of receipts and expenditure thereof.

Audit is of the view that in the absence of record the authenticity of receipts, subsequent expenditure and retained amount could not be ascertained.

The management did not reply.

The PAO was informed on 30.11.2012, but DAC was not held till the finalization of the report.

Audit recommends that responsibility may be fixed for hindering the auditorial functions of the Auditor General of Pakistan besides provision of record to Audit.

Irregularity & Non-Compliance

13.4.3 Award of contracts without open competition - Rs. 3,408.372 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.

Para 89(a) of Central Public Works Department Code (CPWD Code) states that tenders must be invited in the most open and public manner possible, whether by advertisement in the press or by notice in English and the written language of the district posted in public places, after the estimate has been technically sanctioned and the contract documents have been approved by an authority not lower than that empowered to accept the tender.

a. The management of various offices of Local Government & Rural Development (LG&RD), FATA awarded contracts of 2,451 schemes against which an expenditure of Rs. 1,564.171 million was incurred. Details are as under:

(Rs. in million)

S. No.	Name of Department	No. of Schemes	Amount
1.	Assistant Director LG&RD, Bannu/Lakki	19	35.000
2.	Assistant Director LG&RD, SWA	685	68.750
3.	Assistant Director LG&RD, FR D.I. Khan	238	17.085
4.	Assistant Director LG&RD, Khyber	416	360.216
5.	Assistant Director LG&RD, NWA	27	27.333
6.	Assistant Director LG&RD, FR Peshawar	7	28.000
7.	Assistant Director LG&RD, FR Kohat	274	29.000
8.	Assistant Director LG&RD, Kurram	199	339.353
9.	Assistant Director LG&RD, Mohmand Agency	3	61.444
10.	Assistant Director LG&RD, Orakzai	120	113.076
11.	Assistant Director LG&RD, Bajaur	320	468.188
12.	Assistant Director LG&RD, FR Tank	143	16.726
	Total	**2,451**	**1,564.171**

b. The management of Irrigation and Hydel Power Department, FATA awarded contracts of 78 schemes against which an expenditure of Rs. 755.964 million was incurred. Details are as under:

(Rs. in million)

S. No.	Departments	No. of Schemes	Amount
1.	Directorate of Irrigation and Hydel Power, FATA	03	121.445
2.	Executive Engineer, North Waziristan Agency	16	166.268
3.	Executive Engineer, Khyber Agency	12	127.602
4.	Executive Engineer, Kurram Agency	10	79.276
5.	Executive Engineer, Mohmand Agency	13	90.139
6.	Executive Engineer, Bajaur Agency	14	96.231
7.	Executive Engineer, Orakzai Agency	05	30.320
8.	Executive Engineer, South Waziristan Agency	05	44.683
	Total	**78**	**755.964**

c. The management of various Works & Services (W&S), Divisions, FATA awarded contracts of 69 schemes against which an expenditure of Rs. 1,088.237 million was incurred. Detail is as under:

(Rs. in million)

S. No.	Name of Departments	No. of Schemes	Expenditure
1.	Executive Engineer, Building Division SWA Tank	05	29.281
2.	Executive Engineer, W&S Division FR Bannu	0	167.812
3.	Executive Engineer, W&S Division Upper Kurram	04	238.023
4.	Executive Engineer, W&S Division F.R. DI khan.	03	79.259
5.	Executive Engineer, W&S Division Mohmand Agency	28	158.400
6.	Executive Engineer, Building Division Khyber Agency	09	141.053
7.	Executive Engineer, Highway Division Khyber Agency	08	250.009
8.	Executive Engineer, Highway Division NWA	08	10.400
9.	Executive Engineer, Highway Division Bajaur Agency	04	14.000
	Total	**69**	**1,088.237**

Audit observed that the contracts were awarded on nomination basis without open competition.

Audit is of the view that the award of contracts without open competition deprived the Government of the benefits of competitive rates.

The management did not reply.

The PAO was informed on 02.01.2013, but DAC was not held till the finalization of the report.

Audit recommends that responsibility may be fixed for the irregularity.

13.4.4 Non-deduction of Withholding Tax - Rs. 204.576 million

Section 153(1)(b&c) of the Income Tax Ordinance, 2001 states that Withholding Tax should be deducted @ 6% on payments made to contractors.

a. The management of various offices of Irrigation and Hydel Power Department, FATA did not deduct Withholding Tax from payments made to the contractors of 105 schemes. Details are as under:

(Rs. in million)

S. No.	Name of Department	No. of Schemes	Payment	Withholding Tax @ 6%
1.	Directorate of Irrigation & Hydel Power FATA	03	3.392	0.204
2.	Executive Engineer, Bajaur Agency	17	154.951	9.297
3.	Executive Engineer, Khyber Agency	13	127.602	7.656
4.	Executive Engineer, Kurram Agency	10	79.276	4.756
5.	Executive Engineer, Orakzai Agency	12	53.842	3.231
6.	Executive Engineer, South Waziristan Agency	19	152.96	9.178
7.	Executive Engineer, Mohmand Agency	15	115.908	6.954
8.	Executive Engineer, North Waziristan Agency	16	166.268	9.976
	Total	**105**	**854.199**	**51.252**

b. The management of various offices of Works & Services (W&S), Divisions, FATA did not deduct Withholding Tax from the payments made to the contractors. Details are as under:

(Rs. in million)

S. No.	Name of Department	Payment	Withholding Tax @ 6%
1.	XEN W&S Division FR Bannu	218.800	12.357
2.	XEN W&S Division Upper Kurram	34.721	2.065
3.	XEN W&S Division FR D.I. Khan	517.089	31.025
4.	XEN W&S Division Mohmand Agency	1,119.291	71.482
5.	XEN W&S Highway Division Khyber Agency	568.535	34.109
6.	XEN W&S Highway Division SWA	16.326	2.286
	Total	**2,474.762**	**153.324**

Audit is of the view that non-deduction of Withholding Tax was an undue favour to the contractors, which deprived the government of its due receipt.

The management did not reply.

The PAO was informed on 02.01.2013, but DAC was not held till the finalization of the report.

Audit recommends that responsibility may be fixed for the irregularity. The Withholding Tax due from the contractors should be recovered and deposited into government account.

13.4.5 Award of contracts without obtaining Technical Sanction of Estimates - Rs. 3,439.799 million

Para 56 of CPWD Code states that a properly detailed estimate must be prepared for the sanction of competent authority. This sanction is known as the Technical Sanction to the Estimate and must be obtained before the commencement of work. As its name indicates, it amounts to no more than a guarantee that the proposals are structurally sound, and that the estimates are accurately calculated and based on adequate data.

a. The management of various offices of Irrigation and Hydel Power Department, FATA awarded contracts of 15 schemes against which an expenditure of Rs. 97.600 million was incurred. Details are as under.

(Rs. in million)

S. No.	Name of Department	No. of Schemes	Expenditure
1.	Executive Engineer, Bajaur Agency	2	7.461
2.	Executive Engineer, Mohmand Agency	13	90.139
Total		**15**	**97.600**

b. The management of various Works & Services (W&S), Divisions awarded contracts of 197 schemes against which an expenditure of Rs. 3,342.199 million was incurred. Details are as under:

(Rs. in million)

S. No.	Name of Department	No. of Schemes	Expenditure
1.	Executive Engineer, SWA	31	263.975
2.	Executive Engineer, FR Bannu	15	129.500
3.	Executive Engineer, Upper Kurram	42	434.835
4.	Executive Engineer, Lower Kurram	08	403.165
5.	Executive Engineer, F.R. D.I. Khan	39	308.155
6.	Executive Engineer, Mohmand Agency	10	175.213
7.	Executive Engineer, Khyber Agency	02	52.651
8.	Executive Engineer, Highway Division Khyber Agency	28	1,007.514

9.	Executive Engineer, Highway Division NWA	03	98.204
10.	Executive Engineer, Building Division NWA	08	264.974
11.	Executive Engineer, Highway Division SWA	08	167.619
12.	Executive Engineer, Highway Division Bajaur Agency	03	36.394
	Total	**197**	**3,342.199**

Audit observed that the expenditure was incurred without obtaining Technical Sanction of Estimates.

Audit is of the view that in the absence of Technical Sanction of Estimates the accuracy of the cost estimates could not be ascertained.

The management did not reply.

The PAO was informed on 30.11.2012, but DAC was not held till the finalization of the report.

Audit recommends that responsibility may be fixed for awarding contracts and incurring expenditure without obtaining Technical Sanction of Estimates.

13.4.6 Irregular payment of House Rent - Rs. 10.750 million

Para 10(v) of GFR Volume-I states 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.

As per the summary submitted to the Prime Minister Secretariat (Public), the market house rent was allowed for renting a house in the place of their last posting in the settled districts or in any of these districts, so that the education of their children does not suffer as the Political Agencies do not have the requisite facilities of this.

The management of FATA Secretariat vide Office Order No. SO(F-I)FD/CSF/3-53/2006 dated 16.04.2007 allowed the market house rent to the Political Agent, Assistant Political Agent, Assistant Political Officer, Tehsildars and Naib Tehsildars at the following rates, subject to observance of all codal formalities:

(Rupees)

S. No.	BPS	Maximum Monthly Rate
1.	18-19	20,000
2.	16-17	15,000
3.	14	10,000

Audit observed that during 2006-11 the Political Agent, Kurram Agency and during 2008-11 South Waziristan Agency paid market house rent at the maximum rates to the Political Agent, Assistant Political Agent, Assistant Political Officer, Tehsildars and Naib Tehsildars with their salaries. The payment was made without observing the codal formalities, i.e. hiring of house, executing lease agreement with the owners of the houses and payment to owners, etc. Details are as under:

(Rupees)

Employee	BPS	Rate	Amount
Kurram Agency			
One Political Agent	19	20,000	1,000,000
Three Assistant Political Agents	17	15,000	2,250,000
Two Political Tehsildar	16	15,000	1,500,000
Three Naib Tehsildars	14	10,000	1,500,000
		Sub-Total	**6,250,000**
South Waziristan Agency			
One Political Agent	19	20,000	720,000
Two Assistant Political Agents	17	15,000	1,080,000
One Assistant Political Officer	17	15,000	540,000
Nine Naib Tehsildars*	14	10,000	2,160,000
		Sub-Total	**4,500,000**
		Grand Total	**10,750,000**

*For FY 2009-11

Audit is of the view that payment of house rent to the employees as part of their salaries instead of the owners of the houses without fulfilling the codal formalities was irregular and unauthorized.

The management did not reply.

The PAO was informed on 02.01.2013, but DAC was not held till the finalization of the report.

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

13.4.7 Un-authorized retention of Income Tax - Rs. 4.497 million

Rule 43(a) of Income Tax Rules, 2002 states that as required under Section 160 of the Income Tax Ordinance, 2001 the tax collected or deducted shall be paid to the Commissioner by way of credit to the Federal Government where the tax has been collected or deducted by the Federal Government or a Provincial Government on the day the tax was collected or deducted.

The management of various Works & Services Divisions, FATA deducted Withholding Tax of Rs. 4.497 million from the contractors. Details are as under:

(Rs. in million)

S. No.	Name of Department	Amount
1.	Executive Engineer, W&S Division, SWA	1.090
2.	Executive Engineer, W&S Division, Upper Kurram	0.065
3.	Executive Engineer, W&S Division, Lower Kurram	1.222
4.	Executive Engineer, W&S Division, FR D.I. Khan	0.316
5.	Executive Engineer, W&S Division, Mohmand Agency	1.621
6.	Executive Engineer, Highway Division, Khyber Agency	0.058
7.	Executive Engineer, Highway Division, NWA	0.096
8.	Executive Engineer, Building Division, NWA	0.017
9.	Executive Engineer, Highway Division, Bajaur Agency	0.012
	Total	**4.497**

Audit observed that the departments did not deposit the deducted amount of Withholding Tax into government treasury.

Audit is of the view that retention of Withholding Tax was irregular and unauthorized, which deprived the government of its due receipts.

The management did not reply.

The PAO was informed on 02.01.2013, but DAC was not held till the finalization of the report.

Audit recommends that the Withholding Tax may be deposited in to the government treasury.

13.4.8 Unauthorized collection and irregular retention of funds - Rs. 265.742 million and Rs. 55.446 million, respectively

Rule 7 of FTR Volume-I states that all moneys received on behalf of Government on account of revenues shall without delay be paid in full into Government Treasury and Government receipts should not be utilized towards expenditure.

Para 95 of GFR Volume-I states that unspent balances at the close of financial year must be surrendered to government but not later than 30th of June of the financial year.

The management of Secretary Administration and Coordination, FATA incurred expenditure of Rs. 265.742 million during 2011-12 out of various private bank accounts. Details are as under:

(Rupees)

Description	DDO Account GS Fata Peshawar Account No. C-010-0513-2 UBL	DDO Account Non-Developmental Account No. 2952-4 NBP PSH	Staff Welfare Fund Account No. Pls-2440-5 NBP Warsak Road	Unspent Balances Account No.01-100-3099-9(PLS) ABL	Miscellaneous Developmental/Non Developmental A/C No. 100-1260-6 UBL
Balance as on 30.06.2011	129,046	4,000	3,250,544	8,866,326	25,726,911
Total Receipt (As per Cash Book)	4,320,445	17,227,315	321,237	696,723	260,845,354
Total funds available	**4,449,491**	**17,231,315**	**3,571,781**	**9,563,049**	**286,572,265**
Less Expenditure	4,423,917	17,227,315	150,000	61,827	244,078,960
Balance as on 30.06.2012	**25,574**	**4,000**	**3,421,781**	**9,501,222**	**42,493,305**

Audit observed that funds were retained and the expenditure was incurred from private bank accounts without approval of the Finance Division.

The management stated that Government decision regarding expenditure was obtained.

The reply was not accepted.

The PAO was informed on 02.01.2013, but DAC was not held till the finalization of the report.

Audit recommends that documentary evidence in support of reply may be produced to audit.

13.4.9 Non deposit of sale proceeds of Tender Forms - Rs. 2.170 million

Para 26 of GFR Volume-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, realized and duly credited in the public account.

The management of various Irrigation & Hydel Power Divisions, FATA received tender fee amounting to Rs. 2,170,203 from various contractors during 2011-12. Details are as under:

(Rupees)

S. No.	Name of Formation	Amount
1.	Directorate of Irrigation and Hydel Power, FATA	408,389
2.	Executive Engineer, Kurram Agency	452,520
3.	Executive Engineer, South Waziristan Agency	754,605
4.	Executive Engineer, Bajaur Agency	554,689
	Total	**2,170,203**

Audit observed that the tender fee was not deposited into the government treasury.

Audit is of the view that failure to deposit the tender fee into the treasury deprived the government of its due receipt.

The management did not reply.

The PAO was informed on 02.01.2013, but DAC was not held till the finalization of the report.

Audit recommends that amount of tender fee should be deposited into the government account.

13.4.10 Un-supported payment of escalation charges and compensation for late payment - Rs. 11.606 million

Rule 205 of FTR Volume-I states that 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.

The Executive Engineer, Hydel & Power Division, Kurram Agency paid Rs. 8.737 million on account of escalation and an amount of Rs. 2.869 million as compensation for late payment to M/s Sarwar & Company under the project "Construction of Project Maidani Small Dam" during 2011-12.

Audit observed as under:

i. Documents supporting the permissibility of the payment were not available, i.e. PC-I, contract agreement containing escalation and compensation clauses, administrative approval, Technical Sanction of Estimates, Measurement Book and verification of the engineer/consultant, etc.

ii. There were mistakes in the calculation of compensation for late payment, which resulted in over payment. Details are as under:

(Rupees)

S. No.	Date of Payment	Amount Paid	Delay (Days)	Compensation Due @ 8% p.a.	Compensation Paid	Over Payment
1.	07.11.2006	3,644,600	6	4,792	20,785	15,993
2.	14.11.2006	1,690,000	13	4,815	34,649	29,834
3.	30.12.2006	1,620,666	59	20,958	201,753	180,795
4.	26.04.2007	3,098,604	101	68,594	267,597	199,003
5.	17.05.2007	1,498,076	30	9,850	79,328	69,478
6.	30.05.2007	3,460,051	42	33,693	99,584	65,891
7.	25.09.2007	3,293,055	71	51,245	58,193	6,948
8.	24.04.2008	6,088,119	9	12,009	26,178	14,169
9.	24.01.2012	7,339,056	1370	2,203,728	2,371,143	167,415
					Total	**749,526**

Audit is of the view that in the absence of supporting documents, the authenticity of the expenditure could not be ascertained.

The management did not reply.

The PAO was informed on 02.01.2013, but DAC was not held till the finalization of the report.

Audit recommends that the relevant record may be provided to Audit to determine the admissibility of the payments.

13.4.11 Irregular award of contract to M/s Frontier Works Organization - Rs. 6,469.755 million (USD 76.111 million)

Section 6.03 titled “Procurement” of the Activity Agreements for Widening and Improvement of Jandola Sararogha Road (30 km) (Section-3), Widening and Improvement of Tank-Gomal-Tanai Wana Road (105 km) (Section 1 to 5), Widening and Improvement of Tank-Kaur & Kaur-Jandola Roads and Reactivation and Rehabilitation of Damaged Transformers for High Tension & Low Tension Lines (11 KV) signed on 08.02.2011 states that all procurement actions undertaken by the Grantee pursuant to this Activity Agreement must be consistent with applicable Government of Pakistan and Provincial laws, regulations, rules, policies and procedures. The Grantee will adhere to the applicable procurement rules, regulations, and policy guidelines. The Grantee will ensure that these contracting policies and procedures will be followed for the activity. The Grantee will immediately inform USAID in writing, within a reasonable period in advance, prior to deviating from, not following or not implementing any of these contracting policies and procedures in connection with the activity.

Clause-C of Article 3 of the Fixed Amount Reimbursement Agreement (FARA) No. 391-SWA-FARA-001-00 of Widening and Improvement of Jandola Sararogha Road (30 km) (Section 3) states that the FATA Secretariat will ensure full compliance with established Government of Pakistan regulations.

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.

The management awarded the contacts for the execution of works to M/s Frontier Works Organization (FWO) on sole sourcing basis in pursuance of the Summary approved by the Governor, Khyber Pakhtunkhwa on 09.02.2010. The MoU with M/s FWO was signed in April, 2010. Details are as under:

(In million)

S. No.	Project title	Cost (Rs.)	Cost USD
1.	Widening and Improvement of Jandola Sararogha Road (30 km) (Section 3)	816.094	9.601
2.	Widening and Improvement of Kaur-Gomal-Tanai-Wana Road (105 km) (Section 1 to 5)	3,943.706	46.396
3.	Widening and Improvement of Tank-Kaur Road (Section 1)	445.957	5.246
4.	Widening and Improvement of Kaur-Jandola Road (Section 2)	952.195	11.20
5.	Reactivation and Rehabilitation of Damaged Transformers for High Tension & Low Tension Lines (11 KV)	311.803	3.668
	Total	**6,469.755**	**76.111**

Audit observed as under:

i. The work was awarded to M/s FWO without open completion.

ii. FATA Secretariat did not inform USAID in writing, within a reasonable period in advance, prior to deviating from, for not following or not implementing the contracting policies and procedures applicable to the Government of Pakistan.

Audit is of the view that the award of contracts to M/s FWO deprived the government of the benefit of competitive rates.

The management replied that in the backdrop of military operations resulting in extraordinary damages, massive public displacement, limited accessibility and non-availability of manpower, M/s FWO was the only capable and available organization to execute the projects in the area. In consultation with USAID, a summary for sole sourcing of M/s FWO was moved to the Governor, Khyber Pakhtunkhwa to accord approval of the execution of the projects.

The reply was not accepted because the work was awarded to M/s FWO without open competition.

The management was informed on 21.03.2012, but DAC was not held till the finalization of the report.

Audit recommends that responsibility be fixed for awarding contract without open competition.

13.4.12 Excess expenditure due to inflated cost by 45.00% to 62.40% above NHA (CSR 2009) District Tank rates - Rs. 1,769.293 million (USD 20.815 million)

Para 7 of the approved PC-I(s) of Widening and Improvement of Jandola Sararogha Road, Widening and Improvement of Kaur-Gomal-Tanai-Wana Road and Widening and Improvement of Tank-Kaur & Kaur-Jandola Roads stated that the Capital Cost Estimate was based on NHA (CSR 2009) District Tank rates.

Para 2.5(b) “Head Office Overheads” of NHA (CSR 2009) District Tank states that an addition to the estimate needs to be made to meet the net estimate to cover all costs incurred in operating the central services provided by Head Office. Apart from general management and accountancy, this will normally include the departments dealing with tendering/estimating, planning & design, wages & bonus and finance cost.

Para 2.5(d) “Tax” of NHA (CSR 2009) District Tank states that tax has been included as per government rules. In the CSR, 25% is added on the estimated unit cost of the items which includes overheads, taxes, preliminaries and contractors profit.

The Engineer’s Estimate summarized in Annexure-E of the PC-I(s) of Widening and Improvement of Jandola Sararogha (Section-3), Widening and Improvement Kaur-Gomal-Tanai-Wana Road (Section 1 to 5) and Widening and Improvement of Tank-Kaur & Kaur-Jandola Roads (Section 1 & 2) provides that in addition to 25% and 40% premium, respectively on NHA (CSR 2009) District Tank, the following were also included in the total project cost after adjusting the construction cost so as to include the premium:

i. Contingencies @ 0.5%

ii. Engineering, Procurement & Construction (EPC) Turnkey Cost:

a. Risk of Quantity Variation @ 7%

b. Market Fluctuation @ 4.5%

iii. Security Charges @ 4%

The FATA Secretariat awarded the contacts for the execution of works to M/s Frontier Works Organization (FWO) on sole sourcing basis in pursuance of the Summary approved by the Governor, Khyber Pakhtunkhwa on 09.02.2010. The MoU with M/s FWO was signed in April, 2010. The management paid Rs. 4,750.722 million (USD 55.891 million) to M/s FWO for the work done during 2010-11. Details are as under:

(In million)

S. No.	Project title	Cost (Rs.)	Cost USD	Paid (Rs.)	Paid USD
1.	Widening and Improvement of Jandola Sararogha Road (30 km) (Section 3)	816.094	9.601	759.327	8.933
2.	Widening and Improvement of Kaur-Gomal-Tanai-Wana Road (105 km) (Section 1 to 5)	3,943.706	46.396	2,666.257	31.368
3.	Widening and Improvement of Tank-Kaur Road (Section 1)	445.957	5.246	410.059	4.824
4.	Widening and Improvement of Kaur-Jandola Road (Section 2)	952.195	11.20	915.079	10.766
	Total	**6,157.952**	**72.443**	**4,750.722**	**55.891**

Audit observed as under:

i. The Capital Cost Estimate was not based on NHA (CSR 2009) District Tank as stated at Para 7 of the PC-Is. Therefore, the PC-I(s) were defective.

ii. Excess expenditure of Rs. 1,769.293 million (USD 20.815 million) was incurred over and above the construction cost permissible under the NHA (CSR 2009) District Tank rates which already included 25% on the estimated unit cost for profit margins, overheads, taxes, planning & design cost and preliminaries. Details are as under:

(Rs. in million)

S. No.	Description		Jandola Sararogha Road (Section 3)	Kaur-Gomal-Tanai-Wana Road	Tank-Kaur Road (Section 1)	Kaur-Jandola Road (Section 2)	Total
1.	Total Construction Cost Permissible as per NHA (CSR) 2009, District Tank	A	535.144	2,308.970	261.099	557.492	3,662.705

	Rates						
2.	Total Project Cost as per PC-I excluding Design, Consultancy & Supervisory Cost @ 6%	**B**	775.958	3,749.753	424.025	905.366	5,855.103
3.	Excess over permissible rates	**C = (B - A)**	240.815	1,440.783	162.926	347.875	2,192.398
4.	Percentage of excess over permissible rates	**D = (C/A)%**	45.00%	62.40%	62.40%	62.40%	
5.	Actual Expenditure till 30.06.2011	**E**	759.327	2,666.257	410.059	915.079	4,750.722
Excess Expenditure = E*[(D)/(100%+(D)]			**235.653**	**1,024.473**	**157.560**	**351.607**	**1,769.293**

Audit is of the view that since the NHA (CSR 2009) District Tank applied in the Engineer's Estimate already catered for profit margins, taxes and overheads, therefore, the inclusion of premium and other additions as a percentage on the adjusted construction cost after taking into account the premium was irregular.

The management replied that all the payments were made with the rates approved in the PC-I. All items of work were examined and approved by the FDWP comprising representatives of SAFRON, Planning Commission, P&D Division and FATA Secretariat. The contract was awarded to FWO through sole sourcing under the special circumstances and law and order situation prevailing in the South Waziristan Agency. Besides, consent of the donor was obtained on the rates and cost estimates of every activity. Therefore, no overpayment was made.

The reply was not accepted because the project cost was inflated to provide undue benefit to the contractor.

The management was informed on 21.03.2012, but DAC was not held till the finalization of the report.

Audit recommends that responsibility be fixed for inflating the project cost and overpayments made to M/s FWO.

13.4.13 Splitting of PC-Is to avoid approval from ECNEC - Rs. 6,157.954 million

Executive Committee of National Economic Council (ECNEC) in its meeting held on 21.01.2010 decided that the "Procedure for approval for Development Projects of FATA-Finance under USAID" allowed FATA Development Working Party (FDWP) chaired by Additional Chief Secretary

(FATA) to approve development schemes only from US funds up to Rs. 1,000.000 million subject to the condition that these powers were delegated only for two years w.e.f. 21.01.2010 and after expiry of this period, FATA Secretariat would revert back to the present procedure in vogue. ECNEC also decided that, in addition to the representatives of SAFRON, Planning & Development Department and concerned line departments of FATA, the representatives of Public Investment Programming and Public Investment Authorization Sections of Planning & Development Division would also be made members to evaluate whether development schemes were properly formulated and budget provision could be made for those schemes or otherwise. Additional Chief Secretary FATA would furnish lists of projects approved by FDWP along with details to Planning and Development Division for information of CDWP.

Para 59 of Central Public Works (Department) Code states that a group of works which forms one project shall be considered as one work.

The FATA Development Working Party (FDWP) in its meeting held on 04.11.2010 under the Chairmanship of the Additional Chief Secretary (FATA) approved the following PC-Is:

(Rs. in million)

S. No.	Project Title	Project Cost
	Kaur-Gomal-Tanai-Wana Road	
1.	Widening & Improvement of Kaur-Gomal-Tanai-Wana Road (Kaur to 25 Km) Section- 1	886.772
2.	Widening & Improvement of Kaur-Gomal-Tanai-Wana Road (25 to 45 Km) Section- 2	910.713
3.	Widening & Improvement of Kaur-Gomal-Tanai-Wana Road (45 to 65 Km) Section- 3	971.399
4.	Widening & Improvement of Kaur-Gomal-Tanai-Wana Road (65 to 90 Km) Section- 4	721.584
5.	Widening & Improvement of Kaur-Gomal-Tanai-Wana Road (90 to 105 Km Wana) Section- 5	453.238
	Sub-Total	**3,943.706**
	Tank-Jandola-Makeen Road	
6.	Widening & Improvement of Tank-Kaur Road (16 Km) Section- 1	445.958
7.	Widening & Improvement of Kaur-Jandola Road (34 Km) Section- 2	952.196
8.	Widening & Improvement of Jandola-Sararogha Road (30 Km) Section- 3	816.094
	Sub-Total	**2,214.248**
	Grand Total	**6,157.954**

The USAID Activity Agreement No. 391-013-002 for Widening & Improvement of Kaur-Gomal-Tanai-Wana Road and USAID Activity Agreement No. 391-AAG-011-SWA-Tank for Tank-Kaur and Kaur Jandola Road were signed by the Additional Chief Secretary, FATA Secretariat on 10.03.2010.

Audit observed as under:

i. The Additional Chief Secretary, FATA was not competent to approve projects above Rs. 1,000.000 million.

ii. The work of Kaur-Gomal-Tanai-Wana Road was split into five parts, i.e. one PC-I for each section of the road so as to keep the project cost below Rs. 1,000.000 million and to avoid approval from ECNEC.

iii. Similarly, the work of Tank-Jandola-Makeen Road was also split into three parts, i.e. one PC-I for each section of the road to avoid approval from ECNEC.

iv. According to para 12A of the PC-I(s), the start and completion dates for the whole work of Kaur-Gomal-Tanai-Wana Road were from June, 2010 to December, 2011.

v. Similarly, according to para 12A of the PC-I(s), the start and completion dates for the whole work of Tank-Kaur and Kaur Jandola Road were from February, 2010 to August, 2011.

vi. The work on the roads was executed by one contractor, i.e. FWO as indicated in the Interim Payment Certificates (IPC).

Audit is of the view that the work was split up to avoid approval from ECNEC and the projects approved by FDWP were unauthorized.

The management replied that none of the PC-Is were approved above Rs. 1,000.000 million by FDWP. The PC-I(s) were approved in different sections and the cost of each was below Rs. 1,000.000 million.

The management has accepted the audit observation.

The management was informed on 21.03.2012, but DAC was not held till the finalization of the report.

Audit recommends that responsibility be fixed for splitting and approving the projects irregularly.

13.4.14 Un-justified provision of escalation @ 12.5% - Rs. 29.981 million (USD 352,719)

Clause-9 Part-1 “Procedure” (A- Applicability) of the Standard Procedure and Formula for Price Adjustment of Pakistan Engineering Council March, 2009 states that the price adjustment will be applicable to all contracts including Item Rate Contracts, Lump Sum Contracts and percentage over Schedule Contracts but excluding Fixed Price Contract.

Part-1 “Procedure” (B- Weightages of specified items) states that (a) Base Rate Price alone of an element based on market rate shall be considered excluding cost of construction/ installation, overheads, etc.

Serial No. 4.3 of the Evaluation Report of USAID consultant, Associates in Development (AiD) dated 10.08.2010 states that since the total completion period was less than a year, the escalation of 12.5% was not acceptable within first year of implementation and was, therefore, to be deleted.

Clause E, Attachment 2 of Program Implementation Letter for “Reactivation and Rehabilitation of Damaged Transformers, 33 KV High Tension & 11 KV Low Tension Lines” dated 16.03.2011 states that USAID reimbursement shall be based solely upon the satisfaction, physical completion of a project or sub-project or a quantifiable element of work within a project as stated in the Activity Agreement.

The management entered into an Activity Agreement No. 391-013-001 with USAID on the basis of Fixed Amount Reimbursement Agreement (FARA) on 10.03.2011

Audit observed that in each milestone escalation @12.5% was included without keeping in view the completion period of the project which was less than a year and, therefore, not admissible.

Audit is of the view that provision of escalation was unjustified which increased the cost of the project, resulting in excess payment of Rs. 29.981 million (USD 352,719).

The management replied that the expenditure of Rs. 289.000 million (USD 3.400 million) had been made in accordance with the milestones set in the payment schedule of the Project Implementation Letter concluded pursuant to Section 10.06 of Activity Agreement No. 391-013. The amount of reimbursement was fixed in advance and based on reasonable cost estimates reviewed and approved by USAID. The escalation @ 12.5% was incorporated keeping in view the hike in fuel, power/electricity and metal exchange rates, which resultantly increased the manufacturing costs.

The reply was not accepted because the completion period was less than a year and the agreement was based on fixed amount reimbursement, therefore, escalation @ 12.5% was not admissible.

The management was informed on 21.03.2012, but DAC was not held till the finalization of the report.

Audit recommends that payment made to the contractor on account of escalation may be recovered.

13.4.15 Overpayment on account of Material Inspection Testing & Inspection Fee on higher rates - Rs. 5.558 million (USD 65,385)

The PC-I of the project titled "Reactivation and Rehabilitation of Damaged Transformers for High Tension & Low Tension Lines (11 KV)" was approved by FDWP in its meeting held on 13.07.2010 with provision of 5% for Material Inspection, Testing & Inspection Fees amounting to Rs. 11.992 million.

The management paid Rs. 289.000 million to FWO vide cheque No. 6874312 dated 22.06.2011 based on IPC No.1.

Audit observed that FWO paid Inspection Charges @ 2.5% to National Transmission Dispatch Company whereas payment made to FWO vide IPC No.1 included 5% Material Inspection, Testing & Inspection Fees. Overpayment on account of Material Inspection, Testing & Inspection Fees amounts to Rs. 5.558 million (USD 65,385). Details are as under:

(Rupees)

S. No.	Description	Amount
1.	Total Project Cost as per PC-I	311,803,386
2.	Material Inspection, Testing & Inspection Fees @ 5% as per PC-I	11,992,438
3.	%age of Material Inspection, Testing & Inspection fees in project cost	3.85%
4.	Total amount paid vide IPC No.1	289,000,000
5.	Material Inspection, Testing & Inspection Fees included in payment	11,115,385
	Overpayment (5% - 2.5%)	**5,557,692**

Audit is of the view that the overpayment of Rs. 5.558 million (USD 65,385) resulted in undue benefit to FWO.

The management replied that the parties (GoP/FATA Secretariat and USAID) of the Program Implementation Letter agreed to finance the activity through Fixed Amount Reimbursement Method, wherein the amount to be reimbursed was established upon considerate and reasonable review of cost estimates (PC-1) among the parties. The reimbursement amount was approved at a fixed value conditioned to satisfactory completion of an agreed upon quantifiable element of work (milestone) within the activity. The amount to be reimbursed was not based on actual costs. However, the satisfactory achievement of milestones was made criteria for reimbursement. It was agreed that the saving from the estimated cost amount would accrue to the implementing organization, i.e. FWO. Similarly, it was also agreed that on unforeseen cost increase, FATA Secretariat would bear this increase.

The reply was not accepted because the contractor was provided undue benefit which had been established from the management reply.

The management was informed on 21.03.2012, but DAC was not held till the finalization of the report.

Audit recommends that the overpaid amount should be recovered from M/s FWO.

13.4.16 Loss due to defective PC-I - Rs. 162.942 million (USD 1.917 million)

The PC-I of the project titled "Reactivation and Rehabilitation of Damaged Transformers for High Tension & Low Tension Lines (11 KV)" was approved by FDWP in its meeting held on 13.07.2010 for Rs. 311.803 million (USD 3.668 million) and administrative approval was issued by the FATA Secretariat, Peshawar on 24.08.2010.

The management paid Rs. 289.000 million (USD 3.400 million) vide Interim Payment Certificate No. 1 to M/s FWO vide cheque No. 68774312 dated 22.06.2011.

Audit observed as under:

i. Para 7.1 of report of Monitoring and Evaluation of Associates in Development (AiD), USAID consultant, hired for Monitoring and Evaluation Services in South Waziristan Agency stated that a cost comparison of PC-I with the latest purchase rates of TESCO/PESCO along with 26% installation charges was carried out and it was found that the PC-I cost was 61.12% above. This reflected that excess cost of Rs. 90.987 million was included in the PC-I for equipment cost, including installation. Details are as under:

(Rs. in million)

S. No.	Description	Amount
1.	Total equipment cost including installation as per PC-I	239.849
2.	Amount as per TESCO/PEPCO purchase cost including 26% installation charges as per AID Report	148.861
	Excess cost	90.987
	Excess cost in percentage	61.12%

ii. FDWP also approved 30% of the following components over and above the equipment cost, including installation, resulting in excess cost of Rs. 162.942 million {Rs. 90,987,417 + (Rs. 239,848,758 x 30%)} (USD 1.917 million):

a) Contingencies @ 0.5%

b) Escalation @ 12.5%

c) Insurance Charges @ 6%
d) Design Consultancy @ 6%
e) Material Inspection, Testing and Inspection Fee @ 5%

Audit is of the view that due to defective PC-I the cost of the project was inflated by Rs. 162.942 million and undue benefit was provided to the contractor.

The management replied that all the excess expenditure was agreed by the USAID. While reviewing the PC-I the item rates were observed on higher side because the purchases were to be made from the local market in limited quantity while the purchase rates of WAPDA were lower due to purchase in huge quantity. Further, the delivery period was also shorter than that of WAPDA, which resulted in higher item rates. The item rates also included logistics and warehousing costs, while the security situation also added to the cost. Inclusion of other components was necessary because the activity had to be implemented through a Fixed Amount Reimbursement Agreement.

The reply was not accepted because the project cost was inflated to provide undue benefit to the contractor.

The management was informed on 21.03.2012, but DAC was not held till the finalization of the report.

Audit recommends that inquiry be held and responsibility be fixed for preparation and approval of the defective PC-I.

Internal Control Weaknesses

13.4.17 Non-forfeiture of unclaimed Security Deposits - Rs. 242.135 million

Para 399(iii) of CPWA Code states that balances unclaimed for more than three complete account years should be credited to Government as lapsed deposits.

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

The management of various Works and Services Divisions, FATA retained unclaimed Security Deposits amounting to Rs. 242.135 million in the Public Works Deposit-II. Details are as under.

(Rs. in million)

S. No.	Name of Departments	Security Deposit
1.	Executive Engineer, Building Division, SWA	71.571
2.	Executive Engineer, W&S Division, Upper Kurram	19.031
3.	Executive Engineer, Highway Division , Khyber Agency	29.831
4.	Executive Engineer, Highway Division SWA	116.641
5.	Executive Engineer, Highway Division SWA	5.061
	Total	**242.135**

Audit observed that the unclaimed deposits of contractors were not deposited into government treasury despite passage of more than three years since completion of the works.

Audit is of the view that the retention of the unclaimed deposits of contractors was unauthorized, which deprived the government of its due receipts.

The management did not reply.

The PAO was informed on 02.01.2013, but DAC was not held till the finalization of the report.

Audit recommends that responsibility be fixed for the irregularity, and the unclaimed security deposits be credited into government treasury.

13.4.18 Non-disposal of off-road vehicles

Rule 25 of Staff Car Rules, 1980 states that staff cars when due for replacement as per their fixed life may be replaced at the discretion of the Secretary/Additional Secretary In-charge of the Division concerned.

Rule 26 of Staff Car Rules, 1980 states that all vehicles shall be disposed of through public auction.

a. A number of vehicles in various formations of Forests Department, FATA were off-road since long. Details are as under:

S. No.	Formation	Registration No.	Type of vehicle	Condition
1.	Forest Division, Kurram Agency	5774	Tractor, 2008	Off road and needs major repairs
2.	-do-		Water Tanker, 1993	Condemned due to accident
3.	Forest Division, SWA	A-1757	Pajero Jeep, 1992	Off road and needs major repairs
4.	-do-	DNB-3237	Fiat Tractor-640	Declared un-serviceable
5.	Forest Division, NTFP, Peshawar	HA-3089	Jeep, 1982	Condemned
6.	Forest Division, NWA	BUB-3645	Water Tanker, 1989	Off road and needs major repairs
7.	-do-	BUA-1193	Water Tanker, 1985	-do-
8.	-do-	BUA-1309	Water Tanker, 1979	-do-
9.	-do-	BUB-4584	Water Tanker, 1979	-do-
10.	Forest Division Orakzai Agency	81106	Double Cabin Pickup, 1988	-do-
11.	-do-	KTA-4028	Water Tanker, 1989	-do-

b. A number of vehicles of Irrigation and Hydel Power Division, South Waziristan Agency were lying unused, awaiting major repairs and recommended for auction. Details are as under:

S. No.	Vehicle No	Type
1.	PRK-2518	Double Cabin
2.	PRK-6245	Single Cabin
3.	PRA-1976	Double Cabin
4.	PRA-1059	Double Cabin

Audit observed that management neither got the off-road vehicles condemned nor auctioned them.

Audit is of the view that the vehicles were depreciating in value and condition, resulting in ultimate loss to the government.

The management did not reply.

The PAO was informed on 02.01.2013, but DAC was not held till the finalization of the report.

Audit recommends that vehicles should be auctioned by adopting the laid down procedures so that the government receives their proper value.

CHAPTER 14

14 FINANCE DIVISION

14.1 Introduction of Division

The Finance Division deals with the subjects pertaining to finance of the Federal Government and financial matters affecting the country as a whole, preparation of Annual Budget Statements and Supplementary/Excess Budget Statements for the consideration of the Parliament, accounts and audits of the Federal Government Organizations, etc. as assigned under the Rules of Business, 1973. The Finance Division also maintains financial discipline through Financial Advisors Organization attached to each Ministry/Division, etc.

The mission of the Finance Division is to pursue sound and equitable economic policies that put Pakistan on the path of sustained economic development and macroeconomic stability with a view to continuously and significantly improve the quality of life of all citizens through prudent and transparent public financial management carried out by dedicated professionals.

The following functions are assigned to the Finance Division under the Rules of Business, 1973:

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. Accounts and audit.
4. Allocation of share of each Provincial Government in the proceeds of divisible Federal Taxes; National Finance Commission.
5. Public debt of the Federation both internal and external; borrowing money on the security of the Federal Consolidated Fund.
6. Loans and advances by the Federal Government.

7. Sanctions of internal and external expenditure requiring concurrence of the Finance Division.

8. Advice on economic and financial policies, promotion of economic research.

9. Proper utilization of the country's foreign exchange resources.

10. Currency, coinage and legal tender, Pakistan Security Printing Corporation and Pakistan Mint.

11. Banking, investment, financial and other Corporations, that is to say:

    i) Central Banking; 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.

12. Company Law: Accountancy, Matters relating to the Partnership Act, 1932.

13. Investment policies: Capital Issues (Continuance of Control) Act, 1947; statistics and research work pertaining to investment and capital.

14. Stock Exchanges and future markets with objects and business not confined to one Province: Securities Regulations.

15. Financial settlement between Pakistan and India and division of assets and liabilities of the Pre-Independence Government of India.

16. Framing of rules on pay and allowances, retirement benefits, leave benefits and other financial terms & conditions of service.

17. Cost Accountancy.

18. International Monetary Fund.

19. State lotteries.

20. Monopoly Control Authority and anti-Cartel Laws.

21. Administration of Economic Reforms Order, 1978.

22. Negotiations with international organizations and other countries and implementation of agreements thereof.

The attached wings and departments of Finance Division are:

ATTACHED WINGS

1. Administration
2. Quality Assurance
3. Budget Management
4. Corporate Oversight
5. Expenditure Management
6. Management of Provincial Finance
7. Policy
8. Pay & Pension Reforms
9. Internal Finance Sector
10. Investment
11. Development
12. Prime Minister's Special Program
13. Finance Division (Military)

ATTACHED DEPARTMENTS

1. Although the Office of the Auditor General of Pakistan has been categorized as an attached department, it has been empowered to exercise the administrative and financial powers of a Ministry/Division vide Finance Division's O.M. No. F.5(17)/Exp.II/85-423 dated 14.04.1987.
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

14.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Finance Division for the financial year 2011-12 was Rs. 8,108,415.29 million including Supplementary Grants of Rs. 540,288.528 million out of which the Division utilized Rs. 7,815,942.294 million. Grant-wise details of current, development and charged expenditure are as under:

(Rupees)

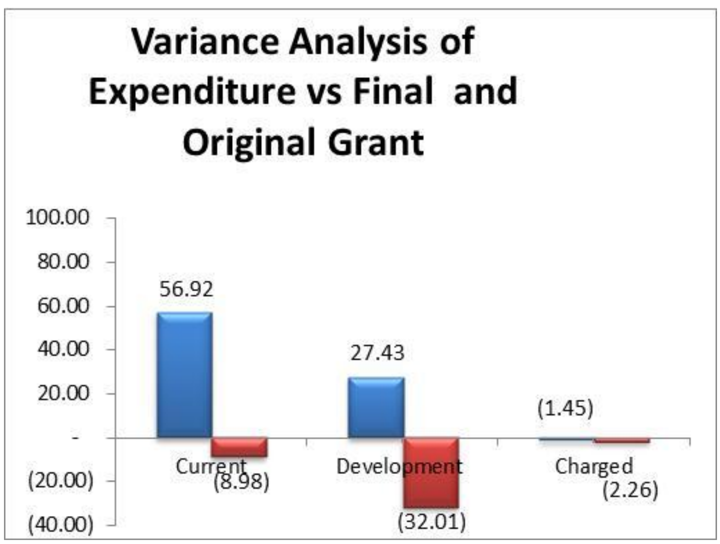
Grant No	Grant Type	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Final Grant/ Appropriation	Actual Expenditure	Excess/ (Savings)	% age Excess/ (Saving)
27	Current	715,819,000	201,726,000	917,545,000	922,834,075	5,289,075	0.58
28	Current	2,837,997,000	1,002,000	2,838,999,000	3,562,350,486	723,351,486	25.48
29	Current	278,670,000	-	278,670,000	270,617,004	(8,052,996)	(2.89)
30	Current	1,389,491,000	-	1,389,491,000	1,507,538,033	118,047,033	8.50
31	Current	6,763,337,000	2,007,320,000	8,770,657,000	8,003,168,108	(767,488,892)	(8.75)
32	Current	94,087,980,000	38,893,085,000	132,981,065,000	143,239,437,228	10,258,372,228	7.71
32	Current	2,050,000,000	377,915,000	2,427,915,000	2,229,380,205	(198,534,795)	(8.18)
33	Current	46,430,012,000	23,384,797,000	69,814,809,000	69,030,170,000	(784,639,000)	(1.12)
33	Current	9,000,000,000	-	9,000,000,000	8,183,387,000	(816,613,000)	(9.07)
34	Current	411,135,137,000	351,184,095,000	762,319,232,000	664,836,903,056	(97,482,328,944)	(12.79)
	Subtotal - Current	**574,688,443,000**	**416,049,940,000**	**990,738,383,000**	**901,785,785,195**	**(88,952,597,805)**	(8.98)
111	Development	15,524,362,000	830,007,000	16,354,369,000	11,175,335,552	(5,179,033,448)	(31.67)
112	Development	14,076,361,000	17,717,746,000	31,794,107,000	34,409,621,483	2,615,514,483	8.23
113	Development	47,085,000,000	48,489,518,000	95,574,518,000	52,137,156,541	(43,437,361,459)	(45.45)
	Subtotal - Development	**76,685,723,000**	**67,037,271,000**	**143,722,994,000**	**97,722,113,576**	**(46,000,880,424)**	(32.01)
E	Charged	2,303,893,000	4,000	2,303,897,000	2,452,292,419	148,395,419	6.44
F	Charged	714,671,295,000	57,201,313,000	771,872,608,000	837,751,053,732	65,878,445,732	8.53
G	Charged	6,199,777,408,000	-	6,199,777,408,000	5,976,231,049,904	(223,546,358,096)	(3.61)
	Subtotal - Charged	**6,916,752,596,000**	**57,201,317,000**	**6,973,953,913,000**	**6,816,434,396,055**	**(157,519,516,945)**	(2.26)
	Total	**7,568,126,762,000**	**540,288,528,000**	**8,108,415,290,000**	**7,815,942,294,826**	**(292,472,995,174)**	(3.61)

Audit noted that there was an overall savings of 3.61% amounting to Rs. 292,472.995 million, which was due to savings of Rs. 88,952.597 million in current expenditure and savings of Rs. 46,000.880 million in development expenditure, which was partly offset by excess expenditure in Charged Grant ‘F’ of Rs. 65,878.446 million.

Supplementary Grants obtained without careful cash forecasting

In order to ensure prudent financial management, Para 13(vii) of System of Financial Control and Budgeting, 2006 states that ‘Ministries / Divisions should be able to anticipate budgetary requirements well ahead of the financial year to which the budget relates and obtain the concurrence of the Finance Division. The Finance Division is expected to decline any request for Supplementary Grants except in extraordinary circumstances.’ This document further states that ‘the funds obtained from Supplementary Grants shall be expended for the purposes for which these have been sanctioned. In current expenditure, demands for Supplementary Grants shall not be made, except in extraordinary circumstances.' During the year, Supplementary Grants of Rs. 540,288.528 million were obtained, which was 7.13% of the Original Budget.

According to Para 71 of General Financial Rules (Volume I), while framing budget estimates, the authorities should exercise utmost foresight. Variation between estimated and actual expenditure captures the level of foresight that goes into budget formulation. As shown in the chart below, the excess in current expenditure was 56.92%, which, after accounting for Supplementary Grants changed to saving of 8.98%. In development expenditure, excess against original budget was 27.43% which changed to saving of 32.01% when Supplementary Grants were taken into account. Whereas there was saving of 1.45% in charged expenditure against original budget which changed to saving of 2.26% when supplementary grant was taken into account.



14.3 Brief comments on the status of compliance with PAC Directives

Ministry	Years	No of audit paras	No of Actionable Points	Full Compliance	Not Complied	% of Compliance
Finance	1987-88	0	0	0	0	0
	1988-89	1	0	0	0	0
	1989-90	4	4	0	4	0
	1990-91	1	1	1	0	100
	1991-92	7	7	6	1	86
	1992-93	12	12	11	1	92
	1993-94	7	7	3	4	43

	1994-95	5	5	0	5	0
	1995-96	1	1	0	1	0
	1996-97	2	1	0	1	0
	1997-98	0	0	0	0	0
	1999-00	0	0	0	0	0
	2000-01	25	4	0	4	0
	2001-02	0	0	0	0	0
	2005-06	5	5	3	2	60
	2007-08	4	4	2	2	50
	2008-09	5	5	2	3	40
	Total	**85**	**62**	**29**	**33**	47

14.4 AUDIT PARAS

Non Production of Record

14.4.1 Non production of record by Competition Commission of Pakistan

Section 14(2) of Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 states that the officer in-charge of any office or department shall afford all facilities and provide record for audit inspection and comply with requests for information in as complete a form as possible and with all reasonable expedition.

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

The management of Competition Commission of Pakistan (CCP) did not provide the following record for audit:

i. Promotions of employees
ii. Seniority list of employees
iii. Adjustment/future plan of Monopoly Control Authority (MCA) staff files

iv. Office hiring file; and

v. Recruitment files, etc.

Audit is of the view that the action of the management has hindered the auditorial functions of the Auditor General of Pakistan.

Audit maintains that in the absence of record, the propriety and probity of expenditure could not be ascertained. The non-production of record may create doubts as to the actual existence of any such record at all, which may make the public money vulnerable to misuse.

The management replied that the Commission has drawn Balance Sheet as on 30.06.2012 and profit and loss account for the year 2011-12 and audit is required to be conducted in accordance with Section 21(3) of the Act. The record of recruitments, promotions and seniority lists is a purely administrative matter. The Auditor General has barred his subordinate offices to interfere in administrative matters. Section 15(2) of the Auditor General’s Ordinance, 2001 and Section 21 of the Act do not permit Audit to encroach on the administrative functions. The management also contended that Section 14 of the Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001does not apply to CCP.

The reply was not accepted because the management does not have the authority to define the jurisdiction of Audit. Article 170(2) of the Constitution of the Islamic Republic of Pakistan clearly states that the Auditor General shall determine the extent and nature of audit. Section 18 of the Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 states that any power exercisable by Auditor General under the provisions of this Ordinance, or any other law may be exercised by such officer of the department as may be authorized by him in this behalf. The audit carried out by the Department of the Auditor General of Pakistan is a regulatory audit and covers all aspects, i.e. probity and propriety of administrative decisions, financial aspects, performance, etc. Section 14 of the Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 is applicable to all organizations, including CCP, being the law of the land.

The PAO was informed on 19.12.2012, and again on 11.01.2013, but DAC was not held till the finalization of the report.

Audit recommends that responsibility be fixed for hindering the auditorial functions of the Auditor General of Pakistan.

Irregularity & Non Compliance

14.4.2 Disparity in salaries of Federal Government Employees

Article 25(1) of the Constitution of Islamic Republic of Pakistan, 1973 provides that all citizens are equal before law and are entitled to equal protection of law.

Article 38(e) of the Constitution of Islamic Republic of Pakistan, 1973 provides that State shall reduce disparity in the income and earnings of individuals, including persons in the various classes of the service of Pakistan.

Serial 11(16) of Schedule-II (Distribution of Business among the Divisions) appended to Rule 3(3) of Rules of Business, 1973 has assigned to the Finance Division the function of framing rules on pay and allowances, retirement benefits, leave benefits and other financial terms and conditions of service.

Rule 12(1)(h) of the Rules of Business, 1973 states that no Division shall, without previous consultation with the Finance Division, authorize the issue of any orders, other than orders in pursuance of any general or special delegation made by the Finance Division, which will affect directly or indirectly the finances of the Federation or which in particular involve a change in the terms and conditions of service of government servants, on their statutory rights and privileges, which have financial implications.

The management of Finance Division allowed/approved different pay packages to employees of various departments of Federal Government. Analytical review of the disparity in salaries is at Annexure-III.

Audit observed that by allowing salaries at higher rates for various organizations, the Finance Division has created disparity in the income and earning of individuals governed under the Civil Servants Act, 1973.

Audit is of the view that by not treating all employees equally as provided in the Constitution of Pakistan, 1973 the Finance Division has infringed upon their fundamental right of equality before the law.

The management replied that the employees of the Supreme Court of Pakistan, Federal Board of Revenue and Intelligence Bureau were allowed different salary packages with the approval of competent authority keeping in view the nature of their duties. However, the government had established a Committee on Structure of Pay and Allowances to consider/remove disparities in different pay scales.

The management has accepted the audit observation.

The PAO was informed on 09.01.2013, but DAC was not held till the finalization of the report.

Audit recommends that uniform pay scales should be adopted for all federal government employees.

14.4.3 Irregular appointment of Advisor to the Finance Division

In compliance with the Supreme Court of Pakistan Order dated 27.01.2011 passed in Suo Moto Case No. 24 of 2010 the Establishment Division vide O.M. No. 2/12/2011-E.1 dated 01.02.2011 issued instructions that re-employment on contract basis may not be made in violation of the relevant law especially re-employment of retired civil servants against cadre posts.

Establishment Division vide 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.

Para 2 of Finance Division O.M. No. F.3(7)R.4/98 dated 18.08.1998 states that the salary and perquisites package of MP-I is meant for professionals from the private sector proposed to be appointed on a contract against the position of Chief Executives in the public sector.

The Establishment Division vide Notification No. 44/1/52005-E-I dated 16.04.2012 appointed a retired B-22 officer as Advisor to the Finance Division on contract basis in MP-I for a period of one year or until further orders, whichever is earlier.

Audit observed as under:

i. The appointment on contract basis was made in violation of judgment of the Supreme Court of Pakistan
ii. The position was not advertised as required under the rules.
iii. The individual was a retired civil servant and did not fall in the ambit of professionals.
iv. The individual was employed in MP-I, which was meant for the position of Chief Executives in the public sector.
v. There was no designation of Advisor to the Finance Division in the sanctioned set up of the Finance Division.

Audit is of the view that the appointment was irregular, unauthorized and in violation of the judgment of the Supreme Court of Pakistan.

The management replied that the officer was appointed with the approval of the Prime Minster in MP-I scale for a period of one year, and the post of Advisor to the Finance Division in MP-I scale was accordingly created. The appointment as Advisor to the Finance Division did not pertain to any occupational group or cadre creating hindrance in the regular promotion of officers. The officer was foreign qualified and had adequate experience of working in the Finance Division.

The reply was not accepted as the appointment was made in violation of the rules and judgment of the Supreme Court of Pakistan.

The PAO was informed on 09.01.2013, but DAC was not held till the finalization of the report.

Audit recommends that the decision of the Supreme Court of Pakistan must be implemented in letter and spirit.

14.4.4 Loss due to incorrect calculation of depreciation of vehicles - Rs. 1.236 million

The Federal Government approved the "Compulsory Monetization of Transport Facility for Civil Servants in BS-20 to BS-22" vide Cabinet Division letter No. 6/7/2011-CPC dated 12.12.2011. The Monetization Policy was implemented w.e.f. 01.01.2012.

Clause (iv) of the Monetization Policy states that keeping in view the existing condition of vehicles, which were extensively used, it has been decided to allow 15% depreciation for each completed year of life of the vehicles. Alternately, the market price of the new car will be taken and depreciated at 20% per annum on reducing balances. Whichever depreciated price is higher shall be adopted as the reserve price.

Finance Division (Main Secretariat), Islamabad monetized 30 vehicles to the officers of the Division under the 'Monetization of Vehicle Policy' during 2011-12.

Audit observed that the reserve price of the vehicles was calculated by allowing depreciation for the whole year instead from the date of registration resulting in a loss of Rs. 1.236 million. Details are as under:

(Rupees)

S. No.	Vehicle No.	Date of Purchase	Market Price/ purchase price *	Reserve Price calculated by Department	Reserve Price calculated by Audit	Difference
1.	GU-910	16.03.2010	1,574,000	1,007,360	1,059,827	52,467
2.	GU-912	16.03.2010	1,574,000	1,007,360	1,059,827	52,467
3.	GJ-018	19.05.2007	1,444,000	473,170	508,658	35,488
4.	GF-108	27.02.2006	1,444,000	378,536	394,308	15,772
5.	GD-377	28.06.2005	1,444,000	302,829	340,682	37,853
6.	GD-031	22.10.2005	1,444,000	302,829	364,341	61,512
7.	GF-109	27.07.2006	1,444,000	378,536	432,950	54,414
8.	GD-032	22.10.2005	1,444,000	302,829	364,341	61,512
9.	GD-963	18.01.2006	1,444,000	378,536	383,268	4,732
10.	GK-895	09.01.2008	1,397,500	572,416	575,994	3,578
11.	GJ-929	30.05.2007	1,397,500	457,933	505,634	47,701
12.	GA-723	10.08.2004	1,444,000	250,000	308,709	58,709
13.	GA-136	19.05.2004	1,444,000	250,000	312,103	62,103
14.	GK-894	09.01.2008	1,397,500	572,416	575,994	3,578
15.	GK-275	25.08.2007	1,444,000	473,170	601,813	128,643
16.	GD-967	23.01.2006	1,397,500	366,346	372,452	6,106
17.	GK-188	08.08.2007	1,574,000	515,768	593,134	77,366

18.	GA-778	10.08.2004	1,444,000	250,000	308,709	58,709
19.	IDM-6431	09.06.2003	1,444,000	250,000	324,733	74,733
20.	GT-990	02.03.2009	879,000	539,816	548,548	8,732
21.	GT-742	25.02.2009	879,000	539,816	557,281	17,465
22.	GU-895	12.09.2009	905,000	463,360	544,448	81,088
23.	GU-896	12.09.2009	905,000	463,360	544,448	81,088
24.	GH-091	22.02.2007	965,000	316,211	327,410	11,199
25.	GH-093	22.02.2007	965,000	316,211	327,410	11,199
26.	GH-095	22.02.2007	965,000	316,211	327,410	11,199
27.	GH-098	22.02.2007	965,000	316,211	327,410	11,199
28.	GJ-939	22.05.2007	965,000	316,211	347,174	30,963
29.	GJ-949	22.05.2007	965,000	316,211	359,196	42,985
30.	GF-134	30.06.2006	965,000	252,969	284,590	31,621
			Total	**12,646,621**	**13,882,802**	**1,236,181**

*** Whichever is higher**

Audit is of the view that the due to miscalculation of depreciation the government suffered a loss of Rs. 1.236 million.

The management replied that the depreciation price of each vehicle was calculated following the method illustrated at Appendix-I of the Cabinet Division O.M. dated 12.12.2011 which indicated that the depreciation will start from the year of model of the car. Cost of every vehicle has been monetized, calculated in line of that principle.

The reply was not accepted. The Cabinet Division allowed 15% depreciation for each completed year of the life of the vehicles. Alternately, the market price of the new car was to be taken and depreciated @ 20% per annum on reducing balance. Whichever depreciated price was higher was to be adopted as the reserve price. The representatives of the Finance Division in the Condemnation/Replacement Committees exercised their discretion to calculate the reserve value of the vehicles, either from the date of purchase or from the date of registration or for the whole year irrespective of the dates of purchase/registration. This erratic policy has resulted in loss to the government and undue favor to the beneficiaries.

The PAO was informed on 09.01.2013, but DAC was not held till the finalization of the report.

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

14.4.5 Unauthorized Monetization of nine project vehicles

The Federal Government approved the "Compulsory Monetization of Transport Facility for Civil Servants in BS-20 to BS-22" vide Cabinet Division letter No. 6/7/2011-CPC dated 12.12.2011. The Monetization Policy was implemented with effect from 01.01.2012.

Cabinet Division vide No. 6/7/2011-CPC 30.12.2011 clarified at serial No. 9 that the Policy for Monetization of Transport is not applicable in case of project vehicles.

Rule 3(4) of Staff Car Rules, 1980 states that the Cabinet Division will arrange for the upkeep and maintenance of staff cars which becomes surplus to the requirements of Minister, Minister of State, Advisors or any other dignitary or office holder or on completion of project.

The management of Finance Division monetized nine project vehicles to the entitled officers. Details are as under:

S. No.	Vehicle No.	Model	Make	Project	Project closure date
1.	GJ-018	2007	Toyota Corolla	Public Sector Capacity Building Project (PSCBP)	30.06.2010
2.	GK-188	2007	Toyota Corolla		
3.	GA-723	2004	Toyota Corolla	Rural Finance Sector Development Programs	31.12.2008
4.	GA-778	2004	Toyota Corolla		
5.	GF-134	2006	Suzuki Cultus	SME Sector Development Project	30.06.2010
6.	GD-967	2006	Honda City	Decentralization Support Program	30.06.2008
7.	GJ-929	2007	Honda City	Khushal Pakistan Fund	08.01.2010
8.	GJ-939	2007	Suzuki Cultus		
9.	GJ-949	2007	Suzuki Cultus		

Audit observed that the Finance Division retained the vehicles of the closed projects.

Audit is of the view that monetization of project vehicles was irregular.

The management replied that the vehicles were surrendered by the closed projects of the Finance Division and had been allocated to entitled officers before monetization.

The reply was not accepted as under the rules the Finance Division was not permitted to retain the vehicles of closed projects. In terms of Rule 3(4) of the Rules for the Use of Staff Cars, 1980 the vehicles were required to be surrendered to the Cabinet Division after closure of the projects.

The PAO was informed on 09.01.2013, but DAC was not held till the finalization of the report.

Audit recommends that responsibility be fixed for the unauthorized retention of vehicles of closed projects and their subsequent monetization.

14.4.6 Unauthorized payment of honorarium and Income Tax - Rs. 7.591 million

The Economic Coordination Committee (ECC) of the Cabinet in its meeting held on 01.07.1996 considered the Summary dated 25.06.1996 on 'Grant of Honorarium to Government Servants' submitted by the Finance Division and decided that the budget honorarium should be allowed to the officers of Finance Division, including Central Board of Revenue, and Planning and Development Division only up to level of Joint Secretaries and equivalent in accordance with the proposal contained in paragraph 6 thereof.

Para 6 of the Summary for the ECC dated 25.06.1996 submitted by Finance Division proposed that honorarium may be allowed to the officers up to the level of Joint Secretaries and equivalent exceeding one month's pay in accordance with the practice followed in Finance Division/Central Board of Revenue and employees of other Divisions/Departments for the financial year 1995-96 onwards, subject to clearance from the Honorarium Committee constituted in the Finance Division.

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 on the estimated income of the employee chargeable under the head "Salary" for the tax year in which the payment is made.

Section 161(1)(a) of Income Tax Ordinance, 2001 states that where a person fails to collect tax or deduct tax from a payment the person shall be personally liable to pay the amount of tax to the Commissioner who may pass an order to that effect and proceed to recover the same.

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

The management of Finance Division paid Rs. 120.065 million on account of honorarium during 2011-12. Details are at Annexure-IV.

Audit observed as under:

i. Honorarium amounting to Rs. 7,591,169 was paid to the officers of BPS-21 and above.

ii. Instead of withholding the Income Tax at source an amount equivalent to the Income Tax liability amounting to Rs. 1,109,767 was paid to the officers at Serial No. 1, 3-5 and 8-14.

iii. Income Tax in respect of officers at Serial No. 2, 6-7 and 15-17 was not deducted.

iv. The officers at Serial No. 16 and 17 were not entitled to receive the honorarium as they were not on the strength of the Finance Division.

Audit is of the view that payment of honorarium to the officers of BPS-21 and above, non-deduction of Income Tax and payment of additional amount equivalent to the Withholding Tax was irregular and unauthorized.

The management replied that the ECC approved honoraria of more than one basic pay to all the officers/officials of the Finance Division, Planning and Development Division and Revenue Division. The honorarium paid to the officers of BS-21 and above had the approval of the Finance Minister in the capacity of Chairman, ECC. Therefore, there was no violation of ECC decision. Approval of the honoraria amount was equal to the number of basic pays without deduction of Income Tax, as the Income Tax was included in the approved amount.

The reply was not accepted as the honorarium was paid in violation of the decision of the ECC of the Cabinet, payment was made to officers not on the strength of the Finance Division, Income Tax was not deducted, and additional payment equivalent to the Withholding Tax was paid to the officers.

The PAO was informed on 09.01.2013, but DAC was not held till the finalization of the report.

Audit recommends that responsibility may be fixed for the irregularity and the unauthorized payment may be recovered from the officers.

14.4.7 Unauthorized expenditure in violation of the austerity measures - Rs. 17.979 million

Para 1(iii) of the Finance Division O.M. No. F.7(2)Exp.IV/2011 dated 17.08.2011 states that expenditure on traveling allowance, stationery, entertainment, advertisement, repair/maintenance and utilities will be curtailed by 20% of budget estimates.

Para 1(ix) of the Finance Division O.M. No. F.7(2)Exp.IV/2011 dated 17.08.2011 states that Ministries/Divisions will not be authorized to re-appropriate funds from the above mentioned heads of expenditure.

Para 2 of Finance Division O.M. No. F.7(2)Exp.IV/2011 dated 17.08.2011 states that all Ministries/Division are requested to circulate the above instruction to all concerned for strict compliance.

The management of Finance Division (Main Secretariat), Islamabad incurred an expenditure of Rs. 48.646 million on Travelling Allowance, Stationery, Entertainment, Repair & Maintenance and Utilities during 2011-12. Details are as under:

S. No.	Head of Expenditure	Original Allocation	Supp/ Re-app (+)	Surr/ Re-app (-)	Final Allocation	Final Expenditure	Budget Available after 20% budget cut	Excess of Exp. Over Budget Cut	% age
1.	Travelling Allowance	13,574,000	4,100,000	2,715,000	14,959,000	14,011,043	10,859,200	3,151,843	29
2.	Stationery	8,000,000	2,500,000	1,600,000	8,900,000	8,673,637	6,400,000	2,273,637	36
3.	Entertainment	10,000,000	21,750,000	2,100,000	29,650,000	18,687,927	8,000,000	10,687,927	134
4.	Repair/ maintenance	5,980,000	2,100,000	1,196,000	6,884,000	6,106,722	4,784,000	1,322,722	28
5.	Utilities	780,000	600,000	156,000	1,224,000	1,166,697	624,000	542,697	87
	Total	**38,334,000**	**31,050,000**	**7,767,000**	**61,617,000**	**48,646,026**	**30,667,200**	**17,978,826**	

Audit observed that the expenditure of Rs. 17.979 million was incurred in violation of the austerity measures imposed by the Finance Division.

Audit is of the view that the excess expenditure incurred and re-appropriations in the restricted heads were irregular and unauthorized.

The management replied that in compliance to the Finance Division instructions 20% budget under the required heads of accounts was surrendered. However, in view of price hike it was not possible to remain within the allocated budget. Therefore, funds were re-appropriated in these heads of accounts from non-restricted heads of accounts for which concurrence of the Expenditure Wing to relax the rules was not required.

Reply was not accepted. The funds were re-appropriated to the restricted heads of accounts which defeated the basic purpose of austerity measures. The Finance Division was required to maintain financial discipline in all departments of the federal government, but was itself involved in financial indiscipline and violated its own instructions.

The PAO was informed on 09.01.2013, but DAC was not held till the finalization of the report.

Audit recommends that responsibility may be fixed for violating the austerity measures imposed by the government to overcome financial hardships.

14.4.8 Irregular payment of Project Allowance - Rs. 2.842 million

Para 2(a) of Finance Division O.M. No. F.16(1)R-14/2003 dated 12.08.2008 states that the employees appointed in a project costing above Rs. 100 million through transfer (deputation) on full time basis will get pay in their own pay scales and allowances plus deputation allowance @ 20% of the basic pay subject to a maximum of Rs. 6,000 per month or as revised from time to time along with the Project Allowance.

The management of Finance Division paid Project Allowance amounting to Rs. 2.842 million under the project ‘Institutional Strengthening of Finance Division (ISFD)’ from December, 2010 to April, 2012.

Audit observed that the Project Allowance was paid to the employees of Finance Division who were not appointed through transfer (deputation) in the project on full time basis.

Audit is of the view that payment of Project Allowance to the employees who were not appointed through transfer (deputation) on full time basis was irregular.

The management replied that the employees who were paid the Project Allowance were the constitute part of PMU of ISFD since its inception in terms of Para 13(b) of the approved PC-I of the project. These employees were engaged in the implementation and execution of the project on full time basis. A cost estimate under the approved PC-I of the project specifically provides for the benefit of the Project Allowance to the aforementioned employees. The payment of project allowance is in order for the following reasons:

i. It was admissible out of project funds as per approved PC-I of the project.

ii. It was covered by the then prevalent policy on the grounds that the employees were engaged in implementation and execution of that project on full time basis.

The reply was not accepted as the employees were not appointed in the project through transfer (deputation) on full time basis. Neither the PC-I, nor interpretation of any of its contents, can violate the guidelines and instructions issued by the government from time to time. The beneficiaries of the Project Allowance cannot be considered as full time employees of the project, while remaining posted in the Finance Division. Therefore, payment of Project Allowance was irregular.

The PAO was informed on 09.01.2013, but DAC was not held till the finalization of the report.

Audit recommends that the Project Allowance paid irregularly may be recovered and deposited into government account.

14.4.9 Irregular expenditure on payment of 'Special Allowance'

Para 10(v) of GFR Volume-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 management of Finance Division granted ISO Certification Allowance/Special Allowance equal to 20% of the basic pay subject to a maximum of Rs. 6,000 per month to various employees from 2005.

Audit observed that the employees posted in Sections/Wings created for Quality Assurance/ISO Certification of the Finance Division were being paid ISO Certification Allowance/Special Allowance since 2005 without performing any additional task.

Audit is of the view that payment of ISO Certification Allowance/Special Allowance to the employees performing routine duties was irregular.

The management replied that the ISO Certification Allowance/Special Allowance had been granted to the officers/officials who were assigned work pertaining to Departmental Quality Assurance Coordinator (DQAC) with the approval of competent authority. According to the criteria laid down in Quality Assurance Procedure (QAP) every officer nominated/designated as DQAC had been given a task to formulate information and streamline the work in their Wings in addition to their routine duties.

The reply was not accepted as formulating information and streamlining the work of one's own Section/Wing is a part of routine duties.

The PAO was informed on 09.01.2013, but DAC was not held till the finalization of the report.

Audit recommends that the irregular practice may be stopped forthwith. The total amount paid as ISO Certification Allowance/Special Allowance may be worked out and recovered.

14.4.10 Unauthorized expenditure on entertainment - Rs. 1.017 million

Serial No. 9(38)(ii) of Annex-I of Finance Division O.M. No. F.3(2)Exp.III/2006 dated 13.09.2006 has delegated a limit of Rs. 40,000 in each case to the Ministries/Divisions for receptions, lunches and dinners subject to the condition that per head expenditure including taxes and soft drinks, etc. should not in any case exceed Rs. 1,200.

Serial No. 9(38)(iii) of Annex-I of Finance Division O.M. No. F.3(2)Exp.III/2006 dated 13.09.2006 provides that the Ministries/Divisions have been delegated powers for serving lunch boxes not exceeding Rs. 200 per head in meetings which are prolonged beyond office hours without break in the interest of Government work.

Rule 11(g) of Rules of Business, 1973 states that no Division shall, without previous consultation with the Establishment Division, issue, or authorize the issue of, any orders, other than orders in pursuance of any general or special delegation made by the Establishment Division, which involve expenditure proposals relating to the Finance Division under Rule 12(1)(b), (2) and (3).

Rule 12(3) of Rules of Business, 1973 states that except to the extent that powers may have been delegated to the Divisions under the rules framed by the Finance Division, every order of an administrative Division conveying a sanction to be enforced in audit shall be communicated to the audit authorities through the Finance Division.

The management of Finance Division incurred an expenditure of Rs. 1,016,533 under the head of account 'A06301-Entertainment and Gifts' during 2011-12. Details are as under:

(Rupees)

S. No.	Voucher	Date	Amount
1.	682	19.12.2011	46,423
2.	735	30.12.2011	89,226
3.	1216	27.03.2012	52,055
4.	1391	24.04.2012	90,480
5.	1507	15.05.2012	83,964
6.	1554	18.05.2012	51,765
7.	1748	15.06.2012	546,650
8.	1787	26.06.2012	55,970
		Total	**1,016,533**

Audit observed that the expenditure on entertainment was incurred beyond the powers delegated to the Ministries/Divisions.

Audit is of the view that the expenditure incurred beyond the powers delegated to the Ministries/Divisions was irregular and unauthorized.

The management replied that under Serial 9(38)(ii) of System of Financial Control and Budgeting the Ministries/Divisions were empowered to incur expenditure up to Rs. 40,000 per occasion. The amount spent beyond this ceiling required relaxation from the relevant authority. Finance Division is of the opinion that the rule making authority can relax the rules made by it. As the Expenditure Wing of the Finance Division had framed the rules, therefore, approval from Additional Finance Secretary (Expenditure) was obtained for expenditure beyond the ceiling.

The reply was not accepted as in most of the cases Serial 9(38)(iii) of System of Financial Control and Budgeting, 2006 was applicable. The Finance Division was not empowered to approve the expenditure in the light of Rule 11(g) of Rules of Business, 1973.

The PAO was informed on 09.01.2013, but DAC was not held till the finalization of the report.

Audit recommends that responsibility may be fixed for the irregularity besides regularization of the expenditure from the Establishment Division.

14.4.11 Irregular payment of project allowance to the employees - Rs. 7.160 million

Para 2(a) of Finance Division O.M. No. F.16(1)R-14/2003 dated 12.08.2008 states that the employees appointed (in a project costing above Rs. 100 million) through transfer (deputation) on full time basis will get pay in their own pay scales and allowances plus deputation allowance @ 20% of the basic pay subject to a maximum of Rs. 6,000 per month or as revised from time to time along with the Project Allowance.

The management of the Central Directorate of National Savings (CDNS), Islamabad under the administrative control of Ministry of Finance incurred an expenditure of Rs 7.160 million out of Project titled “Automation of National Savings” for payment of Project Allowance to the regular employees during 2010-12.

Audit observed that the Project Allowance was paid to the regular employees of CDNS in violation of the instructions of the Finance Division.

Audit is of the view that payment of Project Allowance to the employees of CDNS who were not appointed in the project on full time basis through transfer (deputation) was irregular and unauthorized.

The management replied that the Project Allowance was paid in accordance with approved PC-I.

The reply was not accepted as the employees were not appointed in the project through transfer (deputation) on full time basis. Neither the PC-I, nor interpretation of any of its contents, can violate the guidelines and instructions issued by the government from time to time. The beneficiaries of the Project Allowance cannot be considered as full time employees of the project, while remaining posted in the CDNS. Therefore, payment of Project Allowance was irregular.

The PAO was informed on 25.10.2012, but DAC was not held till the finalization of the report.

Audit recommends that Project Allowance paid, may be recovered and deposited into government treasury.

14.4.12 Irregular payment of Project Allowance to the Director General, CDNS appointed in MP-I scale - Rs. 1.11 million

Para 2(a) of Finance Division O.M. No. F.16(1)R-14/2003 dated 12.08.2008 states that the employees appointed (in a project costing above Rs. 100 million) through transfer (deputation) on full time basis will get pay in their own pay scales and allowances plus deputation allowance @ 20% of the basic pay subject to a maximum of Rs. 6,000 per month or as revised from time to time along with the Project Allowance.

According to ECNEC decision dated 18.02.2004 circulated vide Planning Commission Project Wing D.O. letter No. 2(263)PWD/PD/2003 dated 02.11.2006 the appointment of an independent full time Project Director was mandatory for projects costing Rs. 100 million and above.

The Establishment Division vide Notification No. 1/85/2007-E-6 dated 30.10.2007 appointed Mr. Zafar M. Shaikh, Additional Director General (Debt), Ministry of Finance as Director General, CDNS in MP-I scale, w.e.f. 30.10.2007. The Establishment Division vide Notification No. 1/85/2007-E-6 dated 05.09.2012 extended the contract in MP-I scale for two years w.e.f. 30.10.2009 and for another year w.e.f. 30.10.2011.

The management of CDNS, Islamabad paid Rs. 1.111 million as Project Allowance to the Director General, CDNS for holding additional charge of the post of Project Director of the project titled "Automation of National Savings" during 2010-12.

Audit observed that the officer was appointed as Director General, CDNS in MP-I scale and not in the project on transfer (deputation) on full time basis.

Audit is of the view that payment of Project Allowance to the Director General, CDNS was irregular and unauthorized.

The management replied that Additional Charge along with Project Allowance was authorized by the Finance Division till appointment of regular Project Director.

The reply was not accepted as, under the rules, Additional Charge Allowance was payable up to a maximum of Rs. 6,000 per month only. Further, the Finance Division had no authority, whatsoever, to sanction any payment in violation of the rules.

The PAO was informed on 25.10.2012, but DAC was not held till the finalization of the report.

Audit recommends that the Project Allowance paid irregularly should be recovered and deposited into government account, besides appointing a full time Project Director.

14.4.13 Irregular appointments of Data Entry Operators - Rs. 7.672 million

Para 12 of GFR Volume-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 allocated to spending units are expended in the public interest and upon objects for which the money was provided.

Para 6.5 of the PC-I of the project titled 'Automation of National Savings' states that data entry activities would still be required to be continued through the selected data entry firm for which existing data entry software shall be used. Anyhow, the data entered by the data entry firm shall be got validated/finalized through another firm hired for the purpose.

The management of CDNS, Islamabad appointed Data Entry Operators for the project and paid Rs. 7.672 million on account of salaries during 2010-12.

Audit observed as under:

i. The data entry activities were required to be carried out through a data entry firm.
ii. The management did not hire a data entry firm as required under the PC-I.
iii. The management appointed Data Entry Operators for which no provision existed in the PC-I.
iv. The payment of salaries to the Data Entry Operators was booked under the head 'Other Allowances'.

Audit of the view that the appointments of Data Entry Operators were irregular and unauthorized.

The management replied that in 2004, CDNS hired M/s System (Private) Limited for entering the historical data, but due to lack of funds the data entry work could not be started. In 2009, the firm started the work but demanded increase in rates, which was not possible under the existing contract. Therefore, the contract was discontinued, but the task was required to be accomplished for which Data Entry Operators were hired.

The management has accepted the audit observation.

The PAO was informed on 25.10.2012, but DAC was not held till the finalization of the report.

Audit recommends that the matter regarding appointment of Data Entry Operators in violation of the PC-I may be got investigated, responsibility may be fixed and the irregular practice may be discontinued forthwith.

14.4.14 Payment of salaries through Drawing and Disbursing Officer - Rs. 77.550 million

Rule 157(2) of FTR Volume-I states that cheques drawn in favour of corporate or local bodies, firms or private persons for payments of Rs. 200 and above or in favour of Central Gazetted Government servants or Central non-Gazetted Government servants drawing emoluments of Rs. 1,000 per month and above for payments in respect of their personal claims shall be crossed wherever such payments are made by cheques.

The management of the Central Directorate of National Savings, Islamabad paid Rs 21.870 million and Regional Directorate of National Savings (RDNS), Islamabad paid Rs. 55.680 on account of salaries and allowances to the non-gazetted employees during 2010-12.

Audit observed that the salaries were paid in cash instead of crossed cheques or by bank transfer.

Audit is of the view that payment of salaries in cash was irregular and might result in embezzlement, fraud and short payment to the employees.

The management replied that accounts of National Savings Organization were departmentalized accounts and salaries were paid in cash by the Drawing and Disbursing Officer through acknowledgment on Acquittance Roll.

The management has accepted the audit observation.

The PAO was informed on 25.10.2012, but DAC was not held till the finalization of the report.

Audit recommends that the practice may be stopped forthwith and in future salaries should be paid through crossed cheque or by bank transfer to safeguard the interests of the employees.

14.4.15 Loss due to procurement of split AC from 3rd lowest bidder - Rs. 1.291 million

Para 10 of GFR Volume-I states that 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.

Rule 36(b)(ix) of Public Procurement Rules, 2004 states that the bid found to be the lowest evaluated bid shall be accepted.

Rule 2(h)(i)(ii) of Public Procurement Rules, 2004 states that the "lowest evaluated bid" means, a bid most closely conforming to evaluation criteria and other conditions specified in the bidding document; and having lowest evaluated cost.

Rule 50 of Public Procurement Rules, 2004 states that any unauthorized breach of these rules shall amount to mis-procurement.

The management of the Central Directorate of National Savings, Islamabad invited open tenders on 17.05.2012 for purchase of 69 split air-conditioners for its Regional Offices. Opening of bids and evaluation process was completed on 04.06.2012 and the supply order was issued to M/s Mosam Engineering on 18.06.2012.

Audit observed that according to the comparative statement the lowest bidder was M/s Arshad Amjad & Abid (Pvt) Ltd. who quoted a price of Rs. 41,000 per unit whereas the supply order was issued to 3rd lowest bidder M/s Mousam Engineering @ Rs. 59,715 per unit.

Audit is of the view that undue favor was extended to the 3rd lowest bidder resulting in a loss of Rs. 1.291 million (Rs. 59,715 - Rs. 41,000 = Rs. 18,715 × 69 = Rs. 1,291,335).

The management replied that the purchase order for purchase of 69 air-conditioners of 1.5 ton Acson brand was given to M/s Mousam Engineering @ Rs. 59,715 per unit by considering the quality instead of the cost, which was of secondary importance. Two other firms also offered the “Acson” air-conditioners @ Rs. 77,000 and Rs. 77,300 per unit, which was higher than M/s Mousam Engineering. Therefore, contract to the lowest bidder offering a more reliable brand was awarded. The lowest bidder M/s Arshad Amjad & Abid (Private) Ltd. quoted the brand Diakool which was less efficient than Acson and had no worth in the national market. Further, it did not fulfill the specifications of the tender notice which required that the 1.5 ton air-conditioner should be 1800 BTU, which requirement Diakool did not meet.

The reply was not accepted because the Technical Proposals are evaluated prior to the Financial Proposals. Had M/s Arshad Amjad & Abid (Private) Ltd. not fulfilled the technical requirements, their financial bids would neither have been opened nor evaluated.

The PAO was informed on 25.10.2012, but DAC was not held till the finalization of the report.

Audit recommends that the matter may be investigated at appropriate level for fixing responsibility for the loss.

14.4.16 Unauthorized procurement of assets - Rs. 38.868 million

Para 1(ii) of Finance Division O.M. No. F.7(2)Exp.IV/2011 dated 12.08.2011 states that in order to enforce economy measures in the Current Expenditure during 2011-12, there will be a ban on purchase of physical assets including all types of vehicles.

Rule 11(g) of Rules of Business, 1973 states that no Division shall, without previous consultation with the Establishment Division, issue, or authorize the issue of, any orders, other than orders in pursuance of any general or special delegation made by the Establishment Division, which involve expenditure proposals relating to the Finance Division under Rule 12(1)(b), (2) and (3).

The Finance Division vide Para 2 of U.O. No. F.1(3)Admn-V/03-Vol.III-Pt-219 dated 28.03.2012 approved the relaxation of ban subject to availability of budget and fulfillment of codal formalities for purchase of items proposed by the Central Directorate of National Savings.

The management of Central Directorate of National Savings (CDNS) during 2011-12 invited tenders for purchase of physical assets after receipts of relaxation of ban from the Finance Division. Details are as under:

(Rupees)

S. No.	Description	Relaxation of ban	Quantity Purchased	Unit Price	Excess	Total
1.	Servers	10	-	-	0	0
2.	PCs	130	-	-	0	0
3.	Printers	15	3	32,480	0	97,440
4.	AC 1.5 Ton	60	69	57,115	514,035	3,940,935
5.	CCTV Camera	60	360	12,500	3,749,999	4,500,000
6.	Generators	47	-	-	0	0
7.	Counters	60	-	-	0	0
8.	Visitors Chairs	170	170	6,700	0	1,139,000
9.	High Back Chairs	60	71	9,800	107,800	695,800
10.	Low Back Chairs	200	201	8,800	8,800	1,768,800
11.	Sofa Single Seater	250	404	7,400	1,139,600	2,989,600
12.	Sofa Double Seater	100	191	18,000	1,638,000	3,438,000
13.	Center Table	100	101	7,500	7,500	757,500
14.	Lockers	53	-	-	0	0
15.	DVR	-	90	60,500	5,445,000	5,445,000
16.	UPS	-	102	104,900	10,699,799	10,699,800
17.	Laptops	-	12	168,200	2,018,400	2,018,400
18.	Dell LED 18.5"	-	90	14,200	1,278,000	1,278,000
19.	GFC Louvre Fan 15"	-	10	3,828	38,280	38,280
20.	Orient Water Dispenser	-	3	15,080	45,240	45,240
21.	Microwave Oven	-	2	8,120	16,240	16,240
				Total	**26,706,693**	**38,868,035**

Audit observed as under:

i. The Finance Division was not competent to relax the ban imposed on purchase of physical assets under the austerity measures in terms of Rule 11(g) of Rules of Business, 1973.

ii. The management procured physical assets amounting to Rs. 38.868 million without relaxation from the competent forum.

iii. The management purchased items from Serial No. 15 to 21 ban on which was not relaxed.

iv. The management purchased items at Serial No. 4-5, 9 and 11-12 in excess of the relaxation of ban.

v. The management purchased excess items for a total amount of Rs. 26.707 million.

Audit is of the view that the procurement of physical assets without relaxation from the competent forum was irregular and unauthorized.

The management replied that the generators were more expensive than anticipated and purchase of fuel for their operation might have created financial burden in the future. Therefore, UPS were purchased instead. The laptops were purchased due to requirements of automation/computerization in the organization from within the available funds.

The management has accepted the audit observation regarding purchase of excess items.

The PAO was informed on 25.10.2012, but DAC was not held till the finalization of the report.

Audit recommends that inquiry be held and responsibility may be fixed for the irregularity besides obtaining relaxation of ban from the competent forum.

14.4.17 Unauthorized execution of renovation and refurbishment work - Rs. 14.340 million

Finance Division vide U.O. No. F.7(2)Exp.IV/2011 dated 17.08.2011 imposed ban on purchase of physical assets including all type of vehicles.

Serial No. 9(46) of Annex-I of Finance Division O.M. No. F.3(2)Exp-III/2006 dated 13.09.2006 states that only the Ministries/Divisions have been empowered to incur expenditure up to Rs. 500,000 on works of non-residential buildings and no power has been delegated to the head of department for said purpose.

Rule 12 of GFR Volume-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.

In terms of para-5(d) of Finance Division O.M. No. F.3(2)Exp-III/2006 dated 13.09.2006, the PAO is responsible for ensuring that the expenditure is not incurred in excess of budget allocation. He shall ensure that payments are correctly classified under the appropriate heads of accounts and that departmental accounts are regularly reconciled every month.

The management of the Central Directorate of National Savings, Islamabad during 2010-12 incurred an expenditure of Rs. 14.340 million on renovation and refurbishment of offices. Details are as under:

(Rupees)

S. No,	Firms	Amount
1.	M/s Sublime Impressions, Lahore	1,665,816
2.	M/s Enliven Solutions, Lahore	1,149,905
3.	M/s Enliven Solutions, Lahore	8,003,748
4.	M/s Net Com Solutions Pvt. Ltd., Islamabad	3,520,154
	Total	**14,339,623**

Audit observed as under.

i. The renovation and refurbishment works involved purchase of electrical items like split air-conditioners, UPS and generators besides civil works, whereas the expenditure was booked under head of account ‘Purchase of Furniture & Fixtures’ and ‘Purchase of Machinery and Equipment’ which was banned during March, 2011 to June 2011 and 2011-12.

ii. The major expenditure on renovation and refurbishment pertains to repairs for which no powers were delegated to the Head of Department. The expenditure was, therefore, met from ‘Purchase of Furniture & Fixtures’ and ‘Purchase of Machinery and Equipment’ although there was a ban imposed on purchase of physical assets, which also resulted in misclassification of expenditure.

Audit is of the view that the expenditure was irregular and unauthorized.

The management replied that the payments were made to the vendors for work completed during 2008-09. No fresh purchase order was given except for which approval was obtained from the Finance Division.

The reply was not accepted because the expenditure was incurred without delegation of financial powers and for physical assets, purchased of which was banned.

The PAO was informed on 25.10.2012, but DAC was not held till the finalization of the report.

Audit recommends that inquiry be held and responsibility may be fixed for the irregularity besides obtaining relaxation of ban from the competent forum.

14.4.18 Irregular appointment of Data Entry Operators - Rs. 1.770 million

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

Para 11(A)(vi) of Finance Division O.M. No. F.3(2)Exp.III/2006 dated 13.06.2006 states that the appointment of contingent staff is required to be made with the approval of the Additional Secretary Finance (Expenditure).

The management of Central Directorate of National Savings (CDNS), Islamabad appointed Data Entry Operators as contingent paid staff for further posting in field organizations of the Regional Directorate of National Savings (RDNS), Islamabad.

Audit observed as under:

i. There was no provision for engagement of contingent paid staff either in CDNS or RDNS.
ii. The approval of Additional Finance Secretary (Expenditure) was not obtained.
iii. The salaries to the contingent paid staff were paid from the head of account ‘Payment to Others for Services Rendered’.

Audit of the view that the engagement of Data Entry Operators as contingent paid staff was irregular and unauthorized.

The management replied that National Savings Organization is facing acute shortage of staff at all levels and to run day to day business the services of

Data Entry Operator are hired on quarterly basis through CDNS, Islamabad. Their appointments are not made on regular basis.

The management has accepted the audit observation.

The PAO was informed on 25.10.2012, but DAC was not held till the finalization of the report.

Audit recommends that the irregularity may be got regularized besides immediate discontinuation of the irregular practice.

14.4.19 Irregular investment in different financial institutions - Rs. 61.000 million

According to Finance Division O.M. No. F.4(1)/2002-BR-11 dated 02.07.2003, investment of working balances/surplus funds be made subject to fulfillment of various requirements such as investment in A rating banks, working balance limit of each organization should be determined with the approval of administrative Ministry in consultation with Finance Division, competitive bidding process, investment exceeding Rs. 10 million shall not be kept in one bank, setting up of in-house professional treasury management functions, formation of Investment Committee, employment of qualified investment management staff, utilization of services of professional fund managers approved by SECP, annual certificate of the Chief Executive of the organization, etc.

The management of Competition Commission of Pakistan (CCP) invested Rs. 61.000 million in various financial institutions during 2011-12.

Audit observed that the management of CCP invested Rs 61.000 million in financial institutions without adopting the criteria laid down in Finance Division O.M. No. F.4(1)/2002-BR-11 dated 02.07.2003.

Audit is of the view that investment in violation of the instructions of the Finance Division was irregular and unauthorized.

The management replied that in pursuance of Section 20(3) of the Competition Act, 2010 the Competition Commission of Pakistan had made "Competition Commission (Expenditure & Investment) Regulations, 2007 vide notification No. SRO 1193(1)/2007 dated 20.11.2007. Regulation No. 3(2)(f) states as under: "3. CCP Fund: (2). Subject to Section 20 of the Fund shall be expended and applied for the purpose of (f). For making investment in such manner as the Commission thinks fit." Further Para 4(b) of Competition Commission of Pakistan (Conduct of Business), Regulations, 2007 fully empowers the Chairman to "take all policy decisions of administrative nature in consultation with the members as may be necessary" and all the investments were made with the approval of Chairperson.

The reply was not acceptable as Finance Division has laid down the procedure for investment of all Public Sector Enterprises/local and autonomous bodies. Having been established by the Government of Pakistan, the CCP cannot make regulations which clearly violate and contradict the government instructions issued by the Finance Division. The investments are, therefore, irregular and unauthorized.

The PAO was informed on 19.12.2012, and again on 11.01.2013, but DAC was not held till the finalization of the report.

Audit recommends that responsibility may be fixed for the irregularity. Besides, the laid down mechanism for investments may be instituted.

14.4.20 Irregular and unauthorized payment of different allowances/facilities to Chairman and Members of the Commission - Rs. 6.158 million

Para 3(1) of the Public Investments (Financial Safeguards) Ordinance, 1960 stipulates that where any corporation, institution or undertaking, whether incorporated in pursuance of a Federal or Provincial law or not so incorporated, has been established by Government with the aid of public revenues, the appropriate Government shall, notwithstanding anything in any law, or in any instrument, deed or other document relating to such corporation, institution or undertaking, have power to prescribe financial procedures, including procedures for internal financial control, in respect of matters relating to the receipt and expenditure of moneys and sanctions thereto.

The Finance Division vide S.R.O. No. 143(I)/2009 dated 02.09.2009 issued the Competition Commission (Salary, Terms and Conditions of Chairman and Members) Rules, 2009.

The Finance Division issued a Schedule along with S.R.O. No. 143(I)/2009 dated 02.09.2009 in which Basic Pay, House Rent Allowance, Utilities and facilities like one chauffeur driven car, petrol, TA/DA, medical facilities, leave and gratuity were allowed to Chairman and Members of CCP.

Rule 4(1) of Competition Commission (Salary, Terms and Conditions of Chairman and Members) Rules, 2009 states that the salary of the Chairman shall be fixed at the maximum of MP-I Scale.

Rule 4(2) of Competition Commission (Salary, Terms and Conditions of Chairman and Members) Rules, 2009 states that the salary of the Members shall be fixed at the median of MP-I Scale and they shall be entitled to annual increments earned in the normal course in terms of the MP-I scale.

Rule 4(3) of Competition Commission (Salary, Terms and Conditions of Chairman and Members) Rules, 2009 states that all other terms and conditions of service of the Chairman and Members shall be in accordance with the Schedule, as may be revised by the Federal Government from time to time.

Para 10(iii) of GFR Volume-I states that no authority should exercise its powers of sanctioning expenditure to pass an order which will be directly or indirectly to its own advantage.

The management of Competition Commission of Pakistan (CCP) paid Orderly Allowance, mobile phone facility, Earned Leave Encashment (ELE), Leave Fair Assistance (LFA) and membership fee/subscriptions to Chairman and members of CCP. Details are as under:

S. No.	Name	Orderly Allowance	Mobile phone charges	ELE	LFA	Membership fee	Gratuity overpaid	Total
1.	Ms. Rahat Kunain	72,000	160,218	-	240,000	-	-	472,218
2.	Dr. Joseph Wilson	72,000	71,049	726,000	240,000	-	369,000	1,478,049
3.	Mr. Shahzad Ansar	72,000	29,887	-	197,545	500,000	-	799,432
4.	Mr. Mueen Batlay	72,000	98,471	-	240,000	500,000	-	910,471
5.	Mr. Abdul Ghaffar	72,000	117,571	726,000	295,645	-	369,000	1,580,216
6.	Ms. Vadiyya S. Khalil	72,000	100,234	-	240,000	505,000	-	917,234
	Total	**432,000**	**577,430**	**1,452,000**	**1,453,190**	**1,505,000**	**738,000**	**6,157,620**

Audit observed that the management made the aforementioned payments in violation of Competition Commission (Salary, Terms and Conditions of Chairman and member) Rules, 2009.

Audit observed that management of CCP paid gratuity to its following members as one month's salary (gross) instead of one month's pay as given in Schedule of SRO referred above:

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

The management replied that the General Financial Rules made under Article 79 are applicable to the Federal Consolidated Fund and the Public Account. The Commission Fund has been established under Section 20 of the Act and the statute specifically envisages payment of salaries and other remunerations to the Chairman and Members out of Commission Fund. Therefore, regulations framed pursuant to Section 58 for the purposes of Section 20(1) would be applicable. Thus the payments/remunerations made to the Members, including Chairperson, are in accordance with the law. The CCP Fund is governed by Competition Act, 2010 and being the special law, shall prevail and have an overriding effect over the general law, i.e. GFR.

The reply of the management was not accepted as it has preferred to comment on the General Financial Rules and has completely overlooked Section 17 of Competition Act, 2010 which specifies that the Chairman and Members of the Commission shall be appointed for a term of three years on such salary, terms and conditions of service as the Federal Government may by rules prescribe. In pursuance of Section 17 of the Competition Act, 2010 the Finance Division issued Competition Commission (Salary, Terms and Conditions of Chairman and Members) Rules, 2009 vide S.R.O. No. 143(I)/2009 dated 09.02.2009. Therefore, allowances and other financial benefits paid to the Chairman and Members not covered under these rules are irregular. The management has also overlooked the fact that the 'CCP Fund' is financed, *inter alia*, by the allocations and grants from the federal government, contributions from local and foreign donors or agencies <u>with the approval of the federal government</u>, etc.

The PAO was informed on 19.12.2012, and again on 11.01.2013, but DAC was not held till the finalization of the report.

Audit recommends that the irregular and unauthorized payment should be stopped forthwith and the amount already paid should be recovered.

14.4.21 Purchase of vehicles on lease basis during period of ban on purchase of physical assets - Rs. 24.294 million

Finance Division O.M. No. F.7(1)Exp.IV/2011 dated 18.03.2011 imposed ban on purchase of physical assets by issuance of austerity measures during financial year 2010-11.

The management of Competition Commission of Pakistan (CCP) purchased 14 vehicles and one motorcycle on lease during the ban period.

Audit observed that management of CCP purchased on lease basis 14 vehicles (1,300 cc Toyota Corolla, Gli Model 2011) during 2011-12 for Rs. 24.294 million.

Audit is of the view that the expenditure incurred on purchase of vehicles in violation of the ban imposed by the government was irregular and unauthorized.

The management replied that Section 12(3) of the Competition Act, 2010 states that the Commission shall be administratively and functionally independent, and the Federal Government shall use its best efforts to promote, enhance and maintain the independence of the Commission. As the CCP Fund was governed by the Competition Act, 2010, therefore, this special law should prevail and have an overriding effect. Audit had indicated that the Commission incurred an expenditure of Rs. 24.294 million on the leasing of vehicles, while during 2011-12 the amount paid to the bank was Rs. 3.320 million. The ban in question does not apply to the transaction which had taken place much before the ban was imposed.

The reply was not accepted because the ban was imposed during 2010-11 on 18.03.2011 vide Finance Division O.M. No. F.7(1)Exp.IV/2011 dated 18.03.2011. The management advertised the purchase of vehicles in the newspapers on 23.02.2011. The last date for submission of bids was 11.03.2011 while the date of opening of bids was 16.03.2011. As the ban was imposed on 18.03.2011, therefore, further processing of the procurement should have been discontinued forthwith. Instead, despite the ban, the management went ahead with the procurement and made final payment for the vehicles in June, 2011. No doubt an installment of Rs. 3.320 million was paid during 2011-12, yet the liability created by the management amounts to Rs. 24.294 million which has to be settled over a period of time. The procurement was made in violation of the ban imposed by the federal government through the Finance Division. The administrative and functional independence of the CCP does not absolve it from the rules, regulations and instructions of the government issued from time to time.

The PAO was informed on 19.12.2012, and again on 11.01.2013, but DAC was not held till the finalization of the report.

Audit recommends that inquiry may be initiated and responsibility may be fixed for the irregularity.

14.4.22 Irregular payment of different advances to Members of the Competition Commission of Pakistan - Rs. 3.985 million

Para 3(1) of the Public Investments (Financial Safeguards) Ordinance, 1960 stipulates that where any corporation, institution or undertaking, whether incorporated in pursuance of a Federal or Provincial law or not so incorporated, has been established by Government with the aid of public revenues, the appropriate Government shall, notwithstanding anything in any law, or in any instrument, deed or other document relating to such corporation, institution or undertaking, have power to prescribe financial procedures, including procedures for internal financial control, in respect of matters relating to the receipt and expenditure of moneys and sanctions thereto.

The Finance Division vide S.R.O. No. 143(I)/2009 dated 02.09.2009 issued the Competition Commission (Salary, Terms and Conditions of Chairman and Members) Rules, 2009.

Rule 4(2) of Competition Commission (Salary, Terms and Conditions of Chairman and Members) Rules, 2009 states that the salary of the Members shall be fixed at the median of MP-I Scale and they shall be entitled to annual increments earned in the normal course in terms of the MP-I scale.

Rule 4(3) of Competition Commission (Salary, Terms and Conditions of Chairman and Members) Rules, 2009 states that all other terms and conditions of service of the Chairman and Members shall be in accordance with the Schedule, as may be revised by the Federal Government from time to time.

The management of CCP paid various advances to the Members appointed in MP-I scale.

Audit observed as under:

i. The Members were appointed by the federal government on contract basis.

ii. The Members were not permanent employees of the Commission and were appointed for a specific period only.

iii. The management granted advance Salary and House Rent Allowance, and General Purpose Loan to the Members of the Commission.

iv. There was no provision in the Competition Commission (Salary, Terms and Conditions of Chairman and Members) Rules, 2009 for payment of Salary and House Rent Allowance, and General Purpose Loan to the Members of the Commission.

Details are as under:

(Rupees)

S. No.	Name of Member	House Rent Allowance Advance	General Purpose Loan	Salary Advance
1.	Dr. Joseph Wilson	630,000	0	0
2.	Mr. Shahzad Ansar	900,000	100,000	
3.	Mr. Mueen Batlay	204,750	840,000	50,000
4.	Ms. Vadiyya S. Khalil	1,260,000	0	0
	Total	**2,994,750**	**940,000**	**50,000**
			Grand Total	**3,984,750**

Audit is of the view that payment of Salary and House Rent Allowance, and General Purpose Loan to the Members of the Commission was irregular and unauthorized.

The management replied that the House Rent Allowance was paid in advance to the Members in accordance with Regulation No. 3 of Chapter 6 of Competition Commission (Service) Regulations. The Competition Commission (Salary, Terms and Conditions of Chairman and Members) Rules, 2009 also provide for House Rent Allowance and does not bar grant of advance house rent. Management further replied that General Purpose Loan was paid in accordance with Regulation No. 2 of Chapter 6 of Service Regulations.

The reply was not accepted. The Regulations made by the Commission cannot be contradictory to the Rules framed by the federal government regarding salary and terms and conditions of the Chairman and Members. The Competition Commission (Salary, Terms and Conditions of Chairman and Members) Rules, 2009 do not allow advance payment for any reason whatsoever because the government cannot create a liability with regard to contractual employees.

The PAO was informed on 19.12.2012, and again on 11.01.2013, but DAC was not held till the finalization of the report.

Audit recommends that Competition Commission (Salary, Terms and Conditions of Chairman and Members) Rules, 2009 should be followed for the Chairman and Members and any ambiguity in the Regulations prepared by the Commission should be removed and brought in line with the Rules issued by the federal government. The practice of granting advances to the contractual employees should be discontinued forthwith, besides lump sum recovery of the amount paid in advance.

14.4.23 Framing of Regulations in the absence of approved Rules of the Federal Government

Para 3(1) of the Public Investments (Financial Safeguards) Ordinance, 1960 stipulates that where any corporation, institution or undertaking, whether incorporated in pursuance of a Federal or Provincial law or not so incorporated, has been established by Government with the aid of public revenues, the appropriate Government shall, notwithstanding anything in any law, or in any instrument, deed or other document relating to such corporation, institution or undertaking, have power to prescribe financial procedures, including procedures for internal financial control, in respect of matters relating to the receipt and expenditure of moneys and sanctions thereto.

Section 57 of Competition Act, 2010 states that subject to sub-section (2), the Commission may, by notification in the official Gazette, and with the approval of Federal Government, make rules for all or any of the matters in respect of which it is required to make rules to carry out the purposes of this Act.

Section 58 of Competition Act, 2010 states that subject to sub-section (2), the Commission may, by notification in the official Gazette, make regulations as may be required to carry out the purposes of this Act.

The management of CCP framed the Competition Commission Service Regulations, 2007, Competition Commission (Expenditure and Investment) Regulations, 2007 and Competition Commission of Pakistan (Conduct of Business) Regulations, 2007.

Audit observed that management of CCP instead of framing rules duly approved by the federal government has resorted to make regulations to carry out the purposes of the Competition Act, 2010.

Audit further observed that CCP had allowed payment of unusual allowances to its employees, i.e. cash rewards, advance increments, promotion without any policy and criteria along with special increments, etc. One example is the Competition Commission Service Regulations, 2007 which were contradictory to the Competition Commission (Salary, Terms and Conditions of Chairman and Members) Rules, 2009 framed by the Finance Division to regulate the salary and terms and conditions of service of the Chairman and the Members.

Audit is of the view that relying on the regulations and not framing rules with the approval of the federal government was a violation of the Competition Act, 2010.

The management replied that the Competition Commission of Pakistan was governed by the Competition Act, 2010. Section 12(3) of the Competition Act, 2010 the Competition Commission of Pakistan guarantees administrative and functional independence to the Commission. Section 58 of the Act authorizes the

Commission to make Regulations required to carry out the purposes of the Act without the approval of the Finance Division.

The reply was not accepted because CCP had been established by the federal government and the organization cannot absolve itself from the rules, regulations and instructions issued by the federal government from time to time.

The PAO was informed on 19.12.2012, and again on 11.01.2013, but DAC was not held till the finalization of the report.

Audit recommends that CCP should frame rules on various subjects with the approval of the federal government.

CHAPTER 15

15 HIGHER EDUCATION COMMISSION (HEC)

15.1 Introduction of Commission

Higher Education Commission (HEC) was set up under an Ordinance in September, 2002 to facilitate the development of indigenous universities to be world-class centers of higher education, research and development. Through facilitating this process, the HEC intends to play its part in spearheading the building of a knowledge-based economy in Pakistan.

HEC is the successor of Universities Grants Commission with enhanced powers and new vision.

Since its establishment, the HEC has undertaken a systematic process of implementation of the five-year agenda for reform outlined in the HEC Medium Term Development Framework (MTDF), in which access, quality and relevance have been identified as the key challenges faced by the sector. To address these challenges a comprehensive strategy has been defined 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.

15.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Higher Education Commission for the financial year 2011-12 was Rs. 31,502.272 million including Supplementary Grant of Rs. 4,614.954 million out of which the Commission utilized Rs. 28,889.272 million. Grant-wise detail of current and development expenditure is as under:

(Rupees)

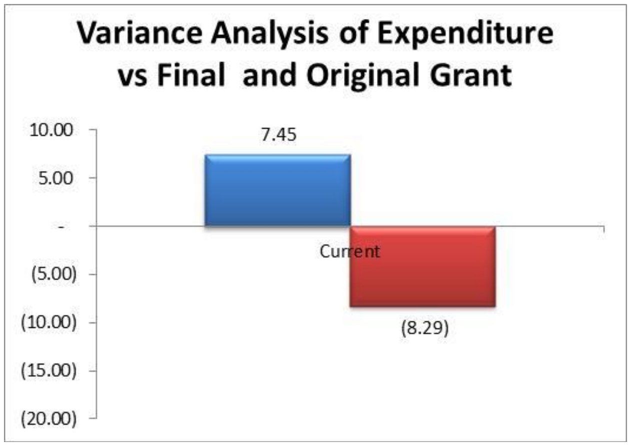
Grant No	Grant Type	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Final Grant/ Appropriation	Actual Expenditure	Excess/ (Savings)	% age Excess/ (Saving)
35	Current	26,887,318,000	4,614,954,000	31,502,272,000	28,889,272,000	(2,613,000,000)	(8.29)

Audit noted that there was an overall saving of Rs. 2,613.00 million in the current grant.

Supplementary Grants obtained without careful cash forecasting

In order to ensure prudent financial management, Para 13(vii) of System of Financial Control and Budgeting, 2006 states that 'Ministries / Divisions should be able to anticipate budgetary requirements well ahead of the financial year to which the budget relates and obtain the concurrence of the Finance Division. The Finance Division is expected to decline any request for Supplementary Grants except in extraordinary circumstances.' This document further states that 'the funds obtained from Supplementary Grants shall be expended for the purposes for which these have been sanctioned. In current expenditure, demands for Supplementary Grants shall not be made, except in extraordinary circumstances.' During the year, Supplementary Grants of Rs. 4,614.954 million were obtained, which was 17.16% of the Original Budget.

According to Para 71 of General Financial Rules (Volume I), while framing budget estimates, the authorities should exercise utmost foresight. Variation between estimated and actual expenditure captures the level of foresight that goes into budget formulation. As shown in the chart below, the excess in current expenditure was 7.45%, which, after accounting for Supplementary Grants changed to saving of 8.29%.



15.3 Brief comments on the status of compliance with PAC Directives

PAO	Years	No of audit paras	No of Actionable Points	Full Compliance	Not Complied	% of Compliance
HEC	1987-88	0	0	0	0	0
	1988-89	0	0	0	0	0
	1989-90	0	0	0	0	0
	1990-91	0	0	0	0	0
	1991-92	1	1	0	1	0
	1992-93	2	2	0	2	0
	1993-94	4	4	0	4	0
	1994-95	0	0	0	0	0
	1995-96	0	0	0	0	0
	1996-97	1	1	0	1	0
	1997-98	24	16	1	15	6
	1999-00	11	11	9	2	82
	2000-01	26	26	0	26	0
	2001-02	0	0	0	0	0
	2005-06	8	8	3	5	38
	2007-08	8	8	7	1	88
	2008-09	0	0	0	0	0
Total		**100**	**92**	**27**	**65**	**29**

15.4 AUDIT PARAS

Irregularity & Non Compliance

15.4.1 Irregular contract appointments and renewal of MP scales officers - Rs. 95.091 million

Section 3 of Higher Education Commission (HEC) Ordinance, 2002 states that the Controlling Authority of the Commission shall be the Prime Minister who may supervise the affairs of the Commission.

Section 6(1)(f) of HEC Ordinance, 2002 states that the Executive Director shall be a Member of the Commission.

Section 5 of HEC Ordinance, 2002 states that the Chairperson and the Members shall hold office for a period of four years and shall in no case be eligible for reappointment for more than one similar term.

Section 11(1) of HEC Ordinance, 2002 states that the Commission shall appoint an Executive Director in the manner prescribed who shall unless earlier removed on any of the grounds specified in sub-section (6) of Section 6, hold office for four years and shall be responsible for the various activities of the Commission.

Para 2(i) of Finance Division O.M. No. F.3(7)R.4/98-Vol.II/07(A) dated 11.04.2007 states that the extension in the contract period of the existing incumbents of MP Scales with the revised pay package will be considered only if their performance has been found satisfactory after evaluation by the Committee constituted with the approval of the Prime Minister and if the performance is found to be unsatisfactory, the contract will be terminated.

Para 2(ii) of Finance Division O.M. No. F.3(7)R.4/98-Vol.II/07(A) dated 11.04.2007 states that the same principle will apply to new entrants in MP Scales who will also be evaluated by the aforesaid Committee annually and in case their performance is found to be unsatisfactory, the contract will be terminated.

The management of Higher Education Commission (HEC) renewed contracts of the following officers in MP Scales:

(Rupees)

S. No.	Name	Designation	MP Scale	Contract Period	Salary + Gratuity up to 30.06.2012	Petrol (Ltr)
1.	Dr. Sohail H. Naqvi	Executive Director	I	16.09.2004 to 15.09.2006	31,271,000	32,640
				16.09.2006 to 15.09.2008		
				16.09.2008 to 15.09.2012		
2.	Dr. Riaz Hussain Qureshi	Advisor (QA&LI)	II	24.08.2004 to 23.08.2006	16,388,760	26,730
				24.08.2006 to 23.08.2008		
				24.08.2008 to 23.08.2010		
				24.08.2010 to 23.08.2011		
				24.08.2011 to 23.08.2012		
				24.08.2012 to 23.11.2012		
3.	Mr. M Jalil Ahmed	Advisor (M&E)	II	30.04.2007 to 29.04.2009	11,555,246	18,630
				30.04.2009 to 29.04.2011		
				30.04.2011 to 29.04.2013		
4.	Dr. Khawaja Azam Ali	MD (QAA)	II	27.04.2007 to 26.04.2009	11,555,246	18,360
				27.04.2009 to 26.04.2011		
				27.04.2011 to 26.04.2013		
5.	Ms. Noor Amna Malik	DG (L.I)	III	01.06.2006 to 31.05.2008	7,801,121	14,220
				01.06.2008 to 31.05.2010		
				01.06.2010 to 31.05.2012		
				01.06.2012 to 31.05.2014		
6.	Mr. Anees Sadozai	DG (Services)	III	10.03.2007 to 09.03.2009	7,077,479	12,600
				10.03.2009 to 09.03.2011		
				10.03.2011 to 09.03.2013		
7.	Ms. Zia Batool	DG (QA)	III	30.01.2008 to 29.01.2010	5,810,195	10,620
				30.01.2010 to 29.01.2012		
				30.01.2012 to 29.01.2014		
8.	Mr. Anwar Amjad	DG (IT)	III	18.07.2009 to 17.07.2011	3,631,920	7,560
				18.07.2011 to 17.07.2013		
				Total	**95,090,967**	**141,360**

Audit observed as under:

i. The contract appointments and subsequent renewals in MP scales were made without the approval of the Prime Minister.

ii. HEC was making contract appointments in MP scales since 2004 without any approved rules.

iii. The HEC Employees (Recruitment Rules), 2009 were framed in September, 2009 in violation of the guidelines laid down by the government for appointments in MP scales.

Audit is of the view that the appointments and renewals of contracts in MP scales without the approval of the Prime Minister were irregular and unauthorized.

The management replied that as per HEC Employees (Recruitment Rules), 2009 the Commission was authorized to appoint persons in MP Scales and had its own Committee for evaluation of MP Scales and does not require the approval of the Prime Minister.

The reply was not accepted as HEC Employees (Recruitment Rules), 2009 could not override the provisions of the HEC Ordinance, 2002. The HEC rules were framed in September, 2009 while HEC was making contract appointments in MP scales since 2004. Further, the authority to evaluate the performance of appointees in MP Scales was the Prime Minister, and the committee constituted by the HEC was not competent to exercise the authority vested in the Prime Minister.

The PAO was informed on 19.12.2012, but DAC was not held till the finalization of the report.

Audit recommends that responsibility be fixed for the irregularity.

15.4.2 Loss due to incorrect calculation of depreciation of vehicles - Rs. 0.771 million

The Federal Government approved the "Compulsory Monetization of Transport Facility for Civil Servants in BS-20 to BS-22" vide Cabinet Division letter No. 6/7/2011-CPC dated 12.12.2011. The Monetization Policy was implemented w.e.f. 01.01.2012.

Clause (iv) of Annexure to Cabinet Division letter No. 6/7/2011-CPC dated 12.12.2011 regarding Compulsory Monetization of Transport Facility for Civil Servants in BS-20 to BS-22, states that keeping in view the existing condition of vehicles, which are extensively used, it has been decided to allow 15% depreciation for each completed year of life of the vehicles. Alternately, the market price of the new car will be taken and depreciated at 20% per annum on reducing balances. Whichever depreciated price is higher shall be adopted as the reserve price.

The management of HEC monetized seven vehicles and calculated the depreciation on the basis of purchase price. Details are as under:

(Rupees)

S. No.	Vehicle No.	Year	Date of Registration	Market Price	Reserve Price by Department*	Reserve Price by Audit**	Difference
1.	GA-006	2007	15.03.2007	1,689,500	429,951	576,683	146,732
2.	GK-302	2007	21.09.2007	1,689,500	429,951	657,418	227,467
3.	GS-626	2008	02.04.2008	990,000	327,023	430,848	103,825
4.	GU-944	2010	21.04.2010	990,000	648,083	686,400	38,317
5.	GU-945	2010	21.04.2010	990,000	648,083	686,400	38,317
6.	GS-336	2008	21.02.2008	990,000	319,382	422,400	103,018
7.	GK-936	2008	26.01.2008	990,000	300,433	413,952	113,519
				Total	**3,102,906**	**3,874,101**	**771,195**

* Calculated on the basis of purchase price for the entire year of purchase
**Calculated on the basis of market price from the date of registration

Audit observed as under:

i. The depreciation was calculated on the purchase price without considering the current market price.

ii. The depreciation was calculated for the entire year instead of from the date of registration.

Audit is of the view that the incorrect calculation of depreciation resulted in financial loss to the organization and undue favour to the beneficiaries.

The management replied that the government monetization policy alternatively specifies that vehicles were required to be depreciated either @ 15% on purchase price or @ 20% on market price.

The reply was not accepted because the management has conveniently overlooked the words “whichever is higher”. Audit has calculated the depreciation on the basis of current market price from the date of registration resulting in a higher reserve price.

The PAO was informed on 19.12.2012, but DAC was not held till the finalization of the report.

Audit recommends that the amount of Rs. 0.771 million may be recovered from the beneficiaries.

15.4.3 Non recovery from defaulters/absconders who were awarded scholarships - Rs. 136.035 million

The revised Standing Operating Procedures (SOPs) to pursue cases of HEC scholarship defaulters circulated vide letter No. 2-6/NSMC/HEC/2011 dated 11.05.2011 are as under:

i. In case of breach of agreement by the scholar, following penalties will be imposed:

   a. Scholarship shall be cancelled by the Executive Director, HEC/Chairman, NSMC.

   b. Expenses incurred on the scholar plus penalty up to 25% may be recovered from the scholar.

The management of Higher Education Commission (HEC) awarded scholarships for studies in foreign and local universities.

Audit observed that management of HEC failed to recover expenses along with penalties from the scholars who breached their agreements amounting to Rs. 136.035 million [Rs. 86.202 million + (Euro 406,072 × Rs. 122.72)]. Details are as under:

(Rs. in million)

S. No.	Name of Project	Amount (Euro)	Amount (Rs.)
1.	Weaker universities scholarship program (Foreign)	0.204	0
2.	Ph.D scholarships for Engineering & Sciences Germany (Foreign)	0	3.011
3.	Natural & Basic Sciences, France (Foreign)	0.202	0
4.	Natural & Basic Sciences, France (Foreign)	0	0.210
5.	Post-Doctoral Fellowship Phase-II (Foreign)	0	7.661
6.	Natural & Basic Sciences, Austria (Foreign)	0	7.910
7.	Overseas Phase-II MS leading to PhD (Foreign)	0	42.242
8.	PhD Fellowship for 5,000 scholars (Local)	0	25.168
	Sub-Total	**0.406**	**86.202**
	Euro exchange rate on 08.11.2012 = Rs. 122.72 × € 0.406 million		**49.833**
	Grand Total		**136.035**

Audit is of the view that the HEC was not diligently implementing the terms of the Surety Bonds due to which a large number of students failed to serve in Pakistan after completing their studies while the HEC did not recover the cost of studies from the Guarantors.

The management replied that all codal formalities were fulfilled before awarding the scholarships to the deserving candidates and cases are in court against the defaulters for the recovery.

The reply was not accepted because the outstanding amount of Rs. 136.035 million indicated failure of the management to implement the terms of the Surety Bonds.

The PAO was informed on 19.12.2012, but DAC was not held till the finalization of the report.

Audit recommends that the amount may be recovered from the Guarantors besides ensuring proper guarantee mechanism before awarding scholarships.

15.4.4 Purchase of physical assets during the period of ban - Rs. 8.778 million

Para 1(2) of Finance Division O.M. No. F.7(2)Exp.IV/2011 dated 17.08.2011 states that there will be ban on purchase of physical assets including all types of vehicles.

The management of Higher Education Commission (HEC) incurred an expenditure of Rs. 8.778 million on account of purchase of physical assets during 2011-12. Details are as under:

(Rs. in million)

S. No.	Description	Amount
1.	Purchase of Furniture	2.070
2.	Purchase of Tractor	1.876
3.	Purchase of IT equipment	4.518
4.	Purchase of Plant & Machinery	0.314
	Total	**8.778**

Audit observed that physical assets were purchased during the period of ban imposed by the government.

Audit is of the view that the purchase of the physical assets was irregular.

The management replied that procurement process was started before the ban period.

The reply was not accepted because the management was required to stop further processing of the purchases in order to comply with the ban imposed by the government.

The PAO was informed on 19.12.2012, but DAC was not held till the finalization of the report.

Audit recommends that responsibility may be fixed for violating the orders of the government besides getting the irregularity condoned from the Finance Division.

15.4.5 Purchase of used buses and tyres which had completed their useful life - Rs. 14.740 million

Rule 25(5)(b) of the Staff Car Rules, 1980 states that for the purpose of condemnation of buses, prescribed life is 8 years, and mileage is 200,000 kilometers.

Para 1(2) of Finance Division O.M. No. F.7(2)Exp.IV/2011 dated 17.08.2011 states that there will be ban on purchase of physical assets including all types of vehicles.

Rule 12(1) of the Public Procurement Rules, 2004 states that procurements over one hundred thousand rupees and up to the limit of two million rupees shall be advertised on the Authority’s website in the manner and format specified by regulation by the Authority from time to time. These procurement opportunities may also be advertised in print media, if deemed necessary by the procuring agency.

The management of Quaid-i-Azam University, Islamabad purchased five used buses and 30 tyres from M/S Varan Tours during 2011-12 @ Rs. 2.750 million per bus and @ Rs. 33,000 per tyre, respectively. Details are as under:

S. No.	Registration No.	Model	KM Travelled
1.	IDS-7021	2002	320,519.7
2.	IDS-7023	2002	383,682.6
3.	IDS-7037	2002	277,058.3
4.	IDS-7038	2002	335,606.0
5.	IDS-7040	2002	285,288.7

Audit observed as under:

i. The buses had completed their useful life both in terms of years and mileage.
ii. The tyres were purchased without open competition.
iii. Procurement rules do not provide for the purchase of used items.
iv. The buses were purchased during the period of ban imposed by the government.
v. Income Tax @ 3.5% amounting to Rs. 515,900 was not deducted.

Audit is of the view that purchase of buses and tyres was irregular.

The management replied that the used buses were purchased keeping in view the emergent need, huge cost of new buses and paucity of funds.

The reply was not accepted because the entire procurement was in violation of the laid down government rules and instructions.

The PAO was informed on 31.12.2012, but DAC was not held till the finalization of the report.

Audit recommends that responsibility be fixed for the irregularity.

15.4.6 Irregular reimbursement of petrol charges – Rs. 2.025 million

Rule 5(11) of Staff Car Rules, 1980 states that entitled officers shall forego the Conveyance Allowance and shall be permitted to free use of staff car for official and private purpose.

The management of Quaid-i-Azam University, Islamabad allowed reimbursement of petrol charges to professors of BPS 21 & 22 @ of 180 liters and 200 liters per month, respectively vide Quaid-i-Azam University Notification No. Admn/98-1858 dated 02.09.1998 and reimbursed an amount of Rs. 2.025 million during 2011-12.

Audit observed that all the officers in BPS 21 & 22 were drawing Conveyance Allowance @ Rs. 2,480 per month.

Audit is of the view that the reimbursement of petrol charges was irregular and unauthorized.

The management replied that the payment of Conveyance Allowance had been discontinued and efforts were being made to recover the overpaid amount.

The reply was not accepted because the reimbursement of petrol charges was unauthorized.

The PAO was informed on 31.12.2012, but DAC was not held till the finalization of the report.

Audit recommends that the reimbursement of petrol charges should be discontinued and the amount paid to date may be recovered.

15.4.7 Irregular payment of pension benefits to teachers under Tenure Track System

Higher Education Commission letter No. DG/QA/HEC/TTS-120B/All/06/2010/464/450 dated 21.06.2010 states that in accordance with the approved salary package, the faculty on Tenure Track System (TTS) may not be entitled for two benefits simultaneously, i.e. 'one gratuity for every yearly service under TTS' and 'counting of the TTS for pension'. It is, therefore, clarified that the existing faculty members who were serving under Basic Pay Scales (BPS) and had already got entitled/eligible (as per government rules) for pension under BPS before joining TTS, and now working under TTS may be considered for pension provided the period of service under TTS will not be counted towards service qualifying for pension under BPS, while such period of TTS may be treated as Extra-Ordinary Leave/etc.

The management of Quaid-i-Azam University, Islamabad also counted the period of service under TTS as qualifying service for pension.

Audit observed that the following teachers who retired during 2011-12 under TTS were also paid pension benefits of the service rendered under TTS:

i. Professor Dr. Nasim Hasan Rana, Department of Chemistry

ii. Professor Dr. Tahir Amin, Department of International Relations

iii. Professor Dr. Abdul Hamid, Department of Biology

Audit is of the view that counting of service rendered under TTS for calculation of pension was violation of instructions contained in HEC letter No. DG/QA/HEC/TTS-120B/All/06/2010/464/450 dated 21.06.2010, which resulted in loss to the government.

The management replied that the retiring benefits from TTS faculty retired after 07.08.2007 shall not be withdrawn. The TTS approved by the Chancellor and powers/decisions of the Syndicate the service period under TTS rendered by the faculty members have been counted as qualifying service for the calculation of pension.

The reply was not accepted because the faculty on TTS was not entitled for two benefits simultaneously, i.e. one gratuity for every yearly service under TTS and counting of the TTS for pension.

The PAO was informed on 31.12.2012, but DAC was not held till the finalization of the report.

Audit recommends that the period of service under TTS may be excluded from the qualifying service and recalculate the pension of the retired professors, and the amount overpaid should be recovered.

15.4.8 Irregular payment of Medical Allowance over and above prescribed rates

Finance Division O.M. No. F-16(1)-Reg-6/2010-778 dated 05.07.2010 states that Medical Allowance is allowed to civil servants in BPS-1 to BPS-15 @ Rs. 1,000 per month and from BPS-16 to BPS-22 @ 15% of the existing basic pay in Basic Pay Scales, 2008 w.e.f. 01.07.2010.

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

Para 10(v) of GFR Volume-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 management of Quaid-i-Azam University (QAU), Islamabad paid Medical Allowance @ 30% and 60% for un-married and married staff, respectively during 2011-12.

Audit observed that the management of QAU did not obtain the approval of the Finance Division for the grant of Medical Allowance over and above the prescribed rates.

Audit is of the view that the grant of Medical Allowance in excess of the rates approved by the Finance Division was irregular and unauthorized and resulted in the loss to government.

The management replied that QAU has no direct access to a medical institution and has to depend on health service providers in the market. Para 27 of Chapter V of QAU Act, 1973 bestows upon the Syndicate the powers to regulate or prescribe the scales of pay and other terms and conditions of services of officers, teachers and other employees of the University. The Syndicate allowed the Medical Allowance and rates have been revised from time to time. Currently, the maximum of the allowance is Rs. 8,000 per month.

The reply was not accepted as the University has adopted the pay scales of the government. Therefore, the Syndicate was not authorized to alter/revise the rates of Medical Allowance approved by the government.

The PAO was informed on 31.12.2012, but DAC was not held till the finalization of the report.

Audit recommends that Medical Allowance paid in excess of the rates approved by the Finance Division may be recovered from the employees, besides discontinuing the irregularity in future.

15.4.9 *Irregular re-employment of Controller of Examinations on contract basis after superannuation*

Para 4 of Establishment Division D.O. No. 7/3/89-OMG-II dated 28.01.1989 states that re-employment beyond the age of superannuation in all cases requires the approval of the Prime Minister.

The management of QAU re-employed a retired professor of chemistry Professor Dr. Muhammad Shahid Ansari as Controller of Examinations for a period of two years w.e.f. 22.06.2011.

Audit observed that the Controller of Examinations was appointed without the approval of the Prime Minister.

Audit is of the view that the appointment was irregular and authorized.

The management replied that the post of Controller of Examinations fell vacant in 2011. Accordingly, the Selection Board interviewed seven eligible candidates but none could meet the requirements of the job. Keeping in view the importance and urgency of the matter, the Vice-Chancellor hired the services of Prof. Dr. Shahid Ansari, by virtue of powers vested in him through Clause 13(3) of the Quaid-i-Azam University Act, 1973. The Syndicate in its meeting held on 16.07.2012 endorsed/confirmed the appointment.

The reply was not accepted because the appointment was made without the approval of the Prime Minister.

The PAO was informed on 31.12.2012, but DAC was not held till the finalization of the report.

Audit recommends that responsibility may be fixed for violating the government instructions, and the post may be filled by following the laid down procedure.

15.4.10 Irregular payment of House Rent Ceiling with pay – Rs. 69.731 million

Rule 8(5) of the Government Allocation Rules, 2002 states that a house or flat shall be hired at the rates assessed by the assessment board or the rental ceiling of the Federal Government Servant (FGS) or the demand of the owner whichever is less. The difference between the rent fixed by the government and the demand of owner shall be paid by the FGS direct to the owner and the government shall not be a party to this transaction.

The management of Quaid-i-Azam University, Islamabad paid Rs. 69.731 million to its employees on account of House Rent Ceiling during 2011-12.

Audit observed as under:

i. The payment was made to the employees instead of the owners of the houses.

ii. The amount of Rs. 69.731 million was booked under the head of account "A01202 House Rent Allowance", which is a Regular Allowance, instead of booking the expenditure under the head of account "Rent of Residential Building".

iii. The residential premises were not assessed as required under the rules.

iv. The rental ceiling for different stations was not observed.

v. The lease agreements were signed between the owners of the houses and the employees, instead of the owners and the University.

Audit is of the view that payment of House Rent Ceiling to the employees was irregular and unauthorized.

The management replied that the decision to pay House Rent Ceiling to the employees was made by the Syndicate in its 141st meeting held on 24.09.2005 on the recommendations of the Finance and Planning Committee. As the rental ceiling was paid to the employees with their salaries therefore the lease agreements were also executed between the owners and the employees without any responsibility of the University.

The reply was not accepted because House Rent Ceiling was not a Regular Allowance, and therefore it was not payable along with salary. In order to pay the rent of residential buildings, such buildings were required to be hired by following the laid down government procedure. The University could not absolve itself of the responsibility in this regard.

The PAO was informed on 31.12.2012, but DAC was not held till the finalization of the report.

Audit recommends that the payment of House Rent Ceiling along with salary should be discontinued forthwith. The residential accommodations should be hired by following the government procedure and payment thereof should be made to the owners instead of the employees.

15.4.11 Irregular payment of House Rent Ceiling with pay - Rs. 93.908 million

Rule 8(5) of the Government Allocation Rules, 2002 states that a house or flat shall be hired at the rates assessed by the assessment board or the rental ceiling of the Federal Government Servant (FGS) or the demand of the owner whichever is less. The difference between the rent fixed by the government and the demand of owner shall be paid by the FGS direct to the owner and the government shall not be a party to this transaction.

The management of Allama Iqbal Open University (AIOU), Islamabad paid an amount of Rs. 93.908 million on account of House Rent Ceiling to its employees along with salaries during 2011-12.

Audit observed as under:

i. The payment was made to the employees instead of the owners of the houses.
ii. The lease agreements were signed between the owners of the houses and the employees, instead of the owners and the University.

Audit is of the view that the payment of House Rent Ceiling to the employees along with their salaries was irregular and unauthorized.

The management replied that the Executive Council had allowed facility of hiring of houses to the employees and reimbursement of house rent subsidy paid by the employees to the owners of the houses. The University did not enter into agreements with the owners of the houses to avoid unnecessary litigation with the owners.

The reply was not accepted because House Rent Ceiling was payable to the owners according to the assessment of the residential premises and the rent prescribed by the government, and not to the employees along with their salaries.

The PAO was informed on 31.12.2012, but DAC was not held till the finalization of the report.

Audit recommends that the payment of House Rent Ceiling along with salary should be discontinued forthwith. The residential accommodations should be hired by following the government procedure and payment thereof should be made to the owners instead of the employees.

15.4.12 Unauthorized provision of residential facility and payment of utility charges to the Vice-Chancellor - Rs. 1.416 million

Finance Division letter No. F.4(10)R-4/2002-Vol-II dated 25.08.2011 states that the salary package of Vice-Chancellors/Rectors of Federally Chartered Public Sector Universities is as under:

i. Basic Salary equivalent to Professor at Tenure Track System
ii. Vice-Chancellor Allowance @ 20% of basic pay
iii. Transport and medical facilities as per entitlement of BPS-22
iv. Any other perk and privilege granted by the Chancellor as deemed necessary under peculiar circumstances

The management of AIOU notified vide notification No. Nil dated 23.08.2010 that Professor Dr. Nazir Ahmed Sangi, Vice-Chancellor (VC) had taken possession of the Vice-Chancellor House at No. 21, St. No. 61, F-8/4, Islamabad w.e.f. 01.07.2010.

Audit observed as under:

i. The Vice-Chancellor was not entitled to avail the facility of official accommodation as it was not included in his salary package.

ii. The House Rent Ceiling equivalent to the entitlement of a BPS 22 officer was not deducted from the salary of the officer, details of which are as under:

(Rupees)

S. No.	Period	Rate	Amount
1.	01.07.2010 to 30.06.2011	27,005	324,060
2.	01.07.2011 to 31.10.2012	33,760	540,160
		Total	**864,220**

iii. The payment of utility charges by the University on behalf of the officer was not included in the salary package, details of which are as under:

(Rupees)

S. No.	Period	Electricity	Gas	Total
1.	2010-11	162,757	61,320	224,077
2.	2011-12	212,017	116,060	328,077
	Total	**374,774**	**177,380**	**552,154**

Audit is of the view that non-deduction of House Rent Ceiling from the salary of the officer and payment of utility charges by the University was irregular and unauthorized.

The management replied that a Summary for the President of Pakistan/ Chancellor was moved vide No. 1-10/VC-2002 dated 13.12.2012 for soliciting approval of the Chancellor for allowing furnished accommodation as well as its utilities. The decision on the Summary was awaited.

The management has accepted the audit observation.

The PAO was informed on 31.12.2012, but DAC was not held till the finalization of the report.

Audit recommends that the outstanding amount of Rs. 1.416 million may be recovered from the Vice-Chancellor, House Rent Ceiling may be recovered regularly from his salary while payment of utility charges by the University on his behalf should be discontinued.

15.4.13 Irregular payment of Medical Allowance over and above prescribed rates

Finance Division O.M. No. F-16(1)-Reg-6/2010-778 dated 05.07.2010 states that Medical Allowance is allowed to civil servants in BPS-1 to BPS-15 @ Rs. 1,000 per month and from BPS-16 to BPS-22 @ 15% of the existing basic pay in Basic Pay Scales, 2008 w.e.f. 01.07.2010.

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

Para 10(v) of GFR Volume-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 management of AIOU, Islamabad paid Medical Allowance to married staff @ 50% of the Basic Pay subject to minimum of Rs. 4,160 and maximum of Rs. 8,320 per month and to un-married staff @ 25% of the Basic Pay subject to minimum of Rs. 2,080 and maximum of Rs. 4,160 per month during 2011-12.

Audit observed that the management of AIOU did not obtain the approval of the Finance Division for the grant of Medical Allowance over and above the prescribed rates.

Audit is of the view that the grant of Medical Allowance in excess of the rates approved by the Finance Division was irregular and unauthorized and resulted in the loss to government.

The management replied that the Executive Council in its 61st meeting held on 19.06.1999 had approved the Revised Medical Rules for AIOU employees as implemented by the HEC. As per Clause 3(I) of Revised Medical Rules university employees shall, in addition to reimbursement of hospitalization charges, be entitled to Medical Allowance as may be approved by the Executive Council from time to time.

The reply was not accepted as the University has adopted the pay scales of the government. Therefore, the Executive Council was not authorized to alter/revise the rates of Medical Allowance approved by the government.

The PAO was informed on 31.12.2012, but DAC was not held till the finalization of the report.

Audit recommends that Medical Allowance paid in excess of the rates approved by the Finance Division may be recovered from the employees, besides discontinuing the irregularity in future.

15.4.14 Irregular appointment of Treasurer, Registrar and Controller of Examinations

Section 14(1) of Allama Iqbal Open University Act, 1974 provides that the Treasurer shall be a whole-time officer of the University and shall be appointed by the Pro-Chancellor on such terms and conditions as the Pro-Chancellor may determine.

Section 13(1) of Allama Iqbal Open University Act, 1974 provides that the Registrar shall be a whole-time officer of the University and shall be appointed by the Executive Council on such terms and conditions as it may determine.

Section 15(1) of Allama Iqbal Open University Act, 1974 provides that the Controller of Examinations shall be a whole-time officer of the University and shall be appointed by the Executive Council on such terms and conditions as it may determine.

The management of AIOU appointed the Acting Treasurer, Registrar and Controller of Examinations, as under:

S. No.	Name	Designation	Period
1.	Mr. Suleman Saleem	Acting Treasurer	Last 10 years
2.	Mr. Ilyas Ahmad	Registrar	01.07.2011 to 04.11.2011
3.	Mr. Hafeez Ullah	Registrar	04.11.2011 to 20.06.2012
4.	Mr. Muhammad Bashir Chaudhry	Registrar	21.06.2012 to date
5.	Mr. Hafeez Ullah	Controller of Examinations	01.07.2011 to 04.11.2011
6.	Mr. Muhammad Bashir Chaudhry	Controller of Examinations	16.01.2012 to date

Audit observed as under:

i. The post of Treasurer was not filled on whole time basis for the last 10 years and the Additional Treasurer continued to look after the work of Treasurer as Acting Treasurer.

ii. The Registrars and Controller of Examinations were appointed without the approval of Executive Council.

Audit is of the view that appointments of Acting Treasurer, Registrar and Controller of Examinations were made in violation of Sections 13, 14 and 15 of the AIOU Act, 1974.

The management replied that the Acting Treasurer was appointed as an interim arrangement for efficient management of the financial affairs of the University. The Registrars and Controller of Examinations were appointed by the Vice-Chancellor in the powers vested in him under Section 12(4)(vi) of AIOU Act, 1974. The appointments had been placed before the Executive Council for consideration.

The reply was not accepted because the appointments were made in violation of Sections 13, 14 and 15 of the AIOU Act, 1974. The provisions of Section 12(4)(vi) of AIOU Act, 1974 cannot override the requirements of Sections 13, 14 and 15 of AIOU Act, 1974.

The PAO was informed on 31.12.2012, but DAC was not held till the finalization of the report.

Audit recommends that whole time officers should be appointed for efficient management in accordance with the laid down procedures.

15.4.15 Irregular printing of books from private printers - Rs. 29.018 million

Rule 15(1) of Public Procurement Rules, 2004 states that a procuring agency, prior to the floating of tenders, invitation to proposals or offers in procurement proceedings, may engage in pre-qualification of bidders in case of services, civil works, turnkey projects and in case of procurement of expensive and technically complex equipment to ensure that only technically and financially capable firms having adequate managerial capability are invited to submit bids. Such pre-qualification shall solely be based upon the ability of the interested parties to perform that particular work satisfactorily.

Rule 10 of Public Procurement Rules, 2004 states that specifications shall allow the widest possible competition and shall not favour any single contractor or supplier nor put others at a disadvantage.

The management of AIOU invited proposals from the printing firms for pre-qualification and paid an amount of Rs. 29.018 million during 2011-12.

Audit observed as under:

i. The services of the printing firms were not obtained through wide competition.
ii. The pre-qualification was restricted to printing firms located in Rawalpindi and Islamabad only.

Audit is of the view that the government was deprived of the benefit of open competitive rates and wide circulation.

The management replied that the university cannot prequalify printing press from across the country due to the following reasons:

i. It will create serious operational difficulty as the university issues paper/cards from its own resources.
ii. Frequent visits and inspections may demand a considerable additional time if printers are in other cities.
iii. The university will not be able to offer and conclude its academic programs within its time line.

The reply was not accepted because the Public Procurement Rules, 2004 were violated.

The PAO was informed on 31.12.2012, but DAC was not held till the finalization of the report.

Audit recommends that responsibility be fixed for the irregularity, besides following the Public Procurement Rules, 2004 in future.

15.4.16 Irregular payment of House Rent Allowance to employees residing in government Accommodation

Finance Division O.M. No. F.3(82)-R-13/79-D-252/80 dated 29.04.1981 states that if both, husband and wife, are Government servants and residing together at the same station in a government residence allotted to one of them, House Rent Allowance is not admissible to the other.

Para 10(v) of GFR Volume-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 management of AIOU, Islamabad paid House Rent Allowance to its employees during 2011-12.

Audit observed that a number of employees whose spouses were provided with government accommodation were drawing House Rent Allowance. Details are as under:

S. No.	Name of employee	Designation	Name of spouse with allotted accommodation
1.	Mr. Shahid Iqbal Kamran	Chairman Iqbaliat	Mrs. Noureena Tehreen Babar, Assistant Prof, Flat No. 1, AIOU Colony
2.	Mrs. Samina Aman,	Assistant Professor	Mr. Amanullah Memon, Assistant Professor, Flat No. 4, AIOU Colony.
3.	Mrs. Falak Naz Amjad	C/P Coordinator	Mr. Amjad Ali, SR C/P Coordinator, hired house
4.	Mrs. Shagufta Siraj	Assistant Professor	Prof. Dr. Syed Abdul Siraj, Chairman, hired house

Audit is of the view that payment of House Rent Allowance to employees residing in Government accommodation was irregular and unauthorized.

The management replied that payment of House Rent Allowance to AIOU employees whose spouses were working in university or other government organizations was approved by the Executive Council in its 52nd meeting held on 02.11.1995. The Executive Council vide Section 27(2) of AIOU Act, 1974 empowers the Executive Council to make rules to regulate any matter regarding the affairs of the University which, by this Act, are not specifically required to be provided for by the Statutes or Regulations.

The reply was not accepted because rules inconsistent with government instructions cannot be made.

The PAO was informed on 31.12.2012, but DAC was not held till the finalization of the report.

Audit recommends that payment of House Rent Allowance to employees residing in Government accommodation should be discontinued besides effecting recovery.

15.4.17 Irregular payment of Conveyance Allowance to employees residing within the University premises

Finance Division O.M. No. F.1(1)Imp.1/77 dated 28.04.1977 states that employees residing within their work premises are not entitled to the Conveyance Allowance.

Para 10(v) of GFR Volume-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 management of Allama Iqbal Open University, Islamabad paid Conveyance Allowance to its employees residing in AIOU Colony during 2011-12. Details are at Annexure-V.

Audit observed that the payment of Conveyance Allowance to the employees residing in AIOU Colony was irregular.

The management replied the employees of the University were residing in the University Colony which is separated from the University campus by a boundary wall and had a separate main gate.

The reply was not accepted because rules inconsistent with government instructions cannot be made.

The PAO was informed on 31.12.2012, but DAC was not held till the finalization of the report.

Audit recommends that payment of Conveyance Allowance to the employees residing in the colony should be stopped forthwith besides effecting recovery.

CHAPTER 16

16 MINISTRY OF HOUSING AND WORKS

16.1 Introduction of Ministry

The Ministry of Housing and Works is responsible for acquisition and development of sites as well as construction and maintenance of Federal Government buildings. It is actively involved in the coordination of civil works, budget, fixation and recovery of rent from Government owned/hired and requisitioned buildings. The activities, like management of Federal Lodges, matters relating to Federal Government lands, licences to various cooperative housing societies in Karachi, except those under the different Divisions. Administration of officers belonging to the Engineering Group, registration to Housing Authorities, including National Construction Limited and Housing Foundation are the responsibility of this Division.

The following functions have been assigned to the Ministry as per the Rules of Business, 1973:

- Acquisition and development of sites, construction, furnishing and maintenance of Federal Government buildings, except those under the Defence Division.
- Coordination of Civil Works Budget;
- Execution of Federal Government works.
- 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.
- Fixation and recovery of rent of Government owned, hired and requisitioned buildings.
- Management of Federal Lodges.
- Land and buildings belonging to the Federation wherever situated, and revenues derived therefrom.

- Administration of the Federal Government Lands and Buildings (Recovery of Possession) Ordinance, 1965.
- Matters relating to the Federal Government lands licenses to various Cooperative Housing Societies in Karachi, except those under the Defence Division.
- Officers belonging to the Engineering Group.
- Transfer of property, other than agricultural land, registration of deeds and documents.
- Matters relating to the National Construction (Domestic) Limited.
- Administrative control of the National Housing Authority.
- National Housing Policy.

16.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Housing and Works for the financial year 2011-12 was Rs. 5,851.538 million including Supplementary Grant of Rs. 1,401.099 million out of which the Division utilized Rs. 5,599.417 million. Grant-wise detail of current and development expenditure is as under:

(Rupees)

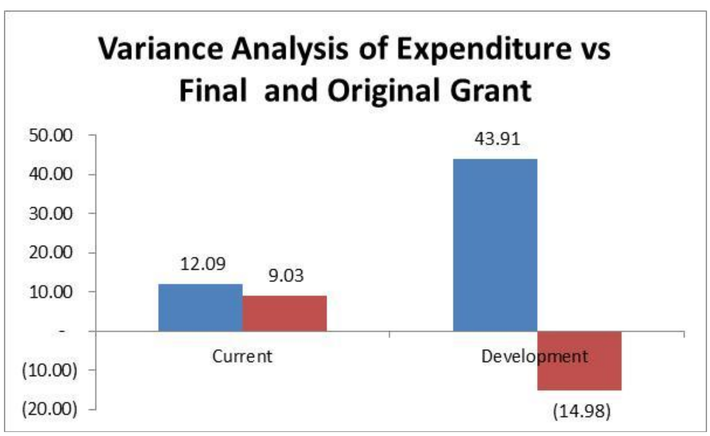
Grant No	Type	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Final Grant/ Appropriation	Actual Expenditure	Excess/ (Savings)	Excess/ (Savings)
44	Current	83,012,000	5,249,000	88,261,000	100,342,747	12,081,747	13.69
45	Current	2,290,227,000	63,840,000	2,354,067,000	2,582,558,529	228,491,529	9.71
45	Current	13,402,000	1,860,000	15,262,000	11,005,869	(4,256,131)	(27.89)
46	Current	87,623,000	-	87,623,000	86,075,003	(1,547,997)	(1.77)
47	Current	56,112,000	-	56,112,000	56,223,492	111,492	0.20
	Subtotal	**2,530,376,000**	**70,949,000**	**2,601,325,000**	**2,836,205,640**	**234,880,640**	**9.03**
133	Development	1,920,063,000	1,330,150,000	3,250,213,000	2,763,212,016	(487,000,984)	(14.98)
	Total	**4,450,439,000**	**1,401,099,000**	**5,851,538,000**	**5,599,417,656**	**(252,120,344)**	**(4.31)**

Audit noted that there was a net saving of Rs. 252.120 million which was due to saving of Rs. 487.000 million in the development grant that was partly offset by excess expenditure of Rs. 234.880 million in the current grants.

Supplementary Grants obtained without careful cash forecasting

In order to ensure prudent financial management, Para 13(vii) of System of Financial Control and Budgeting, 2006 states that ‘Ministries / Divisions should be able to anticipate budgetary requirements well ahead of the financial year to which the budget relates and obtain the concurrence of the Finance Division. The Finance Division is expected to decline any request for Supplementary Grants except in extraordinary circumstances.’ This document further states that ‘the funds obtained from Supplementary Grants shall be expended for the purposes for which these have been sanctioned. In current expenditure, demands for Supplementary Grants shall not be made, except in extraordinary circumstances.’ During the year, Supplementary Grants of Rs. 1,401.099 million were obtained, which was 31.48% of the Original Budget.

According to Para 71 of General Financial Rules (Volume I), while framing budget estimates, the authorities should exercise utmost foresight. Variation between estimated and actual expenditure captures the level of foresight that goes into budget formulation. As shown in the chart below, the excess in current expenditure was 12.09%, which, after accounting for Supplementary Grants changed to 9.03%. In development expenditure, excess against original budget was 43.91% which changed to saving of 14.98% when Supplementary Grants were taken into account.



16.3 Brief comments on the status of compliance with PAC Directives

Ministry	Years	No of audit paras	No of Actionable Points	Full Compliance	Not Complied	% of Compliance
Housing and Works	1987-88	0	0	0	0	0
	1988-89	0	0	0	0	0
	1989-90	0	0	0	0	0
	1990-91	0	0	0	0	0
	1991-92	0	0	0	0	0
	1992-93	9	0	0	0	0
	1993-94	0	0	0	0	0
	1994-95	0	0	0	0	0
	1995-96	0	0	0	0	0
	1996-97	4	4	2	2	50
	1997-98	0	0	0	0	0
	1999-00	4	4	2	2	50
	2000-01	0	0	0	0	0
	2001-02	0	0	0	0	0
	2006-07	1	1	1	0	100
Total		**18**	**9**	**5**	**4**	56

16.4 AUDIT PARAS

Irregularity & Non compliance

16.4.1 Unauthorized sale/allotment of vehicle of other department under Monetization Policy

Para xii of Monetization Policy provides that "The Principal Accounting Officers will also render a Certificate that all the entitled officers in BS-20 to BS-22, working under him/her who have opted to retain the vehicles as per monetization policy against the depreciated price are not using any project vehicle or departmental operational/general duty vehicle or any other vehicle of an organization or body corporate in his/her ex-officio capacity."

The management of Ministry of Housing and Works monetized vehicle No. GB 4728 Honda City, 1300 cc to Mr. M. B. Awan, Senior Joint Secretary.

Audit observed as under:

i. Vehicle No. GB 4728 Honda City, 1300 cc monetized to the officer was the property of the Central Civil Division, No. 1, Pak PWD, Lahore.

ii. At the time of monetization, vehicle No. GD 560 Suzuki Cultus 1000 cc was under the use of the officer, which had been earlier allotted to him by the Ministry.

Audit is of the view that the vehicle of the attached department would not be monetized and handed over to an officer of the controlling Ministry.

Audit is also of the view that the vehicle of higher engine capacity was transferred to the Ministry merely to benefit the officer who was already allotted and using vehicle No. GD 560 Suzuki Cultus 1000 cc.

The management did not reply.

The PAO was informed on 23.11.2012, but DAC was not held till the finalization of the report.

Audit recommends that responsibility may be fixed for the irregularity.

CHAPTER 17

17 MINISTRY OF INDUSTRIES

17.1 Introduction of Ministry

The functions of the ministry as per the Rules of Business, 1973 are:

- National industrial planning and coordination.
- Industrial Policy.
- Employment of foreign personnel in commercial and industrial enterprises.
- Federal agencies and institutions for:

i. Promoting industrial productivity;

ii. Promotion of special studies in the industrial fields; and

iii. Testing industrial products.

- Keeping a watch, from the national angle, over general price trends and supply position of essential commodities; price and distribution control over items to be distributed by statutory orders between the Provinces.
- Administration of the Essential Commodities Control Order, 1971, and related laws including price and distribution controls.
- Explosives (excluding the administration of Explosive Substances Act) and safety measures under the Petroleum Act and Rules made there-under.
- Designs and inventions including patenting thereof.
- Prescription and review of criteria for assessment of spare parts and raw materials for industries.
- Administration of Boilers Act.

- Development of Industries (Federal control) (Repeal) Ordinance, 1979.
- Economic Reforms (Protection of Industries) Regulation, 1972.
- Transfer of Managed Establishment Order, 1978.
- All matters relating to State Industrial Enterprises, especially, in basic and heavy industries, namely:
  i. State Engineering Corporation, Islamabad
  ii. Pakistan Automobile Corporation, Karachi
  iii. National Fertilizers Corporation, Lahore
  iv. Pakistan Steel Mills Corporation, Karachi
  v. Pakistan Industrial Development Corporation, Karachi
  vi. Any other industrial enterprises assigned to the Division.

17.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Industries and Production for the financial year 2011-12 was Rs. 3,732.323 million including Supplementary Grant of Rs. 313.199 million out of which the Division utilized Rs. 2,203.604 million. Grant-wise detail of current and development expenditure is as under:

(Rupees)

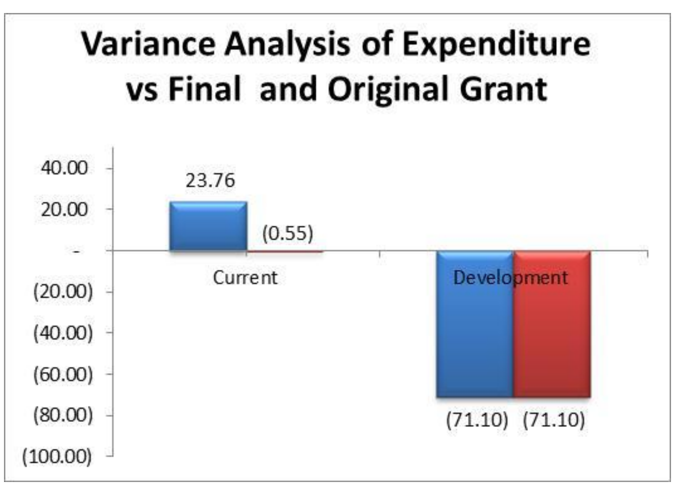
Grant No	Grant Type	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Final Grant/ Appropriation	Actual Expenditure	Excess/ (Savings)	% age Excess/ (Saving)
49	Current	156,609,000	156,599,000	313,208,000	265,246,054	(47,961,946)	(15.31)
50	Current	12,186,000	-	12,186,000	10,090,875	(2,095,125)	(17.19)
51	Current	471,890,000	-	471,890,000	517,564,759	45,674,759	9.68
	Subtotal	**640,685,000**	**156,599,000**	**797,284,000**	**792,901,688**	**(4,382,312)**	**(0.55)**
134	Development	2,137,754,000	1,000	2,137,755,000	617,800,610	(1,519,954,390)	(71.10)
	Total	**3,419,124,000**	**313,199,000**	**3,732,323,000**	**2,203,603,986**	**(1,528,719,014)**	**(40.96)**

Audit noted that there was an overall saving of Rs. 1,528.719 million that was mainly due to saving of Rs. 1,519.954 million in development expenditure. Industries and Production Division could not utilize a major part of the provision made in the Development budget.

Supplementary Grants obtained without careful cash forecasting

In order to ensure prudent financial management, Para 13(vii) of System of Financial Control and Budgeting, 2006 states that 'Ministries / Divisions should be able to anticipate budgetary requirements well ahead of the financial year to which the budget relates and obtain the concurrence of the Finance Division. The Finance Division is expected to decline any request for Supplementary Grants except in extraordinary circumstances.' This document further states that 'the funds obtained from Supplementary Grants shall be expended for the purposes for which these have been sanctioned. In current expenditure, demands for Supplementary Grants shall not be made, except in extraordinary circumstances.' During the year, Supplementary Grants of Rs.313.199 million were obtained, which was 9.16% of the Original Budget.

According to Para 71 of General Financial Rules (Volume I), while framing budget estimates, the authorities should exercise utmost foresight. Variation between estimated and actual expenditure captures the level of foresight that goes into budget formulation. As shown in the chart below, the excess in current expenditure was 23.76%, which, after accounting for Supplementary Grants changed to saving of 0.55%. In development expenditure, saving against original budget was 71.10% which remained unchanged when Supplementary Grants were taken into account.



17.3 Brief comments on the status of compliance with PAC Directives

Ministry	Years	No of audit paras	No of Actionable Points	Full Compliance	Not Complied	% of Compliance
Industries and Production	1987-88	2	2	0	2	0
	1988-89	1	1	0	1	0
	1989-90	8	7	1	6	14
	1990-91	4	4	0	4	0
	1991-92	4	4	4	0	100
	1992-93	2	2	0	2	0
	1993-94	20	12	3	9	25
	1994-95	4	3	0	3	0
	1995-96	2	2	0	2	0
	1996-97	1	1	0	1	0
	1997-98	0	0	0	0	0
	1999-00	14	10	0	10	0
	2000-01	4	4	3	1	75
	2001-02	5	5	3	2	60
	2006-07	1	1	0	1	0
Total		**72**	**58**	**14**	**44**	24

17.4 AUDIT PARAS

Irregularity & Non Compliance

17.4.1 Irregular expenditure on purchase of buses and rickshaws - Rs. 189.616 million

Para 10(iv) of GFR Volume-I states that public moneys should not be utilized for the benefit of a particular person or section of the community.

The management of Ministry of Industries paid an amount of Rs. 189.616 million for purchase of buses, coaches, pickups and rickshaws, etc. during 2010-12. Details are as under:

(Rs. in million)

S. No.	Qty	Particulars	Beneficiary	Cheque No.	Date	Amount
1.	6	33 seater Hino mini coaches	Minister for Information and Broadcasting for distribution in her constituency	3656551	22.02.2012	26.580

2.	200	Three wheeler 200 cc CNG 4 stroke auto-rickshaws	MNA Sardar Nabeel Ahmed Khan Gabol	3739916	18.04.2012	33.140
3.	01	53 seater Hino bus	Shaheed Mohtarma Benazir Bhutto Welfare Organization, Muzaffargarh	3115253	17.03.2011	4.850
4.	06	53 seater Hino buses	NA-111 Sialkot for providing transport facilities to women from rural areas	3228724	23.04.2011	29.700
5.	05	Hino buses	Different NGOs in Karachi	3444210 3606935	29.06.2011 16.12.2011	26.950 3.500
6.	07	Hino buses	Different NGOs in Karachi	3606937	15.12.2011	47.950
7.	08	02 Hilux 4x4 Double Cabin and 06 Hilux 4x2 Single Cabin Pickups	Different NGOs in Karachi	3616160	15.12.2011	16.946
					Total	**189.616**

Audit observed as under:

i. Purchase of transport for Ministers, Parliamentarians, NGOs, etc. was not a function of the Ministry of Industries.

ii. There were no criteria for distribution of buses, coaches, pickups, rickshaws, etc.

iii. List of beneficiaries was not on record.

Audit is of the view that the purchase and distribution of transport without laid down criteria was irregular and unauthorized.

The management replied that buses and rickshaws were purchased on the directives of the Prime Minister, and the Ministry of Industries was a mere catalyst in the procurement.

The reply was not accepted because the transport was purchased and distributed without a laid down policy. The criteria for distribution and the list of beneficiaries were also not available.

The PAO was informed on 23.11.2012, but DAC was not held till the finalization of the report.

Audit recommends that the criteria for distribution of transport, as well as list of beneficiaries, may be provided to determine the justification for purchase.

17.4.2 Loss due to incorrect calculation of depreciation of vehicles - Rs. 0.453 million

The Federal Government approved the "Compulsory Monetization of Transport Facility for Civil Servants in BS-20 to BS-22" vide Cabinet Division letter No. 6/7/2011-CPC dated 12.12.2011. The Monetization Policy was implemented w.e.f. 01.01.2012.

Clause (iv) of the Monetization Policy states that keeping in view the existing condition of vehicles, which are extensively used, it has been decided to allow 15% depreciation for each completed year of life of the vehicles. Alternately, the market price of the new car will be taken and depreciated at 20% per annum on reducing balances. Whichever depreciated price is higher shall be adopted as the reserve price.

The Ministry of Industries monetized four official vehicles, as under:

(Rupees)

S. No.	Vehicle No.	Model	Date of Registration	Current Market Price	Reserve Price by Audit	Reserve Price by Department	Difference
1.	GW-380	2010	02.12.2010	965,000	759,991	617,600	142,391
2.	GW-381	2010	02.12.2010	965,000	759,991	617,600	142,391
3.	GF-020	2006	19.12.2006	1,574,000	512,616	412,615	100,001
4.	GF-224	2006	19.09.2006	1,441,000	445,692	377,750	67,942
				Total	**2,478,290**	**2,025,565**	**452,725**

Audit observed that vehicles were registered in December 2010, December, 2006 and September, 2006 but depreciation was calculated for the entire year of 2010 and 2006.

The management replied that the Committee determined the depreciated value of the monetized vehicles as per the instructions contained in Rule/Policy for monetization of transport facility. According to the policy depreciation was to be charged from the year of the model of the car and therefore it is not dependent upon the particular date of the purchase of the car.

The Reply was not accepted because the action of the management is breach of cannon of financial proprietary.

Audit is of the view that depreciation was to be charged for each completed year of life of the vehicles while the management charged depreciation for the whole year .Over depreciation was charged on the vehicles and sustained loss of Rs. 452,725.

Audit recommends that the extra depreciation charged may be recovered and deposited into government account.

CHAPTER 18

18 MINISTRY OF INFORMATION AND BROADCASTING

18.1 Introduction of Ministry

The Ministry of Information and Broadcasting has been established to produce, disseminate and facilitate the free flow of information to empower the people to participate in nation building and development.

The Ministry of Information and Broadcasting is the apex body for formulation and administration of the rules and regulations and laws relating to information, broadcasting, the press and films in Pakistan.

Following functions has been provided to Ministry of Information and Broadcasting in the Rules of Business, 1973:

a. Policy relating to internal publicity on national matters;

b. Broadcasting, including television;

c. Production of films on behalf of the Government, its agencies, Government controlled Corporations, etc.;

d. Press relations, including delegations of journalists and other information media;

e. Provision of facilities for the development of newspaper industry;

f. Policy regarding government advertisement; control of advertisement and placement;

g. Audit of circulation of newspapers;

h. Liaison and coordination with agencies and media on matters concerning Government policies and activities;

i. External Publicity;

j. Training facilities for Radio and Television personnel.

The following function was transferred to the Ministry of Information and Broadcasting vide Cabinet Division Notification No. 4-5/2011-Min-1 dated 05.04.2011:

i. Establishment of Tourists Centers in Pakistan and abroad

The following functions were transferred to the Ministry of Information and Broadcasting vide Cabinet Division Notification No. 4-9/2011-Min.1 dated 29.06.2011:

i. Administration of Newspapers Employees (Conditions of Service) Act, 1973

ii. Implementation Tribunal for Newspaper Employment

18.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Ministry of Information and Broadcasting for the financial year 2011-12 was Rs. 6,080.147 million including Supplementary Grant of Rs. 1,828.367 million out of which the Division utilized Rs. 6,304.311 million. Grant-wise detail of current and development expenditure is as under:

(Rupees)

Grant No	Type	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Final Grant/ Appropriation	Actual Expenditure	Excess/ (Savings)	% age Excess/ (Saving)
52	Current	325,662,000	78,771,000	404,433,000	414,102,574	9,669,574	2.39
53	Current	117,314,000	-	117,314,000	125,649,866	8,335,866	7.11
54	Current	325,542,000	867,875,000	1,193,417,000	1,254,297,805	60,880,805	5.10
55	Current	456,031,000	5,121,000	461,152,000	554,865,534	93,713,534	20.32
56	Current	2,972,841,000	876,600,000	3,849,441,000	3,918,863,883	69,422,883	1.80
	Subtotal	**4,197,390,000**	**1,828,367,000**	**6,025,757,000**	**6,267,779,662**	**242,022,662**	**4.02**
116	Development	54,390,000	-	54,390,000	36,531,868	(17,858,132)	(32.83)
	Total	**4,251,780,000**	**1,828,367,000**	**6,080,147,000**	**6,304,311,530**	**224,164,530**	**3.69**

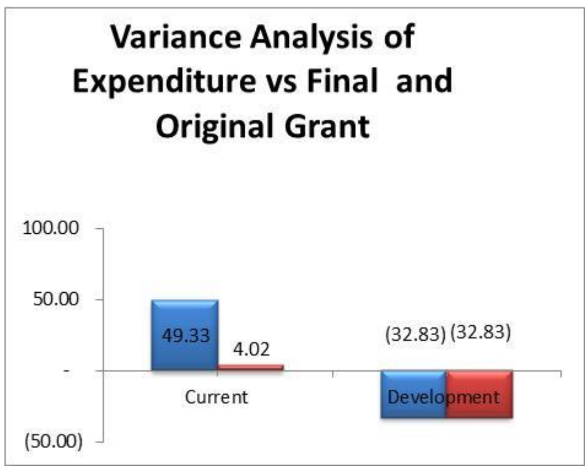
Audit noted that there was an overall excess expenditure of Rs. 224.165 million, which was due to excess expenditure of Rs. 242.023 million in current grants which was partly offset by saving of Rs. 17.858 million in the development grant.

Supplementary Grants obtained without careful cash forecasting

In order to ensure prudent financial management, Para 13(vii) of System of Financial Control and Budgeting, 2006 states that 'Ministries/Divisions should be able to anticipate budgetary requirements well ahead of the financial year to which the budget relates and obtain the concurrence of the Finance Division. The Finance Division is expected to decline any request for Supplementary Grants except in extraordinary circumstances.' This document further states that 'the funds obtained from Supplementary Grants shall be expended for the purposes for which these have been sanctioned. In current expenditure, demands for

Supplementary Grants shall not be made, except in extraordinary circumstances.' During the year, Supplementary Grants of Rs. 1,828.367 million were obtained, which was 43% of the original allocation.

According to Para 71 of General Financial Rules (Volume I), while framing budget estimates, the authorities should exercise utmost foresight. Variation between estimated and actual expenditure captures the level of foresight that goes into budget formulation. As shown in the chart below, the excess in current expenditure was 49.33%, which, after accounting for supplementary grant decreased to 4.02%. In development expenditure, savings against original budget were 32.83%.



18.3 Brief comments on the status of compliance with PAC Directives

Ministry	Years	No of audit paras	No of Actionable Points	Full Compliance	Not Complied	% of Compliance
Information & Broadcasting	1987-88	1	1	1	0	100
	1988-89	1	1	0	1	0
	1989-90	3	3	2	1	67
	1990-91	2	2	2	0	100
	1991-92	1	1	1	0	100
	1992-93	3	3	2	1	67
	1993-94	7	7	2	5	29
	1994-95	2	2	1	1	50
	1995-96	2	2	0	2	0
	1996-97	16	16	0	16	0
	1997-98	0	0	0	0	0

	1999-00	41	41	16	25	39
	2000-01	0	0	0	0	0
	2001-02	0	0	0	0	0
	2005-06	9	5	0	5	0
	2008-09	0	0	0	0	0

18.4 AUDIT PARAS

Irregularity & Non Compliance

18.4.1 Irregular and un-authorized monetization of Vehicle - Rs. 0.685 million

Federal Government approved the "Compulsory Monetization of Transport Facility for Civil Servants in BS-20 to BS-22" vide Cabinet Division letter No. 6/7/2011-CPC dated 12.12.2011. The Monetization Policy was implemented w.e.f. 01.01.2012.

Clause (iv) of the Monetization Policy provides that the officers in possession of official vehicles may be given first option to purchase the allocated cars on depreciated price.

Para 10(iii) of GFR Volume-I states that no authority should exercise its powers of sanctioning expenditure to pass an order which will be directly or indirectly to its own advantage.

The management of Press Information Department (PID) under Ministry of Information and Broadcasting, Islamabad monetized a vehicle No. GS 599 Toyota Corolla XLI 1300 CC at a depreciated value of Rs. 685,005 to Ch. Rashid Ahmed, Secretary, Ministry Information and Broadcasting on 10.07.2012.

Audit observed as under:

i. The vehicle was not allocated or in possession of the officer on 31.12.2011.

ii. The officer was not working in PID on 01.01.2012 but was an Officer on Special Duty in the Ministry of Information.

iii. The vehicle belonged to the PID and was allocated and in the possession of the Principal Information Officer (PIO) on

01.01.2012.

iv. The vehicle was withdrawn by PID and monetized in favour of the officer on 01.07.2012 after he assumed charge of Secretary, Ministry of Information.

v. The department did not possess record which could indicate that the depreciation was calculated as per Monetization Policy.

Audit is of the view that the monetization of the vehicle after 01.01.2012 to an officer who was neither allotted nor in possession of the vehicle on 31.12.2011 was irregular and unauthorized.

The management replied that the vehicle was monetized by the management of Ministry of Information on the recommendations of the Vehicle Committee with the approval of the Secretary, Ministry of Information.

The reply was not accepted because the entire procedure was in violation of the Monetization Policy. The officer took personal benefit after assuming charge of Secretary, Ministry of Information and, thus, violated GFR 10(iii) also.

The PAO was informed on 14.12.2012, but DAC was not held till the finalization of the report.

Audit recommends that responsibility may be fixed for the irregularity besides withdrawing the vehicle from the officer.

18.4.2 Unauthorized expenditure on entertainment - Rs. 5.973 million

Serial No. 9(38)(i) of Annex-I to Finance Division O.M. No. F.3(2)Exp.III/2006 dated 13.09.2006 states that the heads of departments has been delegated powers to incur expenditure on light refreshment not exceeding Rs. 30 per head at a meeting convened for official business.

Serial No. 9(38)(ii) of Annex-I of Finance Division O.M. No. F.3(2)Exp.III/2006 dated 13.09.2006 has delegated a limit of Rs. 40,000 in each case to the Ministries/Divisions for receptions, lunches and dinners subject to the condition that per head expenditure including taxes and soft drinks, etc. should not in any case exceed Rs. 1,200.

The management of the Press Information Department (PID) incurred an expenditure of Rs. 2.293 million on ‘entertainment’ and Rs. 3.680 million on serving lunches/dinners during 2010-12. Details are as under:

(Rupees)

S. No.	Period	Purpose	Amount
1.	2010-11	Entertainment Charges	1.196
2.	2011-12	Entertainment Charges	1.097
3.	2010-11	Serving Lunches/Dinners	1.981
4.	2011-12	Serving Lunches/Dinners	1.699
		Total	**5.973**

Audit observed as under:

i. No record was available of any scheduled meetings held on the dates for which claims for payment were submitted.

ii. No lists of participants were available in the record.

iii. Per head ceiling on entertainment could, therefore, not be determined.

Audit is of the view that as the expenditure was incurred without fulfilling the prescribed conditions, therefore, the authenticity of the expenditure could not be ascertained.

The management replied that light refreshments usually cost Rs. 7,000; thus, an average expenditure of Rs. 210,000 was incurred every month which was minimal. At an average, about 30 press conferences were organized by PID every month and the number of selective media talks/briefings was almost the same, which are more than 700 annually. The expenditure on entertainment was incurred according to the prescribed procedures and Serial No. 9(38)(i) of the Finance Division O.M. dated 13.09.2006.

The reply was not accepted because the management has not replied to the observations of Audit regarding the absence of details of meetings, etc. and the lists of participants.

The PAO was informed on 14.12.2012, but DAC was not held till the finalization of the report.

Audit recommends responsibility may be fixed for the irregularity.

18.4.3 Irregular expenditure on advertisement campaign - Rs. 308.083 million

In terms of Schedule-II Rule 3(3) Serial No. 17 Item 6(i) of the Rules of Business, 1973 the Ministry of Information and Broadcasting is responsible for making policy regarding government advertisement, control of advertisement and placement.

Para 10(i) of GFR Volume-I states that every officer incurring or authorizing expenditure from public funds should be guided by high standards of financial propriety and

Para 10(ii) of GFR Volume-I states that every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public moneys as a person of ordinary prudence would exercise in respect of expenditure of his own money.

The management of Press Information Department (PID) incurred an expenditure of Rs. 276.444 million on advertisement campaigns on different occasions in the print media through advertising agencies. Details are as under:

(Rs. in million)

S. No.	Advertising Agency	Advertisement Campaign	Amount
1.	Interflow Communication	Budget 2011-12	37,273,986
2.	Midas Private Ltd.	FATA Reforms	9,854,574
		PM Appeal for Flood Affectees	24,082,796
		Aghaze-e-Haqooq Balochistan	28,296,831
		Aghaze-e-Haqooq Balochistan	11,820,633
		Provincial Autonomy	25,172,803
		Provincial Autonomy	9,161,326
3.	Orient Advertising	Blood Donation Campaign on the eve of Benazir Bhutto Shaheed’s Birthday	24,764,686
4.	M/s MCL	Provincial Autonomy	6,976,985
		Provincial Autonomy	16,762,757
		Budget 2011-12	13,588,616
5.	M/s X-20	FATA Reforms	9,148,600
		FATA Reforms	7,572,046
		PM appeal for Flood Affectees	18,262,862
		Three years of Democratic Government	1,547,614
		Three years of Democratic Government	15,343,878

6.	Ideas Workshop	Budget 2011-12	14,702,576
7.	M/s Kenad	Ministry of Information	2,110,058
8.	M/s Interlink	Mohtarma Benazir Bhutto Shaheed's Birthday	12,395,984
9.	Midas Private Ltd	Zulfiqar Ali Bhuto	19,244,134
		Total	**308,083,745**

Audit observed that the expenditure was incurred without any approved advertisement policy.

Audit is of the view that expenditure on media campaigns of the government without an approved policy was irregular.

The management replied that the approved policy regarding advertisement campaign launched through print media on the eve of death anniversary of Shaheed Zulfiqar Ali Bhutto was available in the record.

The reply was not accepted because the management had referred to Finance Division No. F.7(61)DFA(I&B)/2011-12/3468/F/FS/2011 dated 01.12.2011 wherein the Finance Division had referred the matter regarding approval of Supplementary Grant for the Ministry of Information & Broadcasting to the Prime Minister. The Finance Division had informed the Prime Minister that the Ministry of Information had created liabilities for beyond the budgetary allocation. The Finance Division had also observed that the Ministry of Information should also seek approval of the 'Publicity Plan' by a committee head by the Minister for Finance. While approving the Supplementary Grant, the Prime Minister had also directed the Ministry of Information to consider the approval of the 'Publicity Plan' for implementation.

Audit maintains that the 'Publicity Plan', duly approved, was not available.

The PAO was informed on 14.12.2012, but DAC was not held till the finalization of the report.

Audit recommends that the policy for government advertisements should be prepared and implemented.

18.4.4 Irregular expenditure on advertisement campaign through electronic media - Rs. 254.424 million

In terms of Schedule-II Rule 3(3) Serial No. 17 Item 6(i) of the Rules of Business, 1973 the Ministry of Information and Broadcasting is responsible for policy regarding government advertisement, control of advertisement and placement.

Para 10(i) of GFR Volume-I states that every officer incurring or authorizing expenditure from public funds should be guided by high standards of financial propriety and

Para 10(ii) of GFR Volume-I states that every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public moneys as a person of ordinary prudence would exercise in respect of expenditure of his own money.

Rules 20 of Public Procurement Rules, 2004 states 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

The management of Press Information Department (PID) incurred an expenditure of Rs. 254.424 million on various advertisement campaigns through the electronic media. Details are as under:

(Rupees)

S. No.	Advertising Agency	Advertisement Campaign	Amount
1.	Interflow Communication	Budget 2011-12	60.297
2.	Midas Private Ltd.	FATA Reforms	53.117
3.	Midas Private Ltd.	Provincial Autonomy	99.311
4.	Orient Advertising	Blood Donation Campaign on the eve of Benazir Bhutto Shaheed's Birthday	41.699
		Total	**254.424**

Audit observed as under.

i. There was no approved government policy regarding electronic media advertisement, control of advertisements and placement, etc.

ii. The advertising work was assigned to the advertising agencies without calling open tenders.

iii. Due to non-existence of any policy regarding government advertisement through private electronic media the government sustained a loss of Rs. 61.077 million viz-a-viz PTV rates. Details are as under:

(Rs. in million)

S. No.	Advertising Agency	Payment made to private media	Payment according to PTV rates (spot × rate)	Difference
1.	Interflow Communication	54.261	485 × Rs. 79,369 = 38.494	15.767
2.	Midas Private Ltd.	50.519	457 × Rs. 64,960 = 29.687	20.832
3.	Midas Private Ltd.	95.122	725 × Rs. 97,440 = 70.644	24.478
			Total	**61.077**

Audit is of the view that expenditure on electronic media campaigns of the government without an approved policy was irregular and resulted in loss to the public exchequer.

The management replied that the prior approval of the Secretary, Ministry of Information was obtained and open tenders were not required to be called before the advertisement work as prescribed in the advertisement rules.

The reply was not accepted because the advertisement rules referred to by the management pertain to the print media, while those for the electronic media are non-existent. The approval of the Secretary, Ministry of Information without resorting to open competition was, therefore, unauthorized.

The PAO was informed on 14.12.2012, but DAC was not held till the finalization of the report.

Audit recommends that the policy for electronic media campaigns should be prepared, approved and implemented.

18.4.5 Irregular placing of nine vehicles on General Duty pool

The Federal Government approved the “Compulsory Monetization of Transport Facility for Civil Servants in BS-20 to BS-22” vide Cabinet Division letter No. 6/7/2011-CPC dated 12.12.2011. The Monetization Policy was implemented w.e.f. 01.01.2012.

Para (xv) of Annexure to the Monetization Policy states that the Ministries/Divisions/Departments needing operational vehicles shall get their authorization of such vehicles fixed from the Vehicles Committee constituted with a representative each from Cabinet Division, Finance Division and the respective Ministry/Division/Department.

The management of Directorate General of Films & Publications, Islamabad retained nine vehicles for general duty. Details are as under:

S. No.	Vehicle Number	Make	Horse Power
1.	GV- 092	Honda (City)	1300 CC
2.	GK-246	Suzuki Liana	1300 CC
3.	IDL-8113	Suzuki Cultus	1000 CC
4.	GU-939	Suzuki Mehran	796 CC
5.	IDG-6423	Suzuki Jeep	970 CC
6.	GU- 913	Suzuki Bolan	800 CC
7.	GU- 908	Suzuki Bolan	800 CC
8.	IDM- 1852	Suzuki Bolan	800 CC
9.	NWFP-A- 5773	Suzuki Bolan	800 CC

Audit observed that the vehicles were placed on the General Duty pool without the approval of the Cabinet Division.

Audit is of the view that the retention of the vehicles on General Duty pool without the approval of the Cabinet Division was irregular and unauthorized.

The management replied that a proposal for retention of eight vehicles in the Directorate General of Films & Publications had been sent to the Cabinet Division.

The reply was not accepted because the approval of the Cabinet Division for retention of the vehicles was not available.

The PAO was informed on 23.11.2012, but DAC was not held till the finalization of the report.

Audit recommends that the authorization of vehicles may be got fixed and the surplus vehicles may be surrendered to the Cabinet Division.

18.4.6 Irregular printing without open competition - Rs. 2.223 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.

The Directorate General of Films and Publications, Islamabad paid an amount of Rs. 2.223 million to M/s M. Communications (Pvt) Ltd. for printing of 6,000 copies of book titled "Promise, Policy, Performance, Two years of People's Government 2008-2010".

Audit observed that the books were printed from M/s M. Communications (Pvt.) Ltd. without open advertisement.

Audit is of the view that failure to comply with the rules deprived the government of the benefits of competitive rates.

The management replied that after obtaining quotations M/s M. Communications was the lowest. Further, the enlisted printers, i.e. M/s Kenad and M/s Khursheed Printers refused to undertake printing due to urgency and different specifications of papers.

The reply was not accepted because the Public Procurement Rules, 2004 were violated.

The PAO was informed on 23.11.2012, but DAC was not held till the finalization of the report.

Audit recommends that responsibility may be fixed for the irregularity.

18.4.7 Irregular placing of 15 vehicles on General and Protocol Duties

The Federal Government approved the "Compulsory Monetization of Transport Facility for Civil Servants in BS-20 to BS-22" vide Cabinet Division letter No. 6/7/2011-CPC dated 12.12.2011. The Monetization Policy was implemented w.e.f. 01.01.2012.

Para (xv) of Annexure to the Monetization Policy states that the Ministries/Divisions/Departments needing operational vehicles shall get their authorization of such vehicles fixed from the Vehicles Committee constituted with a representative each from Cabinet Division, Finance Division and the respective Ministry/Division/Department.

The Ministry of Information & Broadcasting retained 15 vehicles for general and protocol duties. Details are as under:

S. No.	Vehicle No	Horse Power	Purpose
1.	GA-988	1000 cc	Protocol duty
2.	GA-202	1000 cc	Protocol duty
3.	GB-181	2200 cc	Protocol duty
4.	GD-484	800 cc	General duty
5.	IDL-2172	800 cc	General duty
6.	IDL-2173	800 cc	General duty
7.	GA-989	800 cc	General duty
8.	GJ-810	800 cc	General duty
9.	IDL-8324	1000 cc	Protocol duty
10.	GE-975	1300 cc	Protocol duty
11.	IDG-1362	1300 cc	Protocol duty
12.	GF-402	1000 cc	Protocol duty
13.	GA-997	800 cc	General duty
14.	GA-996	800 cc	General duty
15.	IDL-9430	800 cc	General duty

Audit observed that the vehicles were placed on the General Duty pool without the approval of the Cabinet Division.

Audit is of the view that the retention of the vehicles on General Duty pool without the approval of the Cabinet Division was irregular and unauthorized.

The management replied that the Ministry had to arrange media coverage of various government activities without taking preparation time for the coverage as it had to provide pick and drop service to the media personnel for proper coverage of the activities, which was not possible without transport.

The reply was not accepted because the Ministry was required to get the authorization of vehicles fixed according to the requirements, which was not done.

The PAO was informed on 23.11.2012, but DAC was not held till the finalization of the report.

Audit recommends that the authorization of vehicles may be got fixed and the surplus vehicles may be surrendered to the Cabinet Division.

18.4.8 Irregular maintenance and operation of Secret Service Fund - Rs. 182.460 million

Serial No. 37(4) of Appendix 8 of Para 130 of GFR Volume-I states that in respect of each officer authorized to incur secret service expenditure, Government will nominate a Controlling Officer who should conduct at least once in every Financial Year, a sufficiently real administrative audit of the expenditure incurred and furnish a certificate to the Accountant General not later than the 30th November following the year to which it relates.

The Ministry of Information & Broadcasting incurred an expenditure of Rs. 182.460 million on account of Secret Service Funds during 2011-12.

Audit observed as under:

i. The Finance Division did not define the exact procedure for creation of Secret Service Fund.

ii. The criteria and purpose of creation of a particular Secret Service Fund was also not provided.

iii. The Rules of Business, 1973 had not assigned any function to the Ministry of Information & Broadcasting for which Secret Service Funds were required.

iv. The government had not nominated a Controlling Officer to carry out administrative audit of the expenditure.

Audit is of the view that in the absence of any criteria for the establishment of Secret Service Fund a sufficiently real administrative audit of the expenditure could not be conducted by the controlling officer nominated by Government. And the certificate provided in respect of spending the fund on public interest does not serve the purpose of administrative audit of the expenditure.

The management replied that funds for Secret Service expenditure were approved by the Parliament and such funds could not be declared irregular.

The reply was not accepted because neither the Ministry of Information & Broadcasting was assigned any function under the Rules of Business, 1973 which require use of Secret Service Funds, nor the Finance Division had defined the criteria for allocation and utilization of such funds.

The PAO was informed on 23.11.2012, but DAC was not held till the finalization of the report.

Audit recommends that the criteria, justification, procedure for creation of Secret Service Fund in the Ministry of Information & Broadcasting may be provided.

18.4.9 Non-recovery of outstanding fees from licensees - Rs. 106.984 million

Rule 5 of Pakistan Electronic Media Regulatory Authority (PEMRA) specifies:

i. The licence shall be granted for a period of five, ten, or fifteen years subject to payment of fee as set out in Schedule-B.

ii. The licence shall be valid for the term for which it is granted subject to the payment of annual fee or any other charges as set out in Schedule-B.

iii. The fee relating to the grant of a licence, renewal thereof, late payment surcharge and fine, if any, shall be deposited in the account of the Authority.

The management of PEMRA did not recover an amount of Rs. 106.984 million from licensees on account of annual renewal fee, subscription fee, surcharges, fines and penalty during 2010-12. Details are as under:

(Rupees)

S. No.	Description	Year	Amount
1.	Landing Rights Permission	2010-11	2,400,000
2.	Landing Rights Permission	2010-11	7,550,000
3.	Landing Rights Permission	2011-12	5,175,000

4.	Landing Rights Permission	2011-12	8,525,000
5.	FM Radio	2010-11	7,907,875
6.	FM Radio	2011-12	6,465,500
7.	Satellite TV	2010-11	32,063,831
8.	Satellite TV	2011-12	18,570,000
9.	Cable TV	2010-12	18,327,225
		Total	**106,984,431**

Audit is of the view that non-recovery of license fee deprived the Authority of its due receipt.

The management replied that the detail of outstanding amount as indicated by Audit had a cumulative effect of two years, i.e. Audit had pointed out outstanding dues for 2010-11 and 2011-12 separately, whereas the updated position of recovery was not taken into account for these years. An amount of Rs. 18.509 million was still outstanding.

The reply was not accepted because the management did not provide proof of recovery of outstanding dues from licensees during verification of record on 21.12.2012.

The PAO was informed on 23.11.2012, but DAC was not held till the finalization of the report.

Audit recommends that the outstanding dues may be recovered from licensees, besides fixing responsibility for not pursuing the recovery.

18.4.10 Unauthorized payment of Cash Reward and Eid Bonus - Rs. 39.486 million

Section 39(1) of Pakistan Electronic Media Regulatory Authority Ordinance, 2002 as amended by the PEMRA Act, 2007 states that the Authority may, with the approval of the Government, by notification in the Official Gazette, make rules to carry out the purposes of this Ordinance.

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.

The management of PEMRA paid an amount of Rs. 21.569 million as Cash Reward and Rs. 17.917 million as Eid Bonus during 2010-12.

Audit observed that Cash Reward and Eid Bonus were paid without approved financial rules.

Audit is of the view that payment of Cash Reward and Eid Bonus without the approval of financial rules by the Finance Division was irregular and unauthorized.

The management replied that the Authority in its 41st meeting held on 22.11.2006 approved Reward/Welfare Policy for boosting the performance of PEMRA employees, which covers the award of Reward to operational staff, Honorarium to office staff and Eid Bonus to PEMRA employees.

The reply was not accepted because financial rules of PEMRA were not approved by the Finance Division as required under the PEMRA Ordinance, 2002.

The PAO was informed on 23.11.2012, but DAC was not held till the finalization of the report.

Audit recommends that the unauthorized payment of Cash Reward and Eid Bonus may be discontinued forthwith, and the payment already made may be got regularized from the Finance Division.

18.4.11 Irregular investment of funds - Rs. 588.770 million

According to Finance Division O.M. No. F.4(1)/2002-BR-11 dated 02.07.2003, investment of working balances/surplus funds be made subject to fulfillment of various requirements such as investment in A rating banks, working balance limit of each organization should be determined with the approval of administrative Ministry in consultation with Finance Division, competitive bidding process, investment exceeding Rs. 10 million shall not be kept in one bank, setting up of in-house professional treasury management functions, formation of Investment Committee, employment of qualified investment management staff, utilization of services of professional fund managers approved by SECP, annual certificate of the Chief Executive of the organization, etc.

The management of PEMRA invested Rs. 588.770 million in various financial institutions during 2010-12.

Audit observed that the management of PEMRA invested Rs. 588.770 million in different financial institutions including foreign banks without adopting the criteria laid down in Finance Division O.M. No. F.4(1)/2002-BR-II dated 02.07.2003.

Audit is of the view that investment in violation of the instructions of the Finance Division was irregular and unauthorized.

The management replied that Section 14(4) of PEMRA Ordinance, 2002 specifies that "The Authority may invest its funds in such investments as it may, from time to time, determine." The Authority delegated full powers to the Chairman for investment of PEMRA funds in its 41st meeting held on 22.11.2006. An Investment Committee was also formed vide letter No. 6/93/04-FA dated 28.01.2010.

The reply was not accepted as the Finance Division has laid down the procedure for investment by all Public Sector Enterprises/local and autonomous bodies. Section 14(4) of PEMRA Ordinance, 2002 empowers PEMRA to invest funds, but not in violation of the instructions laid down by the Finance Division, which are binding on PEMRA being an entity established by the Government of Pakistan.

Audit holds that the investments were irregular and unauthorized.

The PAO was informed on 23.11.2012, but DAC was not held till the finalization of the report.

Audit recommends that irregular and unauthorized investments should be discontinued and the procedure prescribed by the Finance Division should be followed in future.

18.4.12 Irregular use of vehicles by non-entitled officers - Rs. 11.040 million

Section 39(1) of Pakistan Electronic Media Regulatory Authority Ordinance, 2002 as amended by the PEMRA Act, 2007 states that the Authority may, with the approval of the Government, by notification in the Official Gazette, make rules to carry out the purposes of this Ordinance.

Rule 2(x) of Staff Cars Rules, 1980 defines the 'Entitled Officers' as officers of grade 22, 21 & 20 of the Federal Government borne on the sanctioned establishment of a Division or an Organization under its administrative control.

Rule 3(3) of Staff Cars Rules, 1980 states that the Division concerned (or for one of the Division in the portfolio) will be responsible for provision of staff cars to Minister and Minister of State and Advisors, etc.

The management of PEMRA allowed the use of 15 vehicles to General Managers (BS-19) and retained eight vehicles for protocol duties. The management incurred an expenditure of Rs. 4.685 million on POL and Rs. 6.354 million on repair and maintenance during 2010-12.

Audit observed as under:

i. General Mangers (BS-19) were not entitled for the use of staff cars.
ii. Three protocol duty vehicles were shown at the disposal of Minister, Ex-Minister for Information & Broadcasting and Personal Assistant to the Minister.

Audit is of the view that the use of staff cars by non-entitled officers and protocol vehicles by the Minister/ex-Minister for Information & Broadcasting and Personal Assistant to the Minister was irregular and unauthorized.

The management replied that the Authority in its 57th meeting held on 15.10.2009, approved entitlement of vehicles and POL ceiling for officers of the Authority and for protocol/operational vehicles. The Authority further delegated the power for allocation of vehicles and fixation of POL ceiling for PEMRA officers, protocol/operational vehicles in addition to power to condone POL used in excess of ceiling in future to the Chairman.

The reply was not accepted because PEMRA had not framed its own rules for the use of departmental vehicles as required under Section 39(1) of Pakistan Electronic Media Regulatory Authority Ordinance, 2002 as amended by the PEMRA Act, 2007. Therefore, the provisions of Staff Cars Rules, 1980 were applicable to the organization.

The PAO was informed on 23.11.2012, but DAC was not held till the finalization of the report.

Audit recommends that responsibility may be fixed for the irregularity, besides recovery for incurring unauthorized expenditure.

18.4.13 Non-recovery of fines from licensees - Rs. 7.700 million

Rule 5 of Pakistan Electronic Media Regulatory Authority Rules, 2009 states that the licence shall be granted for a period of five, ten or fifteen years subject to payment of fee as set out in Schedule-B.

Rule 8(2) of Pakistan Electronic Media Regulatory Authority Rules, 2009 states that the every licensee shall follow the specified time line relating to the payment of any dues of the Authority.

Section 29(6) of Pakistan Electronic Media Regulatory Authority Ordinance, 2002 states that the authority may, after the licensee has been given reasonable opportunity to show cause, impose fine up to one million rupees on a licensee who contravenes any of the provisions of this Ordinance or the rules or regulations made thereunder.

The management of PEMRA imposed fines amounting to Rs. 7.700 million in its 64^{th} to 68^{th} meetings during 2010-11.

Audit observed that the management had recovered an amount of Rs. 1.500 million only despite reporting satisfactory performance on the previous orders of the Authority.

Audit is of the view that non-recovery of fines deprived the Authority of its due receipt.

The management replied that the Authority imposed fines amounting to Rs. 11.060 million instead of 7.700 million in its 64^{th} to 68^{th} meetings during 2010-11, out of which an amount of Rs. 3.712 million was recovered. However, three licensees obtained Stay Orders from the Sindh High Court due to which recovery of Rs. 3.000 million could not be made. Three licensees filed review appeals before the Authority under PEMRA (Appeal & Review) Regulations, 2008 for waiver of fine on the assurance such lapse would not be repeated in future. Taking a lenient view, the Authority waived off fine of Rs. 2.500 million.

The reply was not accepted because the PEMRA (Appeal & Review) Regulations, 2008 are based on PEMRA Rules, 2002 which have been repealed and replaced by PEMRA Rules, 2009. These rules do not contain any provision for appeal against imposition of fine. The management could not provide evidence in support of their stance during verification of record on 21.12.2012.

The PAO was informed on 23.11.2012, but DAC was not held till the finalization of the report.

Audit recommends that the fines should be recovered and the management should also provide evidence, if any, in support of their powers to waive off the fine.

18.4.14 Irregular appointment and payment of salary to Ex-Chairman - Rs. 12.420 million

Section 6(1) of Pakistan Electronic Media Regulatory Authority Ordinance, 2002 states that the Authority shall consist of a Chairman and twelve Members, to be appointed by the President of Pakistan.

Section 9 of Pakistan Electronic Media Regulatory Authority Ordinance, 2002 states that the Chairman and Members shall be paid such emoluments as the President of Pakistan may determine and shall not be varied to their disadvantage during their term of office.

Para 4 of Establishment Division D.O. No. 7/3/89-OMG-II dated 28.01.1989 states that re-employment beyond the age of superannuation in all cases requires the approval of the Prime Minister.

The management of PEMRA paid salary of MP-I scale amounting to Rs. 12.420 million to Mr. Mushtaq Ahmed Malik, ex-Chairman.

Audit observed as under:

i. Mr. Mushtaq Ahmed Malik, a BPS 22 officer of the Secretariat Group was appointed as Chairman, PEMRA vide Establishment Division notification No. 41-279/2007-E-I dated 09.02.2008.

ii. Establishment Division vide notification No. 41-279/2007-E-I dated 16.02.2008 modified the earlier notification dated 09.02.2008 by stating that the appointment shall be for a period of four years in terms of Section 7(1) of PEMRA Ordinance, 2002.

iii. The management of PEMRA vide U.O. No. 4(641)/2008-P.Admn dated 22.02.2008 approach the Establishment Division seeking grant of MP-I scale to the Chairman as the notifications dated 09.02.2008 and 16.02.2008 were silent about the emoluments of the Chairman.

iv. Establishment Division vide U.O. No. 1/49/2004-E.6 dated 05.03.2008 advised PEMRA to initiate a summary for the President through Ministry of Information and Broadcasting to fix emoluments to be paid to the Chairman, as prescribed.

v. PEMRA vide U.O. No. 4(641)08-P.Admn dated 19.03.2008 stated that fresh approval of the President was not required as the Chairmen had in the past been drawing pay and emoluments in MP-I scale.

vi. Establishment Division vide notification No. 41-279/2007-E-I dated 19.04.2008 notified that the period from 09.02.2008 to 01.04.2008, i.e. up to the date of superannuation of the officer, may be treated as deputation on standards terms and conditions and the remaining as re-employment on contract basis in MP-I scale.

Audit is of the view that the appointment and payment of salary to the officer were irregular for the following reasons:

i. The approval of the President of Pakistan in terms of Section 6(1) and Section 9 of Pakistan Electronic Media Regulatory Authority Ordinance, 2002 was not obtained.

ii. The approval of the Prime Minister for re-employment of the officer after superannuation was not obtained in terms of Establishment Division D.O. No. 7/3/89-OMG-II dated 28.01.1989.

iii. The emoluments of the officer were not determined by the President as required under Section 9 of PEMRA Ordinance, 2002.

The management replied that Mr. Mushtaq Ahmed Malik was appointed as Chairman but the notification of appointment was silent regarding his emoluments. Therefore, his pay was fixed in MP-I scale as in the case of former Chairmen. Simultaneously, the Establishment Division was approached for seeking clarification regarding his emoluments, in response to which the Establishment Division clarified that the officer may be treated on deputation on standard terms and conditions from 09.02.2008 to 01.04.2008 and the remaining period as re-employment on contract basis in MP-I scale. On re-fixation of pay an amount of Rs. 427,003 was observed as overpayment which was recovered from his salary.

The reply was not accepted because neither approval of the President for appointment and determination of his emoluments in terms of Sections 6(1) and 9 of PEMRA Ordinance, 2002 nor the approval of the Prime Minister for re-employment after superannuation were obtained.

The PAO was informed on 23.11.2012, but DAC was not held till the finalization of the report.

Audit recommends that responsibility may be fixed for violating the government instructions and the matter of irregular appointment and payment of emoluments may be placed before the President and the Prime Minister for decision.

18.4.15 Irregular procurement of physical assets during period of ban - Rs. 3.579 million

Finance Division vide O.M. No. F.7(1)Exp.IV/2011 and No. F.7(2)Exp. IV/2011 dated 18.03.2011 and 17.08.2011 imposed ban on purchase of physical assets from March, 2011 to June, 2011 and from August, 2011 to June, 2012.

The management of PEMRA procured physical assets amounting to Rs. 3.579 million during 2010-12. Details are as under:

(Rupees)

S. No.	Period	Items	Amount
1.	2010-11	Furniture & Fixture	251,340
2.	2011-12	Machinery & Equipment	2,956,227
3.	2011-12	Furniture & Fixture	371,600
		Total	**3,579,167**

Audit observed that physical assets were purchased during the period of ban imposed by the Finance Division.

Audit is of the view that purchase of physical assets during the period of ban was irregular and unauthorized.

The management replied that the Authority is entrusted with financial autonomy and it even does not need approval of its budget from the Federal Government which is even more important than the financial procedures/ regulations, etc. As a general perception, the Finance Division O.M. was applicable on the purchases made out of or by using funds from the Federal Consolidated Fund, which PEMRA had not utilized for the procurements.

The reply was not accepted because PEMRA was a government entity and all instructions of the Federal Government were applicable to the organization. PEMRA had also circulated the instructions of the Finance Division regarding austerity measures for compliance during 2012-13 indicating that the above reply was incorrect.

The PAO was informed on 23.11.2012, but DAC was not held till the finalization of the report.

Audit recommends that responsibility may be fixed for the irregularity.

18.4.16 Non-recovery of outstanding fee from licensees on annual gross advertisement revenue

Rule 5 of Pakistan Electronic Media Regulatory Authority Rules, 2009 states that the licence shall be granted for a period of five, ten or fifteen years subject to payment of fee as set out in Schedule-B, which includes annual renewal fee plus 5% to 10% of annual gross advertisement revenue.

Rule 8(2) of Pakistan Electronic Media Regulatory Authority Rules, 2009 states that every licensee shall follow the specified time line relating to the payment of any dues of the Authority.

Rule 17 of Pakistan Electronic Media Regulatory Authority Rules, 2009 states that the licensee shall maintain proper accounts, as required by the applicable laws, and shall cause to be carried out the audit of his accounts by one or more auditors who are chartered accountants within the meaning of the Chartered Accountants Ordinance, 1961 and shall submit the audited financial statement to the Authority not later than three months of the closing date of its financial year.

The management of PEMRA did not obtain the audited financial statements from the licensees during 2010-12.

Audit observed that by not obtaining the audited financial statements from the licensees, PEMRA was unable to calculate and raise claim for the percentage of annual gross advertisement revenue.

Audit is of the view that failure to collect percentage of annual gross advertisement revenue deprived the organization of its due receipt.

The management replied that audited accounts were obtained from licensees and notices were issued to them for payment of percentage of gross advertisement revenue @ 1.5% to 7.5%, against which an amount of Rs. 46.258 million had been collected. An amount of Rs. 8.420 million was collected from Landing Rights Licensees, while Rs. 0.625 million and Rs. 0.240 million were collected from Mobile TV and IPTV (PTCL), respectively during 2011-12. In the case of Satellite TV, the Pakistan Broadcasters Association obtained Stay Order from the Sindh High Court on 17.12.2009 against collection of fee, which will be recovered once the Stay Order is vacated. SECP had also been requested to provide annual audited statements, as a number of licensees were reluctant to provide them to PEMRA.

The management has accepted the audit observation. However, proof of recovery was not provided during verification of record on 21.12.2012, as claimed by the management.

The PAO was informed on 23.11.2012, but DAC was not held till the finalization of the report.

Audit recommends that audited reports from the licensees may be obtained, amount due may be assessed and recovered.

18.4.17 Non-vetting of financial and procurement rules from the Federal Government - Rs. 1,041.000 million

Para 3(1) of the Public Investments (Financial Safeguards) Ordinance, 1960 stipulates that where any corporation, institution or undertaking, whether incorporated in pursuance of a Federal or Provincial law or not so incorporated, has been established by Government with the aid of public revenues, the appropriate Government shall, notwithstanding anything in any law, or in any instrument, deed or other document relating to such corporation, institution or undertaking, have power to prescribe financial procedures, including procedures for internal financial control, in respect of matters relating to the receipt and expenditure of moneys and sanctions thereto.

Section 39(1) of Pakistan Electronic Media Regulatory Authority Ordinance, 2002 as amended by the PEMRA (amendment) Act, 2007 states that the Authority may, with the approval of the Government, by notification in the Official Gazette, make rules to carry out the purposes of this Ordinance.

The Auditor General of Pakistan, after vetting the Financial and Procurement Rules adopted by PEMRA, advised the PEMRA management to seek approval of the Ministry of Finance with respect to the vetted rules.

Audit observed as under:

i. PEMRA was initially funded by seed money of Rs. 20.000 million released by the Federal Government vide F.A. Organization No. 355-DFA(I&MD)/2002 dated 19.04.2002.

ii. PEMRA did not get the Financial and Procurement Rules approved from the Ministry of Finance despite the advice of the Auditor General of Pakistan.

iii. The management of PEMRA incurred an expenditure of Rs. 1,041 million during 2010-12.

Audit is of the view that the expenditure being incurred by the management of PEMRA without seeking approval of financial and procurement rules were irregular.

The management replied that the Public Investments (Financial Safeguards) Ordinance, 1960 did not apply to PEMRA because it was a regulatory authority and not a corporation established for earing revenue. Section 37 of PEMRA Ordinance, 2002 had an overriding effect on any other laws.

The reply was not accepted because PEMRA was established with seed money of Rs. 20.000 million provided by the Federal Government, and therefore, Public Investments (Financial Safeguards) Ordinance, 1960 was fully applicable to PEMRA. This is further strengthened by Section 39 of PEMRA Ordinance, 2002 which specifically states that rules to carry out the purposes of the Ordinance would be made with the approval of the Government.

The PAO was informed on 23.11.2012, but DAC was not held till the finalization of the report.

Audit recommends that the financial, procurement and other rules should be got approved from the Federal Government.

Internal Control Weaknesses

18.4.18 Loss due to theft of official vehicle

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 Press Information Department (PID) granted permission to Muhammad Shahzad, ex-Deputy Director who was on deputation from Federal Board of Revenue (FBR) to use official vehicle No. GU 118 Suzuki Bolan after his repatriation to his parent office.

Audit observed that the vehicle was stolen while in the use of the officer after repatriation.

Audit is of the view that the officer was not entitled to use official vehicle of the PID after repatriation and theft resulted in loss to government.

The management replied that the officer had been allowed to retain and use the vehicle after repatriation, by the management. The Inquiry Committee did not hold the officer responsible due to the deteriorating law and order situation and inability of the police and law enforcement agencies to trace the incidents of car lifting.

The reply was not accepted because the management was not authorized to allow the use of its official vehicle by an officer of another department. Further, the Inquiry Committee could not absolve the officer of his responsibility of theft of the vehicle.

The PAO was informed on 14.12.2012, but DAC was not held till the finalization of the report.

Audit recommends that responsibility may be fixed for allowing the use of official vehicle by an officer of another department, and the loss should be recovered from the officer from whom the vehicle was stolen.

CHAPTER 19

19 MINISTRY OF INTER PROVINCIAL COORDINATION

19.1 Introduction of Ministry

On 19.03.2007, recognizing the importance of Federal and Provincial relationships to grow in ever greater harmony, the Government of Pakistan created an independent Division named Inter Provincial Coordination Division. Later, the Inter Provincial Coordination Division was given the status of a full-fledge Ministry w.e.f. 03.11.2008.

The Ministry of Inter Provincial Coordination (IPC) has been designated as the Secretariat of Inter Provincial Conference Implementation Commission and the Council of Common Interests (CCI). So far 64 meetings of Implementation Commission and one meeting of CCI have been convened.

The Inter Provincial Coordination Committee (IPCC) works under the Ministry of Inter Provincial Coordination. IPCC is a mechanism designed under the Rules of Business, 1973 to initiate strategic decision-making in exploring various options for greater understanding, trust and confidence building as embedded in the 1973 Constitution and to resolve issues by mutual dialogue and consensus building amongst Provinces and the Federation.

The following departments/offices and functions were transferred to Ministry of IPC vide Cabinet Division Notification No. 4-5/2011-Min-1 dated 05.04.2011:

- Pakistan Tourism Development Corporation and subsidiaries (PTDC)
- Malam Jabba Resort Ltd
- Foreign studies and training, international assistance in the field of education
- Administrative control of the Federal Colleges of Arts and Design
- Inter Board Committee of Chairmen (IBCC), Islamabad
- Pakistan Veterinary Medical Council, Islamabad

The following departments/offices and functions were transferred to the Ministry of IPC vide Cabinet Division Notification No. 4-9/2011-Min.1 dated 29.06.2011:

- Secretariat of Pakistan Environmental Protection Council established under the Pakistan Environmental Protection Act, 1997.
- Preparation of basic plan for bulk allocation of food grains and foodstuffs.
- Price stabilization by fixing procurement and issue prices, including keeping a watch over the price of food grains and foodstuffs imported from abroad or required for export and those required for the inter-provincial supplies.
- Medical, nursing, dental, pharmaceutical, para-medical and allied subjects.
  a) Maintenance of educational standards in federal areas
  b) Education abroad
  c) Educational facilities for backward areas and for foreign nationals, except the nomination of candidates from Federally Administered Tribal Areas (FATA) for admission to medical colleges
- National Association of Medical and allied fields such as the Red Crescent Society and TB Association.
- Stock taking of highly qualified and skilled personnel; National Talent Register.
- Training in manpower planning and research.
- National Industrial Relations Commission (NIRC).
- Administrative control of the Board established for the promotion development of sports under the Sports (Development and Control) Ordinance, 1962.
- Administration of the Industrial Relations Act, 2011; keeping a watch on labor legislation from international angle, and coordination of labor legislation in Pakistan
- Pakistan Cricket Board (PCB)

- Pakistan Sports Board (PSB)

The following department/office and function was transferred to Pakistan Sports Board vide Cabinet Division Notification No. 4-5/2011-Min-1 05.04.2011:

- Boy Scouts and Girl Guides; youth activities and movements

The following departments/offices and functions were transferred to Pakistan Sports Board vide Cabinet Division Notification No. 4-9/2011-Min.1 dated 29.06.2011:

- Legislation covering all aspects of sports affairs and matters ancillary thereto
- Design, develop and implement sports policy in conformity with national objectives and laws
- Monitoring and implementation of policies on all aspects of sports.
- National Sports Award, including Pride of Performance awards in the field of sports.
- Develop sports infrastructure, including the establishment of sports stadium and facilities.
- International exchange of sports persons, experts and teams.
- All international aspects of sports, including negotiations for bilateral and multilateral agreements for mutual assistance and cooperation in the sports field.
- Regulation of administrative, budgetary and other matters of organizations dealing in sports.
- Sports matters relating to all the federating units.
- Financial assistance to sports organizations, sportsmen and their bereaved families.
- Pakistan Sports Trust (PST).
- Matters relating to Pakistan Olympic Association (POA) and National Sports Federation (NSF).
- Management of Fund set up for promotion of sports.

19.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Inter Provincial Coordination Division for the financial year 2011-12 was Rs. 3,345.748 million including Supplementary Grant of Rs. 3,009.923 million out of which the Division utilized Rs. 3,804.317 million. Grant-wise detail of current and development expenditure is as under:

(Rupees)

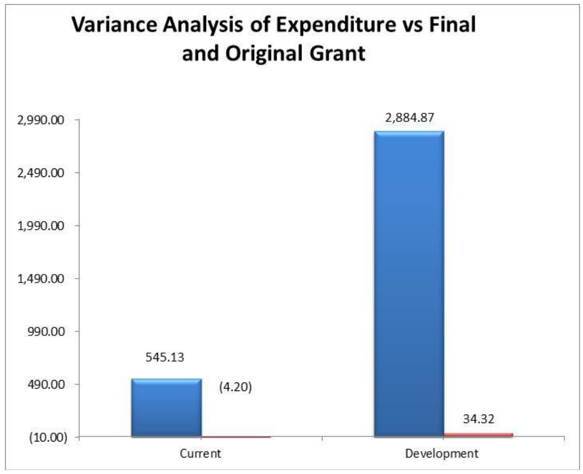
Grant No	Grant Type	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Final Grant/ Appropriation	Actual Expenditure	Excess/ (Savings)	% age Excess/ (Saving)
58	Current	265,825,000	1,524,355,000	1,790,180,000	1,714,906,621	(75,273,379)	(4)
118	Development	70,000,000	1,485,568,000	1,555,568,000	2,089,411,309	533,843,309	34
	Total	**335,825,000**	**3,009,923,000**	**3,345,748,000**	**3,804,317,930**	**458,569,930**	**14**

Audit noted that there was an overall excess expenditure of Rs. 458.569 million, which was due to excess expenditure of Rs. 533.843 million in development grant that was partly offset by saving of Rs. 75.273 million in the current grant.

Supplementary Grants obtained without careful cash forecasting

In order to ensure prudent financial management, Para 13(vii) of System of Financial Control and Budgeting, 2006 states that 'Ministries / Divisions should be able to anticipate budgetary requirements well ahead of the financial year to which the budget relates and obtain the concurrence of the Finance Division. The Finance Division is expected to decline any request for Supplementary Grants except in extraordinary circumstances.' This document further states that 'the funds obtained from Supplementary Grants shall be expended for the purposes for which these have been sanctioned. In current expenditure, demands for Supplementary Grants shall not be made, except in extraordinary circumstances.' During the year, Supplementary Grants of Rs. 3,009.923 million were obtained, which was 896.27% of the Original Budget.

According to Para 71 of General Financial Rules (Volume I), while framing budget estimates, the authorities should exercise utmost foresight. Variation between estimated and actual expenditure captures the level of foresight that goes into budget formulation. As shown in the chart below, the excess in current expenditure was 545.13%, which, after accounting for Supplementary Grants changed to saving of 4.20%. In development expenditure, excess against original budget was 2,884.87% while the excess came to 34.32% when supplementary grant is taken into account.



19.3 Brief comments on the status of compliance with PAC Directives

Ministry	Years	No of audit paras	No of Actionable Points	Full Compliance	Not Complied	% of Compliance
M/o Inter Provincial Coordination (Devolved M/o Sports)	1987-88	0	0	0	0	0
	1988-89	6	6	0	6	0
	1989-90	0	0	0	0	0
	1990-91	1	1	0	1	0
	1991-92	0	0	0	0	0
	1992-93	10	10	7	3	70
	1993-94	0	0	0	0	0
	1994-95	1	1	1	0	100
	1995-96	0	0	0	0	0
	1996-97	1	1	0	1	0
	1997-98	15	9	0	9	0
	1999-00	0	0	0	0	0
	2000-01	0	0	0	0	0
	2001-02	5	5	4	1	80
	2005-06	4	4	2	2	50
	2007-08	2	2	0	2	0
	2008-09	5	5	0	5	0
Total		**79**	**73**	**14**	**59**	19

19.4 AUDIT PARAS

Irregularity & Non-Compliance

19.4.1 Loss due to incorrect calculation of depreciation of vehicles - Rs. 0.484 million

The Federal Government approved the "Compulsory Monetization of Transport Facility for Civil Servants in BS-20 to BS-22" vide Cabinet Division letter No. 6/7/2011-CPC dated 12.12.2011. The Monetization Policy was implemented w.e.f. 01.01.2012.

Clause (iv) of the Monetization Policy states that keeping in view the existing condition of vehicles, which are extensively used, it has been decided to allow 15% depreciation for each completed year of life of the vehicles. Alternately, the market price of the new car will be taken and depreciated at 20% per annum on reducing balances. Whichever depreciated price is higher shall be adopted as the reserve price.

The management of the Ministry of Inter Provincial Coordination (IPC) calculated the depreciation of four vehicles as under:

(Rupees)

S. No.	Vehicle No.	Year	Date of Purchase	Date of Registration	Market / purchase price*	Reserve Price by Deptt	Reserve Price by Audit	Difference
1.	GW-964	2010	27.11.2010	01.01.2011	965,000	634,355	772,000	137,645
2.	GW-476	2010	23.11.2010	01.01.2011	965,000	634,355	772,000	137,645
3.	GW-475	2010	23.11.2010	01.01.2011	965,000	634,355	772,000	137,645
4.	GD-591	2005	-	25.10.2005	595,000	202,375	273,303	70,928
							Total	**483,863**

*Basis for calculation by Audit

Audit observed as under:

i. The management calculated the depreciation of the first three vehicles on the basis of purchase price of Rs. 878,000 per vehicle and of the last vehicle on the basis of the current market price of Rs. 965,000, which resulted in a lower reserve price.

ii. The management allowed depreciation of vehicles for the entire year instead of the date of registration of the vehicles.

Audit is of the view that the incorrect basis of calculation resulted in loss of Rs. 0.484 million to the public exchequer and undue benefit to the officers.

The management replied that depreciation of vehicles was calculated from the year of manufacture as directed by the Cabinet Division in consultation with the Deputy Financial Advisor of the Ministry.

The reply was not accepted because Audit is in possession of evidence that the depreciation was calculated w.e.f. the date of registration of vehicles in other departments. Further, the management used the price depreciation on which resulted in a lower reserve price.

The PAO was informed on 29.11.2012, but DAC was not held till the finalization of the report.

Audit recommends that the extra depreciation charged may be recovered from the officers and deposited into government account.

19.4.2 Irregular release of funds for development of sports facilities (SAVER Fund) - Rs. 80.390 million

Para 12 of GFR Volume-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(vii)(c) of Resolution No. F.9-22/89-S.I dated 31.01.1990 relating to SAVER Fund states that Managing Committee of the Fund shall frame rules and regulations and to issue instructions in consultation with the Ministries/Divisions of the Government of Pakistan concerned with the operation of Fund.

Pakistan Sports Board (PSB), Islamabad released funds of Rs. 80.390 million from "Fund for Development of Sports Facilities (SAVER Fund)" during 2011-12. Details are as under:

(Rupees)

S. No.	Description	Amount
1.	District Coordination Officer, Multan for provision of sports facilities at Gymkhana Club, Multan	40.000

2.	District Coordination Officer, Mirpurkhas for construction of Shaheed Zulfiqar Ali Bhutto Sports Complex at Mirpurkhas	21.658
3.	Additional Secretary FATA Secretariat, Peshawar for Benazir Bhutto Shaheed Sports Complex including Boxing cum Badminton Hall and Fitness Gymnasium with allied facilities at Bajur	14.000
4.	Additional Secretary FATA Secretariat, Peshawar for construction of football ground and seating steps at North Waziristan Agency	4.732
	Total	**80.390**

Audit observed as under:

i. The funds were released in the absence of approved rules and regulations governing the 'Fund'.

ii. The funds were released on the instructions of the Prime Minister's Secretariat.

iii. The funds released to District Coordination Officer, Multan were for the Gymkhana Club which is an elite club.

iv. There was no evidence on record to establish that the funds had been utilized for the intended purpose.

Audit is of the view that the release of funds without approved rules and regulations was irregular.

The management replied that the funds were released on the directives of the Prime Minister.

The reply was not accepted because the funds were released without approved rules and regulations.

The PAO was informed on 13.12.2012, but DAC was not held till the finalization of the report.

Audit recommends that responsibility may be fixed for the irregularity.

19.4.3 Loss due to renting out building at lower rates - Rs. 7.869 million

Para 2 of Pakistan Sports Board (PSB), Islamabad letter No. 41-15/2002-PSB(Admn) dated 19.04.2007 addressed to the Regional Operational Chief, National Bank of Pakistan (NBP), Main Branch, Islamabad states that the new contract with NBP would be at a monthly rent of Rs. 200,000.

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.

Pakistan Sports Board (PSB), Islamabad rented out an area of 2,268 square feet of the building located in Sector H-9, Islamabad to NBP for a period of five years from 01.06.2007 to 31.05.2012 @ Rs. 56,388 per month with 10% annual increase. Details are as under:

(Rupees)

S. No.	Period	Rent Charged		Rent due		Difference
		Monthly	Annual	Monthly	Annual	
1.	01.06.07 to 31.05.08	56,388	676,656	200,000	2,400,000	1,723,344
2.	01.06.08 to 31.05.09	62,027	744,324	200,000	2,400,000	1,655,676
3.	01.06.09 to 31.05.10	68,230	818,760	200,000	2,400,000	1,581,240
4.	01.06.10 to 31.05.11	75,053	900,636	200,000	2,400,000	1,499,364
5.	01.06.11 to 31.05.12	82,558	990,696	200,000	2,400,000	1,409,304
	Total		**4,131,072**		**12,000,000**	**7,868,928**

Audit observed as under:

i. The management rented the building to the bank for a period of five years w.e.f. 01.06.2007 @ Rs. 56,388 per month with 10% annual increase instead of Rs. 200,000 per month as per letter dated 19.04.2007.

ii. On 05.05.2009, a two member committee constituted by the Ministry of Sports and comprising of one member from the Ministry and the other from PSB assessed the rent of the building between Rs. 150,000 to Rs. 200,000 per month.

iii. The management failed to invite competitive bids as required under Public Procurement Rules, 2004.

Audit is of the view that the action of the management resulted in loss of Rs. 7.869 million to the organization.

The management replied that rent and the annual increase were reasonable according to the prevailing rates of rent at that time. The monthly rent of Rs. 200,000 was not a formal assessment but only an idea. Since the agreement was valid for five years, PSB was bound to receive rent at the agreed rates. The agreement had since expired and before executing fresh agreement, offers would be invited through advertisement in the press to obtain most competitive rates.

The reply was not accepted as the management had informed NBP through letter dated 19.04.2007 that after expiry of lease agreement in May, 2007 the new contract would be @ Rs. 200,000 per month. Further, the two member committee had also assessed the same rent in May, 2009.

The PAO was informed on 13.12.2012, but DAC was not held till the finalization of the report.

Audit recommends that responsibility may be fixed for incurring loss to the organization.

19.4.4 Unauthorized maintenance of Staff Welfare Fund - Rs. 4.300 million

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

Serial No. 11(16) of Schedule-II of Rule 3(3) of Rules of Business, 1973 has assigned the Finance Division to frame rules on pay and allowances, retirement benefits, leave benefits and other financial terms and conditions of service.

Rule 12(1)(h) of the Rules of Business, 1973 states that no Division shall, without previous consultation with the Finance Division, authorize the issue of any orders, other than orders in pursuance of any general or special delegation made by the Finance Division, which will affect directly or indirectly the finances of the Federation or which in particular involve a change in the terms and conditions of service of government servants, on their statutory rights and privileges, which have financial implications.

Pakistan Sports Board (PSB), Islamabad was maintaining a Staff Welfare Fund jointly contributed @ 2% of basic pay of the employees and @ 2% by PSB from government budget. A bank account No. 523-0 was being maintained with NBP, Aabpara Branch, Islamabad which had a balance of Rs. 4.300 million as on 30.06.2012.

Audit observed that maintenance of Staff Welfare Fund with the contribution of employees and from government budget allocated to PSB was without the approval of the Finance Division.

Audit is of the view that maintenance of Staff Welfare Fund was unauthorized and unlawful.

The management replied that PSB was a body corporate established under Sports (Development and Control) Ordinance, 1962. In the opinion of the Auditor General of Pakistan conveyed vide letter No. 75/636/AP/Non-lapsable/A/cs/PSB dated 15.04.2008 endorsed by the Finance Division vide their O.M. No. F.2(2)-BR-II/2003-876 dated 19.06.2008, funds transferred from the Federal Government became the assets of the body corporate and the Board could utilize the funds in the next year as well. The head wise allocation/distribution of the Grant received from the government were approved by the Executive Committee of PSB. Hence, concurrence of the Finance Division was not required.

The reply was not accepted because the PSB was established by the Government of Pakistan and, therefore, all government instructions were applicable to it. The letter of the Auditor General of Pakistan quoted by the management was not relevant in this regard because it does not authorize the organization to utilize surplus government funds for purposes which do not bear the approval of the government.

The PAO was informed on 13.12.2012, but DAC was not held till the finalization of the report.

Audit recommends that the irregular practice should be discontinued forthwith.

19.4.5 *Unauthorized use of PSB vehicles by the Minister and Secretary of the controlling Ministry*

Section 7 of the Federal Minister and Ministers of State (Salaries, Allowances and Privileges) Act, 1975 states that the Ministers were entitled to avail the facility of one official vehicle only.

Rule 11 of Staff Car Rules, 1980 states that a staff car belonging to an attached department or subordinate office of a Division shall not be used by the Administrative Department and every Department or office shall be responsible for any misuse or irregularity committed in this behalf.

Pakistan Sports Board (PSB), Islamabad provided three vehicles for use of the Minister and officers of the controlling Ministry during 2010-12. Details are as under:

S. No.	Vehicle No.	Make	User	Period	
				From	To
1.	GE-949	Toyota corolla GLI 1300cc	Minister	01.07.2010	23.10.2012
2.	GT-247	Toyota corolla XLI 1300cc	Secretary	01.07.2010	05.06.2012
3.	GF-796	Toyota corolla XLI 1300cc	Joint Secretary	26.06.2010	05.06.2012

Audit observed that the vehicles provided to the Minister, Secretary and Joint Secretary were in addition to their entitlement.

Audit is of the view that the use of PSB vehicles was unauthorized.

The management replied that the vehicles were used by the Minister, Secretary and Joint Secretary by virtue of their positions as President, Vice President and Secretary of the PSB.

The reply was not accepted as the Minister was already in possession of one entitled vehicle while the Secretary and the Joint Secretary had availed monetization w.e.f. 01.01.2012, prior to which they were entitled to use vehicles from their Ministry.

The PAO was informed on 13.12.2012, but DAC was not held till the finalization of the report.

Audit recommends that the vehicles may be retrieved and the irregularity should be discontinued in future.

19.4.6 Irregular expenditure on Contingent Paid Staff - Rs. 10.458 million

Para 10 of GFR Volume-I states that every officer incurring or authorizing expenditure from public funds should be guided by high standards of financial propriety.

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

Para 11(A)(vi) of Finance Division O.M. No. F.3(2)Exp.III/2006 dated 13.09.2006 states that the Financial Adviser shall submit proposals for appointment of contingent paid staff to Additional Finance Secretary (Expenditure) for approval.

The management of Pakistan Sports Board (PSB), Islamabad incurred an expenditure of Rs. 10.458 million on payment of salaries of Contingent Paid Staff during 2011-12.

Audit observed as under:

i. The management regularized the services of 97 Contingent Paid Staff w.e.f. 28.06.2011 after creation of 74 new posts and utilizing the available vacant posts.

ii. The expenditure of 10.458 million was incurred on Contingent Paid Staff employed during 2011-12 despite the earlier regularization.

iii. The Contingent Paid Staff was engaged without the approval of the Finance Division.

Audit is of the view that engagement of Contingent Paid Staff without the approval of the Finance Division after regularizing the services of 97 Contingent Paid Staff was irregular and unauthorized.

The management replied that PSB was an autonomous body and the Executive Committee approved budget for engaging Contingent Paid Staff every year. As all the Contingent Paid Staff could not be regularized, therefore, some continued as Contingent Paid Staff for which expenditure was incurred. The instructions of the Finance Division are applicable to the Ministries/Divisions/ Departments only.

The reply was not accepted because there was no justification for engaging Contingent Paid Staff after regularization of 97 employees. The government instructions are fully applicable to the PSB as it has been established by the Federal Government through an Ordinance.

The PAO was informed on 13.12.2012, but DAC was not held till the finalization of the report.

Audit recommends that responsibility may be fixed for hiring of contingent paid staff in the presence of regular staff.

19.4.7 Irregular award of contract "Construction of Boxing Gymnasium at Islamabad" - Rs. 60.068 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.

Rule 42(c)(iv) of Public Procurement Rules, 2004 states that a procuring agency shall only engage in direct contracting if repeat orders do not exceed fifteen percent of the original procurement.

The management of Pakistan Sports Board (PSB), Islamabad awarded a contract for Construction of Boxing Gymnasium at Islamabad for Rs. 34.032 million to M/s Sachal Traders on 08.10.2004. A revised Contract Agreement valuing Rs. 60.068 million was signed with the firm on 18.03.2009 on the basis of revised project cost.

Audit observed as under:

i. The original contract valuing Rs. 34.032 million was awarded without inviting open tenders.

ii. The revised contract amounting to Rs. 60.068 million including additional items of works amounting to Rs. 26.036 million was awarded to the same contractor without open competition.

iii. Out of Rs. 26.036 million, an amount of Rs. 20.480 million was charged for 'imported prefabricated roof' whereas Letter of Credit was opened by the contractor on 26.05.2010 for Rs. 9.636 million (Rs. 85.50 × US$ 112,700) resulting in excess payment of Rs. 10.844 million.

Audit is of the view that award of contracts without open competition was unlawful and deprived the government of the benefits of competitive rates.

The management replied that the Consultant was hired through the advertisement dated 15.02.2004 and was provided a list of already pre-qualified contractors/firms for building and civil works. The Consultant recommended M/s Sachal Traders who were already working with PSB. The cost of imported fabricated roof was as per revised BOQ, whereas the cost did not cover payment of custom duties, clearance charges, other taxes, inland transportation charges, loading and unloading charges, income tax, installation charges and profit, etc.

The reply was not accepted because the original and revised contracts were awarded without open competition. The cost of the revised contract was nearly double of the original contract. The management also could not provide proof of pre-qualification of the firms, and the recommendations of the Consultant could not override the government rules.

The PAO was informed on 13.12.2012, but DAC was not held till the finalization of the report.

Audit recommends that responsibility may be fixed for the irregularity besides recovery of excess payment.

19.4.8 Irregular award of contract for Heating, Ventilation and Air Conditioning (HVAC) System - Rs. 24.826 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.

Rule 34(1) of Public Procurement Rules, 2004 states that if the procuring agency has rejected all bids it may call for a re-bidding.

The management of Pakistan Sports Board (PSB), Islamabad appointed a Joint Venture (JV) of M/s Raft Technologies (Pvt.) Ltd and M/s Mezan Engineers, Islamabad as Consultants for provision of HVAC System at Rodham Hall, Pakistan Sports Complex, Islamabad on 07.03.2008 @ 5.5% of contract value, and awarded the contract amounting to Rs. 24.826 million to M/s MIA Corporation (Pvt.) Ltd, Islamabad on 21.12.2009 for installation of HVAC system.

Audit observed as under:

i. The Consultant was hired without open competition.

ii. The contract for installation of HVAC system was awarded without open competition.

Audit is of the view that the hiring of Consultants and award of contract for installation of HVAC system without open competition was unlawful and deprived the government of the benefits of competitive rates.

The management replied that due to paucity of time the services of already engaged consultant were hired on the same terms and conditions as the nature of work was exactly the same and in the same vicinity. Bids for hiring of the Contractor were advertised on 19.07.2009 and all four firms who submitted their bids were disqualified by the Consultant. As the work was of specialized nature, three more firms were asked to participate. The Consultant recommended award of contract to the lowest bidder, M/s MIA Corporation (Pvt) Limited, Islamabad.

The reply was not accepted because the Consultant was engaged without open competition. All the four bidders who submitted their bids in response to the press advertisement dated 19.07.2009 for prequalification were disqualified by the Consultant, who telephonically obtained bids from three more firms and selected M/s MIA Corporation (Pvt) Limited, Islamabad. This is evident from the letter of the Consultant dated 13.10.2009.

The PAO was informed on 13.12.2012, but DAC was not held till the finalization of the report.

Audit recommends that inquiry be held and responsibility may be fixed for the irregularity and gross violation of the rules.

19.4.9 Unauthorized expenditure on mobile phone facility - Rs. 1.014 million

Cabinet Division O.M. No. 2/6/2002-GC-(Part-II) dated 20.01.2003 states that a Minister is entitled to maintain mobile phone at government expense not exceeding Rs 7,000 per month. Furthermore, Ministries/Divisions concerned will settle the bill dues with the company out of the budget allocation of the Ministry/Division.

The Cabinet Division vide O.M. No. 2/26/2005-RA-IV dated 11.05.2009 decided to extend the use of Cellular/Mobile Telephone facility at public expense to all officers in BPS-20 and below working in Ministries/Divisions on regular basis.

The management of Pakistan Sports Board (PSB), Islamabad incurred an expenditure of Rs. 1.014 million on mobile phone charges during 2010-12. Details are as under:

(Rupees)

S. No.	User	Amount
1.	Minister for Sports/IPC	222,498
2.	Director General (PSB)	168,000
3.	Other Officers (PSB)	623,393
	Total	**1,013,891**

Audit observed as under:

i. The Minister was entitled to avail the facility from the Ministry/Division only.

ii. The officers of PSB were not entitled to avail the facility in the light of the instructions issued by the Cabinet Division.

Audit is of the view that the expenditure on mobile phone charges was irregular and unauthorized.

The management replied that mobile telephone facility was provided to the President, PSB for smooth functioning of the organization. However, this facility was not being availed since 2011-12. The mobile phone facility with ceiling of Rs. 7,000 per month was provided to the Director General with the approval of Minister for Sports/President, PSB. The Director General was also not availing this facility since July, 2012. The facility was provided to the other officers in accordance with the policy of government, as the same was extended to all officers in BPS-20 and below working in the Ministries/Divisions.

The reply was not accepted. The Minister was entitled to avail the facility from the Ministry and not from the PSB. The mobile phone facility was for the officers of BPS 20 and below working in Ministries/Divisions only.

The PAO was informed on 13.12.2012, but DAC was not held till the finalization of the report.

Audit recommends that mobile phone facility may be stopped forthwith and the expenditure incurred should be recovered.

19.4.10 Performance of Hajj at public expense - Rs. 1.204 million

Para 7(II) of ‘Hajj Policy and Plan for 2011’ states that as a policy, there shall be no free Hajj.

Para 3 of the Ministry of Religious Affairs O.M. No. 1(16)/2011-HP-I dated 04.05.2011 states that expenses of the pilgrims shall not be charged from any regular budget of the Government.

The management of Pakistan Sports Board (PSB), Islamabad paid an amount of Rs. 1.204 million to Hajj Group Organizers (HGOs) during 2011-12. Details are as under:

(Rs. in million)

S. No.	Voucher	Name	Designation	Amount
1.	2/2011-12	Mr. Tahir Saeed Mr. Iqbal Channar Mr. Wajahat Ali Mr. Zahoor Ali	Assistant Director Superintendent Store Man Mali	1.204

Audit observed that expenditure of Rs. 1.204 million was incurred from the regular budget for performance of Hajj by the PSB employees, although the facility of performing Hajj at government expense was discontinued by the Federal Government.

Audit is of the view that expenditure on performance of Hajj in violation of the Hajj Policy and instructions of the Ministry of Religious Affairs was irregular and unauthorized.

The management replied that PSB was a body corporate and a Memorandum of Settlement was signed between the PSB management and the PSB employees union. According to the Charter of Demands the PSB employees were sent for performing Hajj at the expense of PSB. The budgetary allocation under a separate budget line for this purpose was approved by the Executive Committee of PSB.

The reply was not accepted because performance of Hajj at public expense was in violation of the Hajj Policy and instructions of the Ministry of Religious Affairs.

The PAO was informed on 13.12.2012, but DAC was not held till the finalization of the report.

Audit recommends that the irregular practice should be discontinued forthwith.

19.4.11 Unauthorized expenditure on payment of allowances - Rs. 9.784 million

Serial No. 11(16) of Schedule-II of Rule 3(3) of Rules of Business, 1973 has assigned the Finance Division to frame rules on pay and allowances, retirement benefits, leave benefits and other financial terms and conditions of service.

Rule 12(1)(h) of the Rules of Business, 1973 states that no Division shall, without previous consultation with the Finance Division, authorize the issue of any orders, other than orders in pursuance of any general or special delegation made by the Finance Division, which will affect directly or indirectly the finances of the Federation or which in particular involve a change in the terms and conditions of service of government servants, on their statutory rights and privileges, which have financial implications.

Rule 38 of the Pakistan Sports Board Service Rules, 2000 states that all other allowances granted to the Federal Government servants shall be admissible to the employees of the Board at the same rates and on the same conditions as prescribed by the Federal Government.

The management of Pakistan Sports Board (PSB), Islamabad incurred an expenditure of Rs. 9.784 million on payment of various allowances to the employees of BPS 1 to 16 during 2010-12. Details are as under:

(Rupees)

S. No.	Allowance	2010-11	2011-12	Total
1.	Capital and Tea Allowance	2,811,575	4,312,778	7,124,353
2.	Shift Allowance	583,155	793,203	1,376,358
3.	Talwar, Khurpa & Broom Allowance	92,100	157,047	249,147
4.	Tool Allowance	27,500	75,250	102,750
5.	Nuisance Allowance	13,000	55,200	68,200
6.	Risk Allowance	30,000	68,952	98,952
7.	Danger/Compt. Allowance	45,000	255,791	300,791
8.	File maintenance Allowance	74,716	289,572	364,288
9.	Key Allowance	2,000	7,200	9,200
10.	Service Allowance	10,000	48,400	58,400
11.	Heat Allowance	2,000	15,000	17,000
12.	Hifz-e-Quran Allowance	2,500	12,000	14,500
			Total	**9,783,939**

Audit observed that the expenditure on payment of allowances was incurred without the approval of the Finance Division.

Audit is of the view that expenditure on payment of allowances without the approval of the Finance Division was irregular and unauthorized.

The management replied that the Executive Committee and the Federal Minister/President of the PSB approved different types of allowances to PSB employees on the basis of Charter of Demands and Memorandum of Settlement signed by the PSB management and the PSB Employees Union (CBA).

The Finance Division informed vide Note dated 10.01.2008 clarified that subordinate organizations of the Ministries/Divisions to be manned by union staff are outside the purview of the Standing Committee, which considers the revision/sanction of pay scales and allowances of the officers and supervisory staff only. PSB was an industry as declared by the National Industrial Relations Commission, Islamabad vide their judgment in Case No. 12(61)/99 dated 21.02.2002 and governed by Industrial Relations Ordinance, 2002. As the expenditure was incurred with the approval of the competent authority of the Board, therefore, it could not be termed as unauthorized.

The reply was not accepted because PSB adopted National Pay Scales of the Federal Government and the allowances not covered under National Pay Scales were unauthorized. The government instructions were fully applicable to PSB, having been established by the Federal Government through an Ordinance.

The PAO was informed on 13.12.2012, but DAC was not held till the finalization of the report.

Audit recommends that the payment of irregular and unauthorized allowances should be discontinued forthwith.

19.4.12 Irregular expenditure on procurement of vaccines - Rs. 1,250.492 million

Clause 3.4 of Bidding Documents for the purchase of vaccines during 2010-11 stipulates that the label on each vial must contain an inscription in red ink ‘Not for Sale - Property of the Government of Pakistan’.

Clause 33.2 of Bidding Documents for the purchase of vaccines during 2010-11 stipulates that failure of the successful bidder to comply with any of the requirements specified in this document shall be considered as sufficient grounds for the annulment of the award and forfeiture of the Bid Security, in which event the Purchaser may make the award to the next lowest evaluated Bidder at the risk and cost of the former.

Rule 30(3) of Public Procurement Rules, 2004 states that a bid once opened in accordance with the prescribed procedure shall be subject to only those rules, regulations and policies that are in force at the time of issue of notice for invitation of bids.

The management of Expanded Programme on Immunization (EPI) procured vaccines from various suppliers during 2010-11. Details are as under:

(Rs. in million)

S. No.	Item	Supplier	Date of contract	Price per unit (Rs)	Total quantity purchased (Units)	Amount
1.	Reconstitution disposable syringes, 5ml,12g x 1.5”	Amson Vaccines & Pharma, Rawalpindi.	07.01.2010	5.25	1,030,000	5.408
2.	Reconstitution disposable syringes, 5ml,12g x 1.5”	M/s Grace Pharmaceuticals, Karachi.	07.01.2010	3.82	1,771,000	6.765
3.	Bivalent Oral Polio Vaccine (bOPV)	M/s Glaxo Smith Kline, Karachi, Pakistan.	24.10.2010	13.47	20,000,000	269.400
4.	Pentavalent (Hep-B, DPT and Hib)	M/s Novartis Pharma (Pakistan, Karachi)	24.12.2010	300	1,575,100	472.530
5.	Bacillus Chalmette Guerin (BCG)	M/s Hospital Services & Sales, Karachi.	11.01.2011	8.73	10,669,000	93.140
6.	AD Syringes (0.05ml) with fixed needle size 26G x 3/8” or 27G x 10 mm for BCG	M/s Hospital Services & Sales, Karachi.	11.01.2011	6.68	11,494,000	76.780
7.	Trivalent Oral Polio Vaccine (tOPV)	M/s Sanofi Aventis-Pakistan, Karachi.	13.01.2011	11.90	26,673,000	317.409
8.	Measles Vaccine	National Institute of Health, Chak Shahzad, Park Road, Islamabad.	16.05.2011	15.00	150,000	2.250
9.	Tetanus Toxoid Vaccine			6.68	750,000	5.010
10.	Oral-Re-hydration Salt (ORS) packet of ORS/Nimkol			6.00	300,000	1.800
					Total	**1,250.492**

Audit observed as under:

i. The National Program Manager vide Office Note dated 15.01.2011 informed the Secretary, IPC that a number of suppliers had shown their inability to inscribe in red ink ‘Not for Sale - Property of the Government of Pakistan’.

ii. Instead of taking action against the suppliers in accordance with Clause 33.2 of the Bidding Documents, the National Program Manager sought waiver of the requirements of Clause 3.4 of the Bidding Documents.

iii. The Secretary, IPC granted waiver of Clause 3.4 of the Bidding Document.

iv. Some supplies had already been received before the waiver was granted.

Audit is of the view that the undue favor extended to the suppliers made the vaccines susceptible to sale in the open market or pilferage.

The management replied that manufacturers supplied the vaccines without the label as the printing required time, which was not available due to urgent need of the vaccine. This clause was relaxed by the Principal Accounting officer.

The reply was not accepted because the successful bidders had agreed in the contract agreements to abide by, *inter alia*, the Technical Specifications, and General and Special Conditions of the Contract given in the Bidding Documents. The Secretary, IPC was not authorized to relax the conditions of the contract once it had been signed.

The PAO was informed on 29.11.2012, but DAC was not held till the finalization of the report.

Audit recommends that inquiry be held and responsibility be fixed for the irregularity.

19.4.13 Loss due to non-forfeiture of Bid Security (Earnest Money) - Rs. 3.376 million

Clause 13.1 of the Bidding Documents for the procurement of Tetanus Toxoid Vaccines for 2011-12 states that the Bidder shall furnish, as part of its financial proposal, a Bid Security (Earnest Money) in the amount specified in the Special Conditions of Contract. The bid security of the unsuccessful bidder will be returned soon after approval of the successful Bidder. The Bid Security of the successful Bidder will be discharged upon signing of contract and furnishing the Performance Security Bond, duly guaranteed by a Scheduled Bank.

Clause 33.1 of the Bidding Documents for the procurement of Tetanus Toxoid Vaccines for 2011-12 states that within a week from the date of signing of the Contract, the successful Bidder shall furnish Performance/Bank Guarantee/Security in line with the Performance/Bank Guarantee/Security Form provided with the bidding documents. Upon submission of the Performance Guarantee, the Bid Security (Earnest Money) will be returned to the Bidder.

Clause 33.2 of the Bidding Documents for the procurement of Tetanus Toxoid Vaccines for 2011-12 states that failure of the successful Bidder to comply with any of the requirements specified as sufficient grounds for the annulment of the award and forfeiture of the Bid Security, in which event the Purchaser may make the award to the next lowest evaluated Bidder at the risk and cost of the former.

The management of Expanded Programme on Immunization awarded the contract for supply of vaccines to the lowest bidder M/s Amson Vaccine & Pharma, Rawalpindi on 19.01.2012 and issued Purchase Order No. EPI/Proc(2011-12)/Process-2/TT dated 24.01.2012 for an amount of Rs. 91.071 million.

Audit observed as under:

i. The firm submitted Bid Security (Earnest Money) for Rs. 3.376 million @ 3.5% of total cost on 25.10.2011 at the time of submission of bid.

ii. The firm did not submit Performance Security Bond @ 10% of the total cost and failed to supply the vaccine due to which the contract was cancelled on 11.05.2012.

iii. The management did not forfeit the Bid Security (Earnest Money) Rs. 3.376 million as required under Clause 33.1 of the Bidding Documents.

iv. The Bank of Khyber vide their letter dated 20.06.2012 sought confirmation of EPI for release of Bid Security (Earnest Money).

v. The management of EPI vide letter dated 21.06.2012 allowed the bank to release the Bid Security (Earnest Money).

Audit is of the view that instead of black listing the firm, undue favor was extended to the supplier by releasing the Bid Security (Earnest Money), which resulted in loss to the government.

The management did not reply.

The PAO was informed on 29.11.2012, but DAC was not held till the finalization of the report.

Audit recommends that responsibility may be fixed for releasing the Bid Security (Earnest Money) and causing loss to the government.

CHAPTER 20

20 MINISTRY OF INTERIOR

20.1 Introduction of Ministry

The Ministry of Interior plays a significant role to make the Islamic Republic of Pakistan a country where rule of law reigns supreme; where every Pakistani feels secure to lead a life in conformity with his religious beliefs, culture, heritage and customs; where a Pakistani from any group, sect or province respects the culture, traditions and faith of others, where every foreign visitor feels welcome and secure.

The Ministry of Interior has been assigned the responsibility of maintaining law and order in the country. It also regulates the working of various security forces to provide protection to the common man. It also deals in issuance of national identity cards and passports. The Ministry of Interior consists of one Division, i.e. Interior Division.

The departments attached with the Ministry of Interior are:

- Central Jail Staff Training Institute
- Civil Armed Forces
- Directorate General Civil Defence
- Federal Investigation Agency
- Immigration & Passports
- Islamabad Capital Territory
- National Police Foundation
- National Response Center for Cyber Crimes

The autonomous bodies of the Ministry of Interior are:

- National Alien Registration Authority

- National Database and Registration Authority
- National Police Academy

Following functions were transferred to Interior Division vide Cabinet Division Notification No. 4-17/2010-Min-1 dated 02.12.2010:

1. Mainstreaming population factor in development planning process in ICT.
2. Management and distribution of Zakat and Ushr in the ICT and the related/ancillary matters, including distribution, setup and monitoring/ auditing thereof.

20.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Interior Division for the financial year 2011-12 was Rs. 59,648.564 million including Supplementary Grant of Rs. 3,951.506 million against which the Division utilized Rs.72,180.634 million. Grant-wise detail of current and development expenditure is as under:

(Rupees)

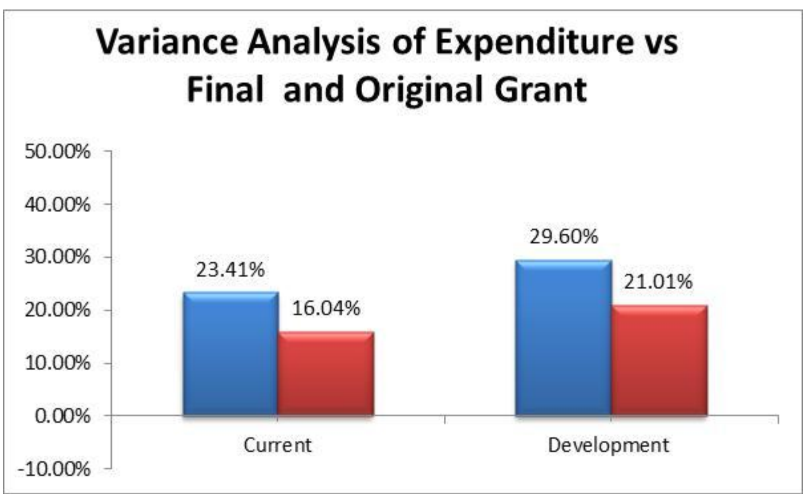
Grant No	Grant Type	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Final Grant/ Appropriation	Actual Expenditure	Excess/ (Savings)	% age Excess/ (Saving)
59	Current	457,138,000	1,090,038,000	1,547,176,000	3,103,830,218	1,556,654,218	101
60	Current	4,776,021,000	100,167,000	4,876,188,000	5,288,126,278	411,938,278	8
61	Current	856,570,000	1,000	856,571,000	833,169,385	(23,401,615)	(3)
62	Current	24,080,413,000	-	24,080,413,000	29,934,710,889	5,854,297,889	24
63	Current	5,630,624,000	47,251,000	5,677,875,000	5,823,780,361	145,905,361	3
64	Current	1,071,287,000	-	1,071,287,000	1,196,027,139	124,740,139	12
65	Current	11,452,081,000	83,000,000	11,535,081,000	11,929,540,006	394,459,006	3
66	Current	1,969,124,000	1,871,032,000	3,840,156,000	3,957,116,152	116,960,152	3
	Subtotal	**50,293,258,000**	**3,191,489,000**	**53,484,747,000**	**62,066,300,428**	**8,581,553,428**	**16**
119	Development Expenditure	5,403,800,000	760,017,000	6,163,817,000	10,114,334,001	3,950,517,001	64
	Total	**55,697,058,000**	**3,951,506,000**	**59,648,564,000**	**72,180,634,429**	**12,532,070,429**	**21**

Audit noted that there was an overall excess expenditure of Rs. 12,532.070 million, which was due to excess expenditure of Rs. 8,581.553 million in current grants and excess expenditure of Rs. 3,950.517 million in Development Grant.

Supplementary Grants obtained without careful cash forecasting

In order to ensure prudent financial management, Para 13(vii) of System of Financial Control and Budgeting, 2006 states that 'Ministries / Divisions should be able to anticipate budgetary requirements well ahead of the financial year to which the budget relates and obtain the concurrence of the Finance Division. The Finance Division is expected to decline any request for Supplementary Grants except in extraordinary circumstances.' This document further states that 'the funds obtained from Supplementary Grants shall be expended for the purposes for which these have been sanctioned. In current expenditure, demands for Supplementary Grants shall not be made, except in extraordinary circumstances.' During the year, Supplementary Grants of Rs. 3,951.506 million were obtained, which was 7.09% of the Original Budget.

According to Para 71 of General Financial Rules (Volume I), while framing budget estimates, the authorities should exercise utmost foresight. Variation between estimated and actual expenditure captures the level of foresight that goes into budget formulation. As shown in the chart below, the excess in current expenditure was 23.41%, which, after accounting for Supplementary Grants decreased 16.04%. In development expenditure, excess expenditure against original budget was 29.60% which decreased to 21.01% when Supplementary Grants were taken into account.



20.3 Brief comments on the status of compliance with PAC Directives

Ministry	Years	No of audit paras	No of Actionable Points	Full Compliance	Not Complied	% of Compliance
Interior	1987-88	2	2	2	0	100
	1988-89	2	0	0	0	0
	1989-90	7	7	1	6	14

	1990-91	4	4	4	0	100
	1991-92	28	6	5	1	83
	1992-93	20	16	16	0	100
	1993-94	13	13	6	7	46
	1994-95	21	10	2	8	20
	1995-96	3	3	3	0	100
	1996-97	1	1	1	0	100
	1997-98	0	0	0	0	0
	1999-00	110	15	0	15	0
	2000-01	0	0	0	0	0
	2001-02	21	21	0	21	0
	2005-06	21	12	3	9	25
	2007-08	5	5	1	4	20
	2008-09	11	11	8	3	73
Total		**278**	**134**	**52**	**82**	39

20.4 AUDIT PARAS

Fraud/Misappropriation

20.4.1 Doubtful expenditure incurred on the purchase of POL - Rs. 5.250 million

Para 10(i) of GFR Volume-I states that every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public moneys as a person of ordinary prudence would exercise in respect of expenditure of his own money.

The management of Panjnad Rangers, Islamabad purchased POL amounting to Rs. 5.250 million during 2011-12. Details are as under:

(Rupees)

S. No.	Wing	Quantity (Litres)	Amount	Filling Station
1.	Sector HQs at Islamabad	42,800	4,650,000	Baba Farid Filling Station, Lahore
2.	3 Wing at Tarbela	5,825	600,000	Ranger Filling Station, Lahore
	Total	**48,625**	**5,250,000**	

Audit observed as under:

i. The entire strength of Panjnad Rangers was deployed at Islamabad and Tarbela.

ii. The vehicles were being used at Islamabad and Tarbela, but the POL was purchased from Lahore.

iii. Audit was unable to understand how the POL for vehicles performing duties at Islamabad and Tarbela was purchased from Lahore.

iv. Each cash memo shows huge payments ranging from Rs. 0.100 million to Rs. 1.000 million on each occasion without mentioning exact dates of filling and registration numbers of the vehicles.

Audit is of the view that it was impossible to obtain fuel for the vehicles from Lahore and perform duties at Islamabad and Tarbela.

Audit is also of the view that the expenditure shown to have been incurred was susceptible to misappropriation.

The management replied that POL purchased during 2011-12 was utilized for operational requirement of the force deployed for internal security duties, VIPs protections and training activities.

The reply was not accepted as the management did not respond to the audit observation.

After a meeting in the Pakistan Rangers (Headquarters), Lahore on 22.01.2013 and subsequent record verification the PAO was informed on 29.01.2013, but DAC was not held till the finalization of the report.

Audit recommends that matter should be investigated and responsibility should be fixed for the doubtful payments.

20.4.2 Doubtful expenditure on repair of vehicles - Rs. 6.509 million

Para 10(i) of GFR Volume-I states that every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public moneys as a person of ordinary prudence would exercise in respect of expenditure of his own money.

The management of Desert Rangers, Bahawalpur, Panjnad Rangers, Islamabad and Chenab Rangers, Sialkot incurred an expenditure of Rs. 2.266 million on repair and maintenance of vehicles during 2011-12. Details are as under:

(Rupees)

S. No.	Sector	No. of vehicles	No. of repairs	Amount
1.	Desert Rangers, Bahawalpur	102	112	3,320,000
2.	Panjnad Rangers, Islamabad	35	35	1,000,000
3.	Chenab Rangers, Sialkot	59	59	2,189,631
			Total	**6,509,631**

Audit observed as under:

i. The vehicles were deployed at Bahawalpur, Islamabad, Tarbela and Sialkot.

ii. The vehicles were shown to have been repaired from Lahore.

iii. The vehicles included jeeps, cars, pickups, trucks, water bowzers and motorcycles.

Audit is of the view that the vehicles were repaired on each occasion in Lahore which was incomprehensible as the vehicles were deployed and in use at Bahawalpur, Islamabad, Tarbela and Sialkot.

Audit is also of the view that the expenditure shown to have been incurred was susceptible to misappropriation.

The management replied as under:

i. The vehicles of Desert Rangers, Bahawalpur were repaired at Bahawalpur but the bills were issued by the main workshop located at Lahore.

ii. The vehicles of Chenab Rangers, Sialkot were repaired by the authorized contractors by sending their representatives to Sialkot. The movement of vehicles for repair and maintenance from Sialkot to Lahore was not involved.

iii. The Panjnad Rangers, Islamabad replied that only spare parts were purchased from Lahore.

The reply of Desert and Chenab Rangers was not accepted as it did not appear logical for a workshop in one city to issue bills for repairs carried out in another city or for the mechanics to travel 200 kilometers to repair vehicles in another city on each occasion.

The reply of the Panjnad Rangers, Islamabad was also not accepted as heavy expenditure was incurred on denting/painting and other major electrical and mechanical repairs.

After a meeting in the Pakistan Rangers (Headquarters), Lahore on 22.01.2013 and subsequent record verification the PAO was informed on 29.01.2013, but DAC was not held till the finalization of the report.

Audit recommends that matter should be investigated and responsibility should be fixed for the doubtful payments.

Non Production of Record

20.4.3 Non production of record by Federal Investigation Agency Headquarters - Rs. 21.596 million

Section 14(2) of Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 states that the officer in-charge of any office or department shall afford all facilities and provide record for audit inspection and comply with requests for information in as complete a form as possible and with all reasonable expedition.

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

The management of Federal Investigation Agency (FIA) Headquarters, Islamabad incurred an expenditure of Rs. 21.596 million on P.O.L and repair and maintenance of vehicles during 2011-12. Details are as under:

(Rs. in million)

S. No.	Head of Account	Amount
1.	Purchase of POL	18.137
2.	Repair and maintenance	3.459
	Total	**21.596**

Audit was not provided the following record/information despite written and verbal requests:

i. List of vehicles maintained by the transport section.

ii. Movement Register/Log Book of the vehicles.

iii. Details of entitled officers along with petrol ceiling.

iv. Details of expenditure of Rs. 13.900 million on account of Special Investigation Group (SIG) and Immigration Allowance.

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

The management did not reply.

The PAO was informed on 17.01.2013, but DAC was not held till the finalization of the report.

Audit recommends that responsibility be fixed for hindering the auditorial functions of the Auditor General of Pakistan.

20.4.4 Non-production of record

Section 14(2) of Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 states that the officer in-charge of any office or department shall afford all facilities and provide record for audit inspection and comply with requests for information in as complete a form as possible and with all reasonable expedition.

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

The management of Inspector General Frontier Corps (IGFC) Headquarters, Peshawar refused to provide the following information/record:

i. Record of Regimental Fund and statement showing the amount of monthly deduction.

ii. Details of tender documents and rent of canteen measuring 560 square feet.

iii. The record relating to Mess/Sarai at Hayatabad, Peshawar.

The management of Khattak Scouts, Manzai did not provide the following information/record:

i. Contractor bills and payment vouchers.

ii. Sources of receipts

iii. List of bank accounts along with bank statements

The management of South Waziristan Scouts did not provide the following information/record:

i. List of bank accounts and bank statements.

ii. List of shops and other sources of receipt

iii. Details of salary and ration of Wings 1 and 4.

iv. Tender documents, comparative statements, supplier's bills and supporting vouchers on account of purchase of uniforms amounting to Rs. 39.829 million for the period 2006-12.

The management of Tochi Scouts did not provide the following information/record:

i. Tender documents, comparative statements, supplier's bills and supporting vouchers on account of purchase of uniforms amounting to Rs. 38.408 million for the period 2006-12.

ii. Details of deduction of Income Tax and Sales Tax.

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

The management did not reply.

The PAO was informed on 31.12.2012, but DAC was not held till the finalization of the report.

Audit recommends that responsibility may be fixed for hindering the auditorial functions of the Auditor General of Pakistan besides provision of record to Audit.

20.4.5 Non-production of record by NADRA, London

Section 14(2) of Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 states that the officer in-charge of any office or department shall afford all facilities and provide record for audit inspection and comply with requests for information in as complete a form as possible and with all reasonable expedition.

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

The management of NADRA at Pakistan High Commission, London was requested to provide all auditable record of receipts and payments for the period 2008-11.

The management refused to provide the audible record to the audit team on the plea that under Section 27 of the NADRA Ordinance, 2000 the Authority shall maintain complete and accurate books of accounts of its actual expenses and receipts and the audit of its accounts will be carried out by the Chartered Accountants appointment by the Federal Government in consultation with the Auditor General of Pakistan. The management also contended that the Ministry of Interior in consultation with the Auditor General of Pakistan had appointed a Chartered Accountant firm. Since no such provisions exist in the Ordinance regarding internal audit of the accounts by any other office, therefore, the information demanded could not be fulfilled and there was no need to carry out the audit as it would be a duplicate exercise.

Audit is of the view that the audit by a Chartered Accountant firm could not be a substitute for the statutory audit performed by the Auditor General of Pakistan under provisions of the Constitution.

Audit is also of the view that refusal to entertain the audit team and non-production of auditable record hindered the auditorial functions of the Auditor General of Pakistan.

The management did not reply.

The PAO was informed on 24.10.2012 but DAC was not held till the finalization of the report.

Audit recommends that responsibility be fixed and disciplinary proceeding may be initiated against those responsible for hindering the auditorial functions of the Auditor General of Pakistan.

20.4.6 Non-production of record by Pakistan Rangers, Punjab

Section 14(2) of Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 states that the officer incharge of any office or department shall afford all facilities and provide record for audit inspection and comply with requests for information in as complete a form as possible and with all reasonable expedition.

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

The management of Pakistan Rangers, Punjab despite repeated requests did not provide the following record:

i. Copies of agreements made with the District Administration, Islamabad, WAPDA (Tarbela Dam), PTCL, Gilgit-Baltistan Government and NADRA, Islamabad.

ii. Daily parade statements showing the details of deployment of personnel of Sector Headquarters Punjnad Rangers, Islamabad and its Wings in various organizations for the period July, 2011 to June, 2012.

iii. Details of receipt and its utilization on account of deployment of troops in various organizations.

Audit is of the view that the action of the management hindered the auditorial functions of the Auditor General of Pakistan.

The management replied that Sector Headquarters Punjnad Rangers and its Wings were deployed in Islamabad on the requisition of Islamabad Capital Territory administration. The troops were deployed with PTCL, Civil Aviation Authority (Benazir International Airport, Islamabad), NADRA, WAPDA (Tarbela Dam) and Gilgit-Baltistan on the orders of requisitioning authority and no agreement was made.

The reply was not accepted as the Pakistan Rangers, Punjab executed agreements with the organizations, two of which relating to WAPDA and Civil Aviation Authority (New Benazir International Airport, Islamabad) were obtained by Audit through its own resources and included in Audit Para No. 20.4.41.

After a meeting in the Pakistan Rangers (Headquarters), Lahore on 22.01.2013 and subsequent record verification the PAO was informed on 29.01.2013, but DAC was not held till the finalization of the report.

Audit recommends that responsibility be fixed for hindering the auditorial functions of the Auditor General of Pakistan, besides providing the record.

Irregularity & Non Compliance

20.4.7 Non-deposit of license fee into Government Treasury - Rs 64.270 million

Para 8 of GFR Volume-I states that subject to such general or specific instructions as may be issued by Government in this behalf, it is the duty of the Revenue or Administrative Department concerned to see that the dues of Government are correctly and promptly assessed collected and paid into the treasury.

The Ministry of Interior vide Notification No. F/280/2010-Arms dated 14.10.2011 assigned computerization of arms licences issued by Ministry of Interior and their revalidation to National Database and Registration Authority (NADRA) under Section 11 of Arms Ordinance, 1965. It was decided that NADRA would collect the fee as under:

(Rupees)

S. No.	Types of Licences	Prohibited bore		Non prohibited bore	
		Govt. fee	NADRA fee	Govt. fee	NADRA fee
1.	Issuance Fee for new Arms Licence for 5 years	7,500	3,000	5,000	1,500
2.	Renewal fee for 5 years	5,000	3,000	2,500	1,500
3.	Duplicate Fee	1,000	3,000	1,000	1,500
4.	Transfer fee inheritance case	2,500	3,000	2,500	1,500

Audit observed as under:

i. NADRA issued 5,982 Prohibited and 3,881 Non-prohibited bore licences and collected an amount of Rs. 64.270 million.

ii. The collected amount was not deposited into the government account. Details are as under:

(Rupees)

S. No.	Type of licence	No. of licence	Cash collected
1.	Prohibited Bore	5,982	44,865,000
2.	Non Prohibited Bore	3,881	19,405,000
		Total	**64,270,000**

Audit is of the view that retention of arm licence fees deprived the government of its due receipt.

The management replied that NADRA had been instructed to deposit the licence fee in the government treasury.

The management has accepted the audit observation.

The PAO was informed on 31.12.2012, but DAC was not held till the finalization of the report.

Audit recommends that the licence fees collected by NADRA may be deposited into government account.

20.4.8 Irregular appointments and expenditure thereof - Rs 1.313 million

Establishment Division O.M. No. 3/1/92-R-2 dated 01.01.1992 states that no Ministry/Division/Department/Organization shall receive applications for any post unless the vacancies are advertised. A minimum 30 days will be allowed for receipt of applications.

The Ministry of Interior appointed the following officials and paid an amount of Rs. 1.313 million on account of salaries during 2011-12. Details are as under:

(Rupees)

S. No.	Name	Designation	Date of appointment	Salary per month
1.	Mr. Qamar Ali	Section Officer	13.11.2009	25,000
2.	Mr. Abdul Hanan	Section Officer	13.01.2009	25,000
3.	Mr. Muhammad Anwar	Section Officer	02.03.2010	25,000
4.	Mr. Muhammad Nazir	Accounts Officer	09.09.2009	28,000
5.	Mr. Mazhar Shahbaz	Writer	01.07.2010	6,000
6.	Mr. Muhammad Imtiaz	Writer	01.07.2010	6,000
7.	Mr. Bakhtabaz Khan	Writer	01.07.2010	6,000
8.	Mr. Umair Mehboob	Writer	01.07.2010	6,000
9.	Mr. Muhammad Sadiq	Writer	01.07.2010	6,000
10.	Mr. Rizwan Zubair	Writer	01.07.2010	6,000

Audit observed as under:

i. The appointments were made without any advertisement.

ii. Salaries were paid from the head 'A03919-Payment to Others for Services Rendered'.

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

The management replied that the officials were not appointed against any regular or temporary post. Their services were hired on wage basis and no Pay & Allowances were paid to them. The services of the persons were hired for jobs/ work of occasional basis.

The reply was not accepted because the officials were appointed without adopting the codal formalities and were paid monthly salary from an improper head of account.

The PAO was informed on 31.12.2012, but DAC was not held till the finalization of the report.

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

20.4.9 Irregular expenditure on Secret Service Fund - Rs. 2.000 million

Serial No. 9(32) of System of Financial Control and Budgeting, 2006 states that the Ministries/Divisions are empowered to make expenditure under secret service expenditure subject to prescribed conditions.

Serial No. 37(4) of Appendix 8 of Para 130 of GFR Volume-I states that in respect of each officer authorized to incur secret service expenditure, Government will nominate a Controlling Officer who should conduct at least once in every Financial Year, a sufficiently real administrative audit of the expenditure incurred and furnish a certificate to the Accountant General not later than the 30th November following the year to which it relates.

Finance Division O.M. No. F.1(4)Exp.III/94 dated 29.10.1997 states that the Principal Accounting Officer shall personally handle the expenditure and the PAO shall give a certificate at the end of a financial year about detailed expenditure incurred out of the Secret Service Fund.

The National Coordinator of National Counter Terrorism Authority (NACTA) incurred an expenditure of Rs. 2.000 million out of Secret Service Fund during 2010-11.

Audit observed as under:

i. The Finance Division did not define the exact procedure for creation of Secret Service Fund.

ii. The criteria and purpose of creation of Secret Service Fund was also not provided.

iii. The amount was spent by the National Coordinator, NACTA for which he was not authorized.

iv. The certificate of the Controlling Officer was also not furnished to the Accountant General.

v. The administrative audit of the expenditure incurred was not carried out.

Audit is of the view that the expenditure was incurred in violation of the government instructions.

The management replied that the matter had been taken up at the appropriate level. The Scrutiny Committee in the Ministry of Interior had examined the register maintained in NACTA and cleared the expenditure.

The reply was not accepted because the management did not respond to the audit observations. Further, real administrative audit of the expenditure was not conducted by the Controlling Officer nominated by the Government. There was no concept or provision in the rules for examination of the expenditure by a Scrutiny Committee.

The PAO was informed on 31.12.2012, but DAC was not held till the finalization of the report.

Audit recommends that the criteria, justification, procedure for creation of Secret Service Fund in the Ministry of Interior may be provided.

20.4.10 Unauthorized retention of vehicles of completed project

Rule 3(4) of Staff Car Rules, 1980 states that the Cabinet Division will arrange for the upkeep and maintenance of staff cars which becomes surplus to the requirements of Minister, Minister of State, Advisors or any other dignitary or office holder or on completion of project.

The management of Excise and Taxation Department, Islamabad was using two vehicles GF-111 and GF-999, Suzuki Cultus 1000cc of the completed project titled 'Provision of Human Resources/Vehicles for Recovery of Different Taxes' since 30.06.2008.

Audit observed that after the completion of the project the vehicles were not handed over to the Cabinet Division.

Audit is of the view that retention of vehicles belonging to the completed project was irregular and unauthorized.

The management did not reply.

The PAO was informed on 11.01.2013, but DAC was not held till the finalization of the report.

Audit recommends that the vehicles may be handed over to the Cabinet Division.

20.4.11 Unauthorized maintenance of 12 vehicles

Rule 24(2) of the Rules for Use of Staff Cars, 1980 states that the Prime Minister of Pakistan had been pleased to approve the following revised entitlement of staff cars:

a.	Federal Ministers/Ministers of State /Advisors/Special Assistants to the Prime Minister with status of Minister/Minister of State	1800 CC
b.	Secretaries General/Secretary/Parliamentary Secretaries and Officers equivalent to BPS-22	1300 CC
c.	Additional Secretaries/Senior Joint Secretaries/Officers in BPS-21/20 and equivalent	1000 CC

Rule 3(1) of Staff Car Rules, 1980 states that Each Division shall normally maintain one staff car for use in connection with official business. However additional staff car can be specially authorized by the Cabinet Division.

Clause (xv) of Annexure to the Monetization Policy states that the Ministries/Divisions/Departments needing operational vehicles shall get their authorization of such vehicles fixed from the Vehicles Committee constituted with a representative each from Cabinet Division, Finance Division and the respective Ministry/Division/Department.

The management of Excise and Taxation Department, Islamabad was maintaining 12 vehicles, as under:

S. No.	Vehicle No.	Make / Model / Capacity	Used by
1.	GF-111	Suzuki Cultus/2006/1000 cc	ETO-I
2.	GU-515	Toyota Corolla/1990/2000 cc	System Analyst
3.	IDF-7992	Suzuki Swift/1989/1000 cc	System Analyst
4.	GV-990	Suzuki Alto/2003/1000 cc	Program Manager
5.	IDF-50	Mitsubishi Pajero/1990/ 3000cc	Director (E&T)
6.	LOY-9550	Suzuki Potohar/1989/1000 cc	ETO-II
7.	IDF-7484	Honda City/2003/1300 cc	Director (E&T)
8.	ID-2001	Mitsubishi Pajero/1981/ 2800 cc	ETO-I
9.	GX-123	Toyota Surf/1989/3000 cc	ETO-I
10.	GW-221	Suzuki Liana/2010/1300 cc	Director (E&T)
11.	GX-500	Suzuki Swift/2010/1300 cc	ETO-II
12.	GF-999	Suzuki Cultus/2006/1000 cc	-

Audit observed as under:

i. No officer was entitled for use of Staff Car

ii. An expenditure amounting to Rs. 876,103 was incurred on POL and repair/maintenance of the vehicles

iii. The Movement Registers and Log Books showing the details and purposes of the journeys performed were not maintained.

iv. The vehicles were being retained and used by the management in violation of the rules.

Audit is of the view that the retention, use and incurrence of expenditure on the vehicles were irregular and unauthorized.

The management did not reply.

The PAO was informed on 11.01.2013, but DAC was not held till the finalization of the report.

Audit recommends that the authorization of vehicles may be got fixed and the surplus vehicles may be surrendered to the Cabinet Division.

Audit further recommends that the expenditure incurred on POL and repair & maintenance may be recovered.

20.4.12 Irregular re-appropriation of Road Safety Education funds - Rs. 69.074 million

The Ministry of Interior letter No. 2/27/2006-ICT-I dated 22.11.2007 states that payment against Road Safety Education was equal to 25% of fine money.

Rule 12 of GFR Volume-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 Islamabad Capital Territory Police (ICTP) received an amount of Rs. 100.00 million for Road Safety Education out of the fine money during 2010-12.

Audit observed that the management re-appropriated funds amounting to Rs. 69.074 million from the Road Safety Education to other heads of accounts, i.e. POL, repair and maintenance of transport, repair of plant and machinery, etc.

Audit is of the view that re-appropriation of funds meant for Road Safety Education to other heads of accounts was irregular and unauthorized.

The management did not reply.

The PAO was informed on 11.01.2013, but DAC was not held till the finalization of the report.

Audit recommends that responsibility should be fixed for the irregularity.

20.4.13 Expenditure on Cash Reward and Road Safety Education out of fine money without framing rules - Rs. 130.926 million

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

Serial No. 9(37) of Finance Division O.M. No. F.3(2)Exp-III/2006 dated

13.09.2006 states that Ministries/Divisions are empowered to incur expenditure on payment of scholarships, bonuses and other rewards in accordance with approved rates for scales.

The management of Islamabad Capital Territory Police (ICTP) incurred an expenditure of Rs. 100.000 million on payment of Cash Reward to the employees and Rs. 30.926 million on Road Safety Education during 2010-12.

Audit observed that the expenditure was incurred without framing rules with the concurrence of the Finance Division.

Audit is of the view that the expenditure from fine money without the approval of rules from the Finance Division was irregular and unauthorized.

The management did not reply.

The PAO was informed on 11.01.2013, but DAC was not held till the finalization of the report.

Audit recommends that the rules for disbursements from fine money be got approved from the Finance Division.

20.4.14 Unauthorized expenditure on renovation and civil works - Rs. 135.863 million

Serial No. 9(41) of Finance Division O.M. No. F.3(2)Exp-III/2006 dated 13.09.2006 states that the Ministries/Divisions had been empowered to incur expenditure up to Rs. 1.000 million in respect of non-development works.

Serial No. 9(46) of Finance Division O.M. No. F.3(2) Exp-III/2006 dated 13.09.2006 states that only Ministries/Divisions were empowered to incur expenditure up to Rs. 0.500 million on works of non-residential buildings and no power had been delegated to the head of department for the said purpose.

Para 192 of GFR Volume-I 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.

The management of Islamabad Capital Territory Police (ICTP) incurred an expenditure of Rs. 11.030 million on renovation of office buildings and Rs. 124.833 million on execution of various civil works during 2010-12. The expenditure was met from the funds received under assistance from Narcotics Affairs Section U.S. Embassy, Islamabad.

Audit observed as under:

i. The management did not frame any regulations as required under Para 192 of GFR.

ii. The Inspector General Police, ICT, Islamabad was not empowered to incur expenditure on civil works and repair and maintenance.

Audit is of the view that the expenditure incurred on civil works and repair and maintenance without delegated powers in the absence of approved regulations was irregular and unauthorized.

The management did not reply.

The PAO was informed on 11.01.2013, but DAC was not held till the finalization of the report.

Audit recommends that responsibility may be fixed for the irregularity and the expenditure may be got regularized.

20.4.15 Irregular payment of House Rent Allowance - Rs. 1.511 million

Finance Division O.M. No. F.2(9)R-5/81 dated 27.06.1981, O.M. No. F.5(12)-R-5/82 dated 17.06.1982 and O.M. No. F.17-Imp.11/87 dated 01.07.1987 state that all employees not provided with government accommodation are entitled to House Rent Allowance.

Para 10(v) of the GFR Volume-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 management of Islamabad Capital Territory Police (ICTP) paid Rs. 1.511 million on account of House Rent Allowance to the employees during 2010-12. Details are as under:

(Rupees)

S. No.	Name	Rank	Rate per Month	Amount
1.	Tajamul Hussain	DSP	11,285	270,840
2.	Liaquat Hayat Khan	DSP	11,285	270,840
3.	Niamat ullah Khan	DSP	11,285	270,840
4.	Sadaqat Ali Khan	SP	14,110	338,640
5.	Syed Abbas Shah	SP	15,005	360,120
			Total	**1,511,280**

Audit observed that the officers drawing House Rent Allowance were residing in government accommodation.

Audit is of the view that payment of House Rent Allowance was irregular and unauthorized.

The management did not reply.

The PAO was informed on 11.01.2013, but DAC was not held till the finalization of the report.

Audit recommends that the House Rent Allowance paid irregularly should be recovered.

20.4.16 Irregular creation and operation of Islamabad Police Welfare Fund - Rs. 6.265 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.

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

The management of Islamabad Capital Territory Police (ICTP) established

Islamabad Police Welfare Fund and approved regulations for the operation of the Fund vide letter No. 10-79/970-73/A dated 30.01.2012.

Audit observed as under:

i. The Islamabad Police Welfare Fund was created without the approval of the Finance Division.

ii. The regulations framed for the operation of the Fund were not approved by the Finance Division.

iii. The Inspector General of Police, ICT was not competent to approve the regulations.

iv. The management opened and operated Account No. PLS-81395-7 at National Bank of Pakistan, F-8 Markaz Branch, Islamabad without the approval of the Finance Division.

v. The balance in the bank account as on 30.06.2012 was Rs. 6.265 million.

vi. The source of receipts and details of expenditure was not provided to Audit.

Audit is of the view that the creation of the Islamabad Police Welfare Fund, framing of regulations and opening of bank account without the approval of the Finance Division was irregular and unauthorized.

The management did not reply.

The PAO was informed on 11.01.2013, but DAC was not held till the finalization of the report.

Audit recommends that responsibility be fixed for the unauthorized creation and operation of the Fund, besides indicating the source of funds.

20.4.17 Unauthorized purchase of additional vehicles - Rs. 38.654 million

Cabinet Division vide O.M. No. 6-1(7)/05.MII dated 07.04.2005 authorized a fleet of 881 vehicles of various capacities for the use of Islamabad Capital Territory Police (ICTP). No revision of authorization of vehicles could be sought further till 2020.

Finance Division vide O.M. No. F.7(1)Exp.IV/2011 and No. F.7(2)Exp. IV/2011 dated 18.03.2011 and 17.08.2011 imposed ban on purchase of physical assets including vehicles from March, 2011 to June, 2011 and from August, 2011 to June, 2012.

The management of Islamabad Capital Territory Police (ICTP) procured 12 Honda Civic Cars 1800 cc, one coaster and one Isuzu Bus at a cost of Rs. 38.654 million during 2010-12. Details are as under:

(Rs. in million)

S. No.	Period	No. of vehicles	Amount
1.	2010-11	07 Honda Civic Cars 1800 cc	13.589
2.	2010-11	01 Isuzu Bus (63 Seater) 8,226cc	6.650
3.	2011-12	05 Honda Civic Cars 1800 cc	10.486
4.	2011-12	01 Coaster	7.929
		Total	**38.654**

Audit observed as under:

i. The vehicles purchased were not included in the transport fleet approved by the Cabinet Division.

ii. The purchased vehicles were in excess of the authorization granted by the Cabinet Division.

iii. The vehicles at Serial No. 3 and 4 were purchased when ban was imposed by the Finance Division.

Audit is of the view that purchase of vehicles was irregular and unauthorized.

The management did not reply.

The PAO was informed on 11.01.2013, but DAC was not held till the finalization of the report.

Audit recommends that responsibility be fixed for the irregularity besides placing the matter before the competent forum for regularization.

20.4.18 Wasteful expenditure on hiring of building and purchase of musical instruments - Rs. 4.416 million

Ministry of Housing and Works vide O.M. No. F.2(1)/2004-Policy dated 17.09.2004 fixed the scales of office accommodation in regular office buildings and requisitioned/hired buildings separately for air conditioned and non-air conditioned buildings.

Para 10(i) of GFR Volume-I states that every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public moneys as a person of ordinary prudence would exercise in respect of expenditure of his own money

The management of Islamabad Capital Territory Police (ICTP) hired House No. 100 St. No. 18, F-11/2, Islamabad at a monthly rent of Rs. 86,000 w.e.f. 01.02.2010 for a period of three years at 10% increase per year. The management paid Rs. 3.416 million as rent and de-hired the house w.e.f. 31.01.2012.

Audit observed as under:

i. The house was hired in violation of the instructions of the Housing Works Division.
ii. The house was hired for running a Music School which was not a valid charge on government funds.
iii. An amount of Rs. 1.000 million was incurred on purchase of musical instruments, furniture and fixture, etc.

Audit is of the view that irregular and unauthorized expenditure was a waste of public money which and a loss to the government.

The management did not reply.

The PAO was informed on 11.01.2013, but DAC was not held till the finalization of the report.

Audit recommends that the matter may be investigated and responsibility may be fixed for the irregularity.

20.4.19 Non recovery on account of deployment of Police Guard - Rs. 15.300 million

Para 26 of GFR Volume-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 Islamabad Capital Territory Police (ICTP) provided security personnel to various Federal Government entities on payment basis.

Audit observed that an amount of Rs. 15.300 million was outstanding against the borrowing departments as on 30.06.2012. Details are as under:

(Rupees)

S. No.	Department	Period	Amount
1.	Estate Office, Islamabad	01.07.2008 to 0.06.2012	6,116,202
2.	Pakistan Broadcasting Corporation	01.07.2006 to 0.06.2012	6,094,108
3.	PTV-News	01.07.2010 to 0.06.2011	1,578,936
4.	PTV-2	01.07.2008 to 0.06.2012	1,511,218
		Total	**15,300,464**

Audit is of the view that the non-recovery of dues deprived the government of its receipts.

The management did not reply.

The PAO was informed on 11.01.2013, but DAC was not held till the finalization of the report.

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

20.4.20 Irregular expenditure on account of Fixed Daily Allowance and Special Allowance

Para 1(ii) of Finance Division O.M. No. F.1 (8)R-1/2008 dated 14.03.2009 states that the employees of Islamabad Capital Territory Police on operational duties were entitled to 20 days Fixed Daily Allowance per month w.e.f. 01.04.2009.

The management of Islamabad Capital Territory Police (ICTP) deputed 26 employees to United Nations Missions in various countries.

Audit observed that the management paid Fixed Daily Allowance and Special Allowance to the employees posted abroad on deputation in United Nations Missions.

Audit is of view that payment of these allowances to the officials posted abroad in United Nations Missions was irregular.

The management did not reply.

The PAO was informed on 11.01.2013, but DAC was not held till the finalization of the report.

Audit recommends that responsibility be fixed for the irregularity besides recovering the amount paid to the employees posted in United Nations Missions.

20.4.21 Irregular expenditure out of Secret Service Fund - Rs. 3.000 million

Serial No. 9(32) of System of Financial Control and Budgeting, 2006 states that the Ministries/Divisions are empowered to make expenditure under secret service expenditure subject to prescribed conditions.

Serial No. 37(4) of Appendix 8 of Para 130 of GFR Volume-I states that in respect of each officer authorized to incur secret service expenditure, Government will nominate a Controlling Officer who should conduct at least once in every Financial Year, a sufficiently real administrative audit of the expenditure incurred and furnish a certificate to the Accountant General not later than the 30th November following the year to which it relates.

Finance Division O.M. No. F.1(4)EXP.III/94 dated 29.10.1997 states that the Principal Accounting Officer shall personally handle the expenditure and the PAO shall give a certificate at the end of a financial year about detailed expenditure incurred out of the Secret Service Fund.

The management of Islamabad Capital Territory Police (ICTP) incurred an expenditure of Rs. 3.00 million from Secret Service Fund during 2010-12.

Audit observed as under:

i. The Finance Division did not define the exact procedure for creation of Secret Service Fund.

ii. The criteria and purpose of creation of Secret Service Fund was also not provided.

iii. The amount was spent by the Inspector General, Islamabad Capital Territory Police for which he was not authorized.

iv. Controlling Officer Certificate was not furnished to the Accountant General.

v. The administrative audit of the expenditure incurred was not carried out.

Audit is of the view that the expenditure was incurred in violation of the government instructions on the subject.

The management did not reply.

The PAO was informed on 11.01.2013, but DAC was not held till the finalization of the report.

Audit recommends that the criteria, justification, procedure for creation of Secret Service Fund in the Islamabad Capital Territory Police may be provided.

20.4.22 Irregular expenditure out of Secret Service Fund - Rs. 7.000 million

Serial No. 9(32) of System of Financial Control and Budgeting, 2006 states that the Ministries/Divisions are empowered to make expenditure under secret service expenditure subject to prescribed conditions.

Serial No. 37(4) of Appendix 8 of Para 130 of GFR Volume-I states that in respect of each officer authorized to incur secret service expenditure, Government will nominate a Controlling Officer who should conduct at least once in every Financial Year, a sufficiently real administrative audit of the expenditure incurred and furnish a certificate to the Accountant General not later than the 30th

November following the year to which it relates.

Finance Division O.M. No. F.1(4)EXP.III/94 dated 29.10.1997 states that the Principal Accounting Officer shall personally handle the expenditure and the PAO shall give a certificate at the end of a financial year about detailed expenditure incurred out of the Secret Service Fund.

The management of Federal Investigation Agency (FIA) Headquarters, Islamabad incurred an expenditure of Rs. 7.00 million on account of Secret Service Fund during 2011-12.

Audit observed as under:

i. The Finance Division did not define the exact procedure for creation of Secret Service Fund.

ii. The amount was spent by the Director General, FIA for which he was not authorized.

iii. Controlling Officer Certificate was not furnished to the Accountant General.

iv. The administrative audit of the expenditure incurred was not carried out.

Audit is of the view that the expenditure was incurred in violation of the government instructions on the subject.

The management did not reply.

The PAO was informed on 17.01.2013, but DAC was not held till the finalization of the report.

Audit recommends that the procedure for creation of Secret Service Fund in the FIA Headquarters, Islamabad may be provided.

20.4.23 Irregular payment of Conveyance Allowance to employees residing within work premises - Rs. 18.905 million

Finance Division O.M. No. F.1(1)Imp.1/77 dated 28.04.1977 states that all employees not residing within their work premises are entitled to the Conveyance

Allowance.

Para 10(v) of GFR Volume-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 management of Gilgit-Baltistan Scouts paid Rs. 34.458 million as Conveyance Allowance to employees during 2011-12.

Audit observed that 1,359 employees residing in the Barracks were paid Rs. 18.905 million as Conveyance Allowance.

Audit is of the view that the Conveyance Allowance paid to the employees residing within the barracks was irregular and unauthorized.

The management did not reply.

The PAO was informed on 31.12.2012, but DAC was not held till the finalization of the report.

Audit recommends that Conveyance Allowance paid irregularly be recovered.

20.4.24 Non-deduction of Withholding Tax from contractors - Rs. 1.345 million

Section 153(1)(b&c) of the Income Tax Ordinance, 2001 states that Withholding Tax should be deducted @ 6% on payments made to contractors.

Section 161(1)(a) of Income Tax Ordinance, 2001 states that where a person fails to collect tax from a payment shall be personally liable to pay the amount of tax to the Commissioner.

The management of Gilgit-Baltistan Scouts paid Rs. 22.414 million to contractors for consultancy/construction works during 2009-11. Details are as under:

(Rupees)

S. No.	Firm	Work	Voucher No.	Date	Amount
1.	M/s ZS (Pvt) Ltd., Islamabad.	Construction of buildings at Gilgit and Skardu	16	25.11.2009	2,718,058
2.	-do-	-do-	17	25.11.2009	5,215,879
3.	-do-	-do-	18	25.11.2009	1,043,693
4.	-do-	Secured Advance	48	30.06.2010	828,750
5.	-do-	Work Done	49	30.06.2010	878,354
6.	-do-	Work Done	26	30.06.2011	150,158
7.	-do-	Secured Advance	04	05.10.2011	672,933
8.	M/s ACES (Pvt) Ltd. Rawalpindi.	Consultancy on construction of building at Skardu and Gilgit	47	30.06.2010	10,906,570
				Total	**22,414,395**

Audit observed that management did not deduct Withholding Tax @ 6% from payments made to the contractors amounting to Rs. 1.345 million.

Audit is of the view that non-deduction of Withholding Tax was an undue favour to the contractors, which deprived the government of its due receipt.

The management did not reply.

The PAO was informed on 31.12.2012, but DAC was not held till the finalization of the report.

Audit recommends that responsibility may be fixed for the irregularity. The Withholding Tax due from the contractors should be recovered and deposited into government account.

20.4.25 Irregular payment of Conveyance Allowance to employees residing within work premises - Rs. 254.090 million.

Finance Division O.M. No. F.1(1)Imp.1/77 dated 28.04.1977 states that all employees not residing within their work premises are entitled to the Conveyance Allowance.

Para 10(v) of GFR Volume-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 management of Commandant Frontier Constabulary, Peshawar paid Rs. 254.090 million as Conveyance Allowance to employees during 2011-12. Details are as under:

(Rupees)

S. No.	AIR Para No.	Formation	Amount
1.	28	DO FC Malakand	27,092,762
2.	26	DO FC Bara	29,868,498
3.	35	DO FC Hangu	25,300,000
4.	40	DO FC Manzai	20,372,000
5.	37	DO FC Hayatabad	29,478,992
6.	42	DO FC Shabqadar	29,411,599
7.	39	DO FC Bannu	25,555,717
8.	41	DO FC Tank	1,650,772
9.	49	DO FC Daryoba	13,368,392
10.	31	DO FC Swat	22,580,168
11.	14	DO FC Darazinda	29,411,599
		Total	**254,090,499**

Audit observed that the employees residing in the work premises were paid Rs. 254.090 million as Conveyance Allowance.

Audit is of the view that the Conveyance Allowance paid to employees residing within their work premises was irregular and unauthorized.

The management replied that due to prevailing law and order situation the troops were regularly in movement and hence, Conveyance Allowance was admissible to them.

The reply was not accepted because the troops were residing in the work premises and during movement they were provided with official transport.

The PAO was informed on 11.01.2013, but DAC was not held till the finalization of the report.

Audit recommends that Conveyance Allowance paid irregularly be recovered.

20.4.26 Irregular payment of Conveyance Allowance to employees on leave - Rs. 1.097 million

Supplementary Rule 7-A states that Conveyance Allowance to which the obligation of maintaining a motor vehicle or a horse or other animal is not attached is not admissible during leave or temporary transfer.

Para 10(v) of GFR Volume-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 management of Commandant Frontier Constabulary, Headquarters, Peshawar paid Rs. 1.097 million as Conveyance Allowance to officials during 2011-12. Details are as under:

(Rupees)

S. No.	Month	Officers/Officials on leave					Total employees
		JCOs	Other Ranks	Followers	Clerks	Naib Qasid	
1.	July, 2011	3	100	10	1	-	114
2.	August , 2011	3	100	10	2	-	115
3.	September, 2011	-	100	10	2	2	114
4.	October, 2011	-	100	10	2	2	114
5.	November, 2011	-	97	10	2	2	111
6.	December, 2011	-	97	10	2	2	111
7.	January, 2012	-	22	4	2	-	28
8.	February, 2012	-	75	3	3	-	81
9.	March, 2012	-	50	5	4	2	61
10.	April, 2012	-	60	4	2	2	68
11.	May, 2012	-	50	5	3	-	58
Total		**6**	**851**	**81**	**25**	**12**	**975**
Rate of CA per month		1,700	1,150	850	1,150	850	
Grand Total		**10,200**	**978,650**	**68,850**	**28,750**	**10,200**	**1,096,650**

Audit observed that Conveyance Allowance was paid to employees on leave which was not admissible.

Audit is of the view that the payment of Conveyance Allowance resulted in overpayment which was irregular and unauthorized.

The management replied that the department was not aware of the rules on the subject. The Conveyance Allowance paid to employees on leave will be stopped/recovered and deposited into Government Treasury.

The management has accepted the audit observation.

The PAO was informed on 11.01.2013, but DAC was not held till the finalization of the report.

Audit recommends that Conveyance Allowance paid irregularly be recovered.

20.4.27 Non-recovery of deployment cost - Rs. 136.986 million

Para 26 of GFR Volume-I states that it is the duty of the department controlling officer to see that all sums due to Government are regularly and promptly assessed, realized and duly credited in the public account.

The management of District Offices, Frontier Constabulary, Khyber Pakhtunkhwa deployed troops with various private and government organizations for security duties during 2011-12.

Audit observed that the management did not recover the cost of deployment amounting to Rs. 136.985 million from the borrowing organizations. Details are as under:

S. No.	Platoon No.	Deployment	Salary	Pension Contribution	IS Duty Allowance	Operating uniform & Arms Expenses	Total
DO FC Dassu							
1.	440	ISD with MNC's/HPP (Besham with Chinese)	5,460,023	639,366	833,400	208,000	7,140,789
2.	427	ISD with MNC's/HPP (Pattan with Chinese)	6,825,030	799,207	1,041,750	236,000	8,901,987
3.	87	ISD at Karachi	13,650,060	1,598,415	2,083,500	372,000	17,703,975
	250	-do-	13,650,060	1,598,415	2,083,500	372,000	17,703,975
		Sub-total	**39,585,173**	**4,635,403**	**6,042,150**	**1,188,000**	**51,450,726**
DO FC Oghi							
4.	248	ISD with MNC's/HPP (Thakot with Chinese)	10,388,145	1,428,584	2,534,925	690,800	15,042,454
5.	414	NISHPA (OGDCL, Karak)	10,388,145	1,428,584	2,534,925	690,800	15,042,454
6.	69	Sindh	10,388,145	1,428,584	2,534,925	690,800	15,042,454
		Sub-total	**31,164,435**	**4,285,752**	**7,604,775**	**2,072,400**	**45,127,362**
DO FC Gadoon at Islamabad							
7.	295	Centaurus Tower	15,970,948	2,254,771	3,799,050	618,000	22,642,769
		Sub-total	**15,970,948**	**2,254,771**	**3,799,050**	**618,000**	**22,642,769**
DO FC Gilgit							

8.	83	ISD at Karachi	5,059,385	1,124,755	1,826,210	358,000	8,368,350
9.	257	ISD at Karachi	6,087,519	1,124,755	1,826,210	358,000	9,396,484
		Sub-total	**11,146,904**	**2,249,510**	**3,652,420**	**716,000**	**17,764,834**
		Grand Total	**97,867,460**	**13,425,436**	**21,098,395**	**4,594,400**	**136,985,691**

Audit is of the view that non-recovery of deployment cost resulted in financial loss to the government.

The management did not reply.

The PAO was informed on 11.01.2013, but DAC was not held till the finalization of the report.

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

20.4.28 Deployment of Frontier Constabulary personnel for security of private individuals - Rs. 46.082 million

Para 10(iv) of GFR Volume-I states that public moneys should not be utilized for the benefit of a particular person or section of the community.

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.

Para 26 of GFR Volume-I states that it is the duty of the department controlling officer to see that all sums due to Government are regularly and promptly assessed, realized and duly credited in the public account.

The management of District Office, Frontier Constabulary, Gadoon at Islamabad deployed 110 personnel for security of private individuals.

Audit observed as under

i. The Frontier Constabulary personnel were provided to retired government servants, MNA and Senators.

ii. Deployment cost was not recovered from the individuals.

iii. An expenditure of Rs. 46.082 million was incurred on the deployment of the personnel during 2009-12. Details are as under:

(Rupees)

S. No.	Platoon No.	No. of persons	Date of deployment	Man days	Salary	Pension Contribution	Operating expenses plus Uniform, Arms, etc.	Total
1.	5	4	20.05.2011	1628	1,009,514	142,522	42,898	1,194,934
2.	6	6	09.10.2011	1458	904,098	127,639	38,418	1,070,156
3.	7	5	29.05.2011	1990	1,233,988	174,213	52,436	1,460,638
4.	10	10	06.06.2011	3910	2,424,570	342,298	103,028	2,869,896
5.	13	4	22.06.2011	1500	930,142	131,316	39,525	1,100,983
6..	14	10	25.09.2010	6450	3,999,611	564,660	169,956	4,734,228
7.	16	4	19.05.2011	1632	1,011,995	142,872	43,003	1,197,870
8.	19	10	16.07.2011	3510	2,176,532	307,280	92,488	2,576,301
10.	24	4	02.06.2011	1580	979,750	138,320	41,633	1,159,702
11.	26	5	10.05.2011	2085	1,292,897	182,530	54,939	1,530,367
12.	27	4	12.07.2011	1420	880,535	124,313	37,417	1,042,264
13.	29	4	01.08.2011	1340	830,927	117,309	35,309	983,545
14.	32	40	25.02.2010	34280	21,256,847	3,001,016	903,272	25,161,135
				Total	**38,931,406**	**5,496,288**	**1,654,322**	**46,082,019**

* Details at Annexure-VI.

Audit is of the view that the deployment of FC personnel to private individuals at public expense was irregular and unauthorized.

The management did not reply.

The PAO was informed on 11.01.2013, but DAC was not held till the finalization of the report.

Audit recommends that the expenditure incurred for providing security to private individual should be recovered and deposited into government account.

20.4.29 Wasteful expenditure on running of rest houses - Rs. 2.718 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.

Para 12 of GFR Volume-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 District Office, Frontier Constabulary, Oghi established two rest houses at Nathiagali and Naran.

Audit observed as under:

i. The rest houses were established in Government owned buildings and were used for recreation purposes.

ii. The operating expenditure, i.e. salary of employees, repair & maintenance, purchase of furniture and payment of utility charges was being met from the regular budget.

iii. The record regarding expenditure from receipt of room rent, etc. and the governing law was not provided.

iv. The following expenditure was incurred from the regular budget during 2010-12:

(Rupees)

S. No.	Nature	Amount
1.	Salary of two employees Mr. Ali Asghar and Mr. Muhammad Sultan @ Rs. 19,179 and 16,644 respectively for two years at Naran	859,752
2.	Salary of two employees Mr. Naseer Ahmed and Mr. Abid Khan @ Rs. 16,898 and 13,095 respectively for two years at Nathiagali	719,832
3.	Cost of Furniture purchased during 2010-11	219,000
4.	Utility charges	919,865
	Total	**2,718,449**

Audit is of the view that the funds were not spent upon objects for which the money was provided which resulted in waste of public funds and loss to the government.

The management did not reply.

The PAO was informed on 11.01.2013, but DAC was not held till the finalization of the report.

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

20.4.30 Unauthorized payment of Conveyance Allowance - Rs. 428.468 million

Supplementary Rule 7-A states that Conveyance Allowance to which the obligation of maintaining a motor vehicle or a horse or other animal is not attached is not admissible during leave or temporary transfer.

Finance Division O.M. No. F.1(1)Imp.1/77 dated 28.04.1977 states that all employees not residing within their work premises are entitled to the Conveyance Allowance.

Para 10(v) of GFR Volume-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 management of Inspector General Frontier Corps (IGFC) Headquarters, Peshawar and its subordinate offices paid Conveyance Allowance amounting to Rs. 433.824 million during 2011-12. Details are as under:

(Rupees)

S. No.	Office	AIR Para No.	Total paid strength Man months	Strength on leave Man months	Strength out living Man months	Total Amount Paid	Paid to strength out living
1.	FC HQs, Peshawar	19	8,851	40	76	11,309,724	79,800
2.	Chitral Scouts	04	52,424	561	0	60,852,000	0
3.	Bajaur Scouts	03	37,713	3,755	1,020	43,460,000	1,071,000
4.	Khattak Scouts	04	37,953	1,637	325	40,441,783	341,250
5.	Tochi Scouts	04	154,158	4,774	1,408	57534263	1,478,400
6.	Dir Scouts	02	39,256	2,119	984	45,927,000	1,033,200
7.	Khyber Rifles	05	44,713	807	0	52,010,000	0
8.	South Waziristan Scouts	06	54,970	1,775	1,288	64,539,719	1,352,400
9.	Swat Scouts	02	49,563	444	0	57,750,000	0
	Total		**479,601**	**15,912**	**5,101**	**433,824,489**	**5,356,050**

Audit observed that Conveyance Allowance was paid to the employees on leave and residing within the work premises amounting to Rs. 428.468 million (Rs. 433.824 million – Rs. 5.356) which was not admissible.

Audit is of the view that Conveyance Allowance was only admissible to the employees living outside the work premises and balance payment of Rs.

428.468 million was irregular and unauthorized.

The management did not reply.

The PAO was informed on 31.12.2012, but DAC was not held till the finalization of the report.

Audit recommends that the Conveyance Allowance irregularly paid be recovered.

20.4.31 Irregular purchase of arms without open competition - Rs. 17.575 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.

The management of Inspector General Frontier Corps (IGFC) Headquarters, Peshawar paid an amount of Rs. 17.575 million for purchase of arms from Directorate General, Inter-Services Intelligence (ISI) during 2011-12. Details are as under:

(Rs. in million)

S. No.	Description	Quantity	Unit price	Amount
1.	AA Gun 12.7 mm	18	0.700	12.600
2.	SMG 7.62 mm Chinese	35	0.045	1.575
3.	Mortar 60 mm	17	0.200	3.400
			Total	**17.575**

Audit observed as under:

i. The items were purchased without open competition.

ii. The supplier was neither a manufacturer nor sole proprietor of the items purchased.

iii. The management also floated a tender for the purchase of SMG 7.62 mm Chinese and received a bid from AYA Corporation on 28.02.2012 for US$ 280 per unit (US$ 280 × Rs. 90 = Rs. 25,200). However, the bid was not considered.

Audit is of the view that the procurements made without open competition deprived the government of the benefits of competitive rates.

Audit is also of the view that the purchase of SMG 7.62 mm Chinese from ISI instead of the rate offered by AYA Corporation resulted in a loss of Rs. 693,000 [(Rs. 45,000 - Rs. 25,200) × 35].

The management did not reply.

The PAO was informed on 31.12.2012, but DAC was not held till the finalization of the report.

Audit recommends that the matter may be investigated and responsibility be fixed for the irregularity.

20.4.32 Irregular payment of duties and taxes on behalf of the supplier - Rs. 9.487 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.

The management of Inspector General Frontier Corps (IGFC) Headquarters, Peshawar invited open tenders in December, 2008 for purchase of Sub Machine Gun (SMG) 7.62mm. As per terms and conditions of the tender documents, the rates offered were inclusive of all taxes on FOR basis. According to the comparative statement, the lowest rate of Rs. 17,500 per SMG was offered by M/s Cavalry Arms. The total quantity purchased was 1,700 SMGs.

Audit observed that the management paid Rs. 9.487 million vide Cheque No. 3519646 dated 23.04.2012 on account of taxes and duties on behalf of the supplier for deposit into the government treasury. Details are as under:

(Rupees)

S. No.	Description	Amount
1.	Custom Duty	3,581,239

2.	Sales Tax	4,392,987
3.	Withholding Tax	1,273,964
4.	Special Federal Excise Duty	238,749
	Total	**9,486,939**

Audit is of the view that the payment of duties and taxes on behalf of the supplier was an undue benefit extended to the supplier which resulted in financial loss to the government.

The management did not reply.

The PAO was informed on 31.12.2012, but DAC was not held till the finalization of the report.

Audit recommends that responsibility should be fixed for the irregularity and the amount paid on the behalf of the contractor should be recovered and deposited into government account.

20.4.33 Unauthorized purchase of additional vehicles - Rs. 50.158 million

In terms of Para 2(b) of Cabinet Division letter No. 6-7(1)02-M.II dated 22.07.2005 the Ministry/Division/Department concerned will take up a case with Finance Division for enhancement in the authorized strength of vehicles and for purchase of additional vehicles necessitated due to increase in establishment/ workload, etc. For this purpose, a Vehicles Committee composed as under has been constituted to evaluate all proposals for additional vehicles:

a.	Additional Secretary (Expenditure) Finance Division	Chairman
b.	Joint Secretary (Military Wing) Cabinet Division	Member
c.	Joint Secretary (Administration) of Division concerned	Member

The Secretary Incharge may sanction purchase of new vehicle(s), after approval of the proposal by the Vehicles Committee. A copy of the sanction will be sent to the Cabinet Division for record/information.

The management of Inspector General Frontier Corps (IGFC) Headquarters, Peshawar purchased vehicles amounting to Rs. 50.158 million during 2011-12. Details are as under:

(Rs. in million)

S. No.	Description	Quantity	Amount
1.	Water Bowzer	10	22.852
2.	Ambulance 4x4	06	27.306
		Total	**50.158**

Audit observed that the additional vehicles were purchased without the approval of the Vehicles Committee.

Audit is of the view that purchase of additional vehicles was irregular and unauthorized.

The management did not reply.

The PAO was informed on 31.12.2012, but DAC was not held till the finalization of the report.

Audit recommends that the matter may be taken up with the Finance Division for regularization.

20.4.34 Loss due to purchase of stores by ignoring the lowest bids - Rs. 18.813 million

Rule 23(2)(f) of Public Procurement Rules, 2004 states that for competitive bidding, whether open or limited, the bidding documents shall include the specifications.

Rule 36(b)(ix) of Public Procurement Rules, 2004 states that the bid found to be the lowest evaluated bid shall be accepted.

Rule 2(h)(i)(ii) of Public Procurement Rules, 2004 states that the "lowest evaluated bid" means, a bid most closely conforming to evaluation criteria and other conditions specified in the bidding document; and having lowest evaluated cost.

The management of Inspector General Frontier Corps (IGFC) Headquarters, Peshawar purchased various items during 2011-12 by inviting open tenders.

Audit observed as under:

i. The lowest rates quoted were rejected by the Purchase Committee with the remarks that the samples were not according to the required standards and specifications.

ii. The specifications of the items purchased were not laid down in the tender documents.

iii. The Purchase Committee did not point out any specific deficiencies in the samples of the lowest bidders.

iv. The management procured the items by ignoring the lowest bids which resulted in a loss of Rs. 18.813 million. Details are as under:

(Rupees)

S. No.	Description	Quantity Purchased	Purchase rate	Lowest Quoted rate	Difference	Loss
1.	Bandolier G-3/SMG	15,000	642	475	167	2,505,000
2.	Flannelette	40,000	7.79	6.47	1.32	52,800
3.	Sling SMG	400	87	48	39	15,600
4.	Sling G-3	1,700	97	35.26	61.74	104,958
5.	Desert Boots USA Pattern	22,000	1,630	1545	85	138,550
6.	Vest Cotton Olive Green H/Sleeves	50,000	143	119	24	1,200,000
7.	Vest Cotton Olive Green F/Sleeves	50,000	268	161	107	5,350,000
8.	Socks Worsted Olive Green	50,000	44	37.89	6.11	305,500
9.	Cloth Mazri	150,000	98	78.55	19.45	2,917,500
10.	Vest Cotton white	50,000	78	61.75	16.25	812,500
11.	Jersey V Shape Neck	12,000	590	499	91	1,092,000
12.	Socks White	50,000	35.50	24	11.50	575,000
13.	Chappal orange color	20,000	600	527	73	1,460,000
14.	Durree	8,000	239	202	37	296,000
15.	Water Bottle plastic	2,000	53	43.35	9.65	19,300
16.	Cover Water Bottle	2,000	47	41.78	5.22	10,440
17.	Razai Polyester	10,000	790	749	41	410,000
18.	Bed Sheet white	20,000	184	121	63	1,260,000
19.	Steel Trunk	5,500	1674	1,649	25	137,500
20.	Sleeping Bags	5,000	675	645	30	150,000
					Total	**18,812,648**

Audit is of the view that the management did not follow the Public

Procurement Rules, 2004 which resulted in a loss of Rs. 18.813 million to the government.

The management did not reply.

The PAO was informed on 31.12.2012, but DAC was not held till the finalization of the report.

Audit recommends that the matter may be investigated at appropriate level for fixing responsibility for the loss.

20.4.35 Unauthorized creation and operation of Regimental Fund - Rs. 154.268 million

Para 7 of 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.

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

The management of Inspector General Frontier Corps (IGFC) Headquarters, Peshawar and its various formations deducted Rs. 154.268 million from the salaries of the employees, which was deposited into Regimental Fund bank accounts during 2006-12. Details are as under:

(Rupees)

S. No.	Formation	Period	AIR Para No.	Amount
1.	Kurram Militia	2006-11	01	26,028,000
2.	Thal Scouts	2006-11	04	20,210,000
3.	Chitral Scouts	2011-12	08	2,038,000
4.	Khyber Rifles	2010-12	10	7,358,000
5.	South Waziristan Scouts	2006-12	11	50,860,527
6.	Tochi Scouts	2006-12	07	47,773,711
			Total	**154,268,238**

Audit observed as under:

i. The management created and operated the Regimental Fund without the approval of the Finance Division.

ii. Deductions were made from the salaries of the employees without any authorization.

iii. The amounts were retained into bank accounts opened without the approval of the Finance Division.

iv. The Fund was maintained without any governing rules and accounting procedures approved by the Finance Division.

v. The management did not produce the record of the Regimental Fund to Audit.

Audit is of the view that the creation & operation of Regimental Fund, deductions from salaries and retention of money without the approval of the Finance Division was irregular and unauthorized.

The management did not reply.

The PAO was informed on 31.12.2012, but DAC was not held till the finalization of the report.

Audit recommends that responsibility be fixed for the unauthorized creation and operation of Regimental Fund, besides obtaining approval from the Finance Division and regularization of the expenditure incurred.

20.4.36 Irregular payment of House Rent Allowance and Conveyance Allowance - Rs. 1.322 million

Finance Division O.M. No. F.1(1)Imp.1/77 dated 28.04.1977 states that all employees not residing within their work premises are entitled to the Conveyance Allowance.

Finance Division O.M. No. F.2(9)-R.5/81 dated 27.06.1981 states that all employees provided with the government accommodation shall not be entitled to House Rent Allowance.

Para 10(v) of GFR Volume-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 management of Swat Scouts was requested to provide the list of accommodation along with the period wise detail of allotments during 2011-12.

Audit observed as under:

i. The officers and staff of Swat Scouts were residing in residential accommodation within the Warsak Camp.

ii. All the employees were paid House Rent Allowance and Conveyance Allowance. Details are as under:

(Rupees)

S. No.	Names	House Rent Allowance p.m.	Conveyance Allowance p.m.	Total (2011-12)
1.	Col. Zia-ud-Din	6,812	2,480	111,504
2.	Lt. Col. Ahmed Bilal	6,812	2,480	111,504
3.	Lt. Col. Tahir Akram	6,812	2,480	111,504
4.	Lt. Col. Muhammad Ali Malik	6,812	2,480	111,504
5.	Maj. Shaukat Ali	5,462	2,480	95,304
6.	Maj. Amjad Yasin	5,462	2,480	95,304
7.	Maj. Siyar Khan	5,462	2,480	95,304
8.	Maj. Sohail Akhtar	5,462	2,480	95,304
9.	Maj. Muhammad Haseeb	5,462	2,480	95,304
10.	Abdul Aziz, Superintendent	1,818	2,480	51,576
11.	Imran Shah, EO	2,955	2,480	65,220
12.	Wajid Ali Khan, PRO	2,955	2,480	65,220
13.	10 Non-Gazetted employees	1,818	0	218,160
			Total	**1,322,712**

Audit is of the view that the payment of House Rent Allowance and Conveyance Allowance to the employees residing and working within the work premises was irregular and unauthorized.

The management did not reply.

The PAO was informed on 31.12.2012, but DAC was not held till the finalization of the report.

Audit recommends that the House Rent Allowance and Conveyance Allowances paid irregularly may be recovered besides stopping the practice forthwith.

20.4.37 Irregular expenditure on purchase of vehicles - Rs. 29.692 million

In terms of Para 2(b) of Cabinet Division letter No. 6-7(1)02-M.II dated 22.07.2005 the Ministry/Division/Department concerned will take up a case with Finance Division for enhancement in the authorized strength of vehicles and for purchase of additional vehicles necessitated due to increase in establishment/ workload, etc. For this purpose, a Vehicles Committee composed as under has been constituted to evaluate all proposals for additional vehicles:

a. Additional Secretary (Expenditure), Finance Division — Chairman

b. Joint Secretary (Military Wing), Cabinet Division — Member

c. Joint Secretary (Administration) of Division concerned — Member

The Secretary Incharge may sanction purchase of new vehicle(s), after approval of the proposal by the Vehicles Committee. A copy of the sanction will be sent to the Cabinet Division for record/information.

The management of Pakistan Rangers (Headquarters), Punjab initiated a case for purchase of 5 Toyota Double Cabin and 8 Toyota Hilux Single Cabin on 19.04.2012 on the plea that the organization held 82 vehicles against authorized strength of 115 vehicles in the Jeeps/Double Cabins/Single Cabins category. The Ministry of Interior issued NOC for the procurement of vehicles with the condition that the vehicles would be purchased against the deficiency/condemned vehicles. The following vehicles were purchased during 2011-12:

(Rupees)

S. No.	Description	Quantity	Amount
1.	Toyota Double cabin	5	15,602,500
2.	Toyota Hilux Single cabin	8	14,089,600
	Total	**13**	**29,692,100**

Audit observed as under:

i. The management already held 143 vehicles in the category of Jeeps/Double Cabins/Single Cabins against the authorized strength of 115 vehicles.

ii. The case submitted to the Ministry for purchase of vehicles was not based on facts.

iii. Approval of Vehicle Committee for purchase of additional vehicles was not obtained.

iv. No vehicles were condemned/auctioned after purchase of new vehicles.

Audit is of the view that the purchase of the vehicles was irregular.

The management replied that the authorized strength of vehicles of Pakistan Rangers (Punjab) was 769 vehicles which included 115 jeeps and cars against which Pakistan Rangers had 105 jeeps and cars.

The reply was not accepted as against the authorized strength of vehicles in the category of Jeeps/Double Cabins/Single Cabins, the organization held 143 vehicles as per record provided to Audit.

After a meeting in the Pakistan Rangers (Headquarters), Lahore on 22.01.2013 and subsequent record verification the PAO was informed on 29.01.2013, but DAC was not held till the finalization of the report.

Audit recommends that responsibility be fixed for the irregularity, besides surrendering the excess vehicles.

20.4.38 Irregular purchase of ammunition without open competition - Rs. 2.500 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.

The management of Headquarters Pakistan Rangers, Punjab purchased ammunition amounting to Rs. 2.500 million from Directorate General, Inter-Services Intelligence (ISI) during 2011-12. Details are as under:

(Rupees)

S. No.	Description	Quantity	Unit Price	Amount
1.	Carts 7.62 mm HMG Ball for Sniper Rifle, Chinese	10,000	50	500,000
2.	Carts 7.62 mm SMG Ball, Chinese	51,428	35	1,799,980
3.	Carts 7.62 mm SMG Blank, Chinese	10,000	20	200,000
			Total	**2,499,980**

Audit observed as under:

i. The items were purchased without open competition.

ii. The supplier was neither a manufacturer nor sole proprietor of the purchased items.

Audit is of the view that the procurements made without open competition deprived the government of the benefits of competitive rates.

The management replied that the ammunition was purchased from Inter Service Intelligence (ISI) at lowest rates. Further, the items purchased were of national security, the procurement of which was made under Rule 14(a) of Public Procurement Rules, 2004.

The reply was not accepted as prior approval of the Public Procurement Regularity Authority was required to invoke Rule 14(a) of Public Procurement Rules, 2004. Purchase of ammunition of such specifications through open competition does not constitute a security hazard. The management failed to respond to the audit observation as to why the ammunition was purchased from ISI which is neither a manufacturer nor a sole proprietor. The claim that the ammunition was purchased at the lowest rates could only be substantiated if open competition had taken place.

After a meeting in the Pakistan Rangers (Headquarters), Lahore on 22.01.2013 and subsequent record verification the PAO was informed on 29.01.2013, but DAC was not held till the finalization of the report.

Audit recommends that responsibility should be fixed for the irregularity.

20.4.39 Irregular procurement of items by mentioning brand names - Rs. 27.308 million

Rule 10 of Public Procurement Rules, 2004 states that specifications shall allow the widest possible competition and shall not favor any single contractor or supplier nor put others at a disadvantage. Specifications shall be generic and shall not include references to brand names, model numbers, catalogue numbers or similar classifications. However if the procuring agency is convinced that the use of or a reference to a brand name or a catalogue number is essential to complete an otherwise incomplete specification, such use or reference shall be qualified with the words “or equivalent”.

The management of Pakistan Rangers (Headquarters), Punjab purchased medicines, tyres, tubes and batteries amounting to Rs. 27.308 million through open tenders during 2011-12. Details are as under:

(Rs. in million)

S. No.	Description	Amount
1.	Medicines	18.398
2.	Tyres, tubes and batteries	8.910
	Total	**27.308**

Audit observed that brand names of medicines, tyres, tubes and batteries were mentioned in the tender documents.

Audit is of the view that mentioning of brand names was violation of Public Procurement Rules, 2004 which narrowed the competition and deprived the public exchequer of the benefits of competitive rates.

Audit maintains that the procurement amounted to mis-procurement.

The management replied that original manufacturers were mentioned in the tender documents to get the best quality of items.

The reply was not accepted because the name and brand of items purchased were specified in the tender documents.

After a meeting in the Pakistan Rangers (Headquarters), Lahore on 22.01.2013 and subsequent record verification the PAO was informed on

29.01.2013, but DAC was not held till the finalization of the report.

Audit recommends that responsibility should be fixed for the irregularity.

20.4.40 Un-authorized payment of Conveyance Allowance - Rs. 263.421 million

Finance Division O.M. No. F.1(1)Imp.1/77 dated 28.04.1977 states that all employees not residing within their work premises are entitled to the Conveyance Allowance.

Para 10(v) of GFR Volume-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 management of Pakistan Rangers (Headquarters), Punjab paid Rs. 263.421 million as Conveyance Allowance to its employees during 2011-12.

Audit observed that employees were residing within the work premises, i.e. barracks and family accommodation.

Audit is of the view that the Conveyance Allowance paid to employees residing within the work premises was irregular and unauthorized.

The management replied that residential accommodation of Rangers personnel was not adjoining to the office building and residences were not within the boundary wall of the office.

The reply was not accepted as barracks of the personnel and residences of the officers were adjoining to the offices and within the boundary wall of the Pakistan Ranges (Headquarters), Punjab, Sector Headquarters and Wing Headquarters.

After a meeting in the Pakistan Rangers (Headquarters), Lahore on 22.01.2013 and subsequent record verification the PAO was informed on 29.01.2013, but DAC was not held till the finalization of the report.

Audit recommends that the irregular practice of payment of Conveyance Allowance should be discontinued forthwith and the irregular payment should be recovered.

20.4.41 Non-deposit of deployment cost into government treasury - Rs. 487.902 million

Para 26 of GFR Volume-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 Account.

Rule 7(1) of 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 revenues of the Federal Government be kept out of Federal Consolidated Fund of the Federal Government. Moneys received as aforesaid shall not be appropriated to meet departmental expenditure.

The management of Pakistan Rangers (Headquarters), Punjab received an amount of Rs. 487.902 million on account of deployment of Rangers personnel for security purposes during 2006-12. Details are as under:

(Rs. in million)

S. No.	Organization	Period	Amount
1.	New Benazir Bhutto International Airport, Islamabad	May, 2009 to November, 2010	25.557
2.	-do-	May, 2011 to April, 2012	20.189
3.	WAPDA (Tarbela & Ghazi Barotha Dams)	July, 2010 to March, 2012	1.260
4.	-do-	April, 2012 to June, 2012	9.900
5.	Ministry of Petroleum & Natural Resources for protection of Gas pipelines in Punjab	September, 2006 to September, 2012	338.015
6.	Fatima Fertilizer Company	October, 2007 to September, 2011	57.808
7.	-do-	October, 2011 to September, 2012	35.173
		Total	**487.902**

Audit observed as under:

i. The amount received was not deposited into government treasury.

ii. The record of retention of receipt and utilization thereof was not produced to Audit.

Audit is of the view that the retention and utilization of government receipt was irregular and deprived the government of its due receipt.

Audit is also of the view that amount received were susceptible to misappropriation.

The management replied that the amount received from New Benazir Bhutto Airport was expended on the protection and security of sites and team of foreign workers. A sum of Rs. 57.808 million from October, 2007 to September, 2011 and Rs. 35.173 million from October, 2011 to September, 2012 was received from Fatima Fertilizer Company and Rs. 338.015 million against deployment of gas pipelines, which had been expended by the concerned Wings/troops employed on Internal Security Duty. It is certified that public money out of allocated budget had not been spent for maintenance/sustenance of troops including vehicles and equipment deployed for said task and no budget was allocated by the Federal Government. Proper record to this effect had been maintained and verified by the departmental audit authority and all expenditure had been made with the approval of competent authority. Hence, no excess amount except routine daily expenditure is being received which could be deposited into government treasury.

The reply was not accepted as government vehicles and manpower were used for Internal Security duties while the entire expenditure was met from the government budget.

The management has accepted the audit observation. The contention of the organization that the amount was spent was not accepted because adequate funds were allocated in the regular budget for this purpose.

After a meeting in the Pakistan Rangers (Headquarters), Lahore on 22.01.2013 and subsequent record verification the PAO was informed on 29.01.2013, but DAC was not held till the finalization of the report.

Audit recommends that the government receipt should be deposited into government account.

20.4.42 Loss due to less recovery of electricity charges from private users - Rs. 4.495 million

Para 10(iv) of GFR Volume-I states that Public moneys should not be utilized for the benefit of a particular person or section of the community.

Para 26 of GFR Volume-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 Pakistan Rangers (Headquarters), Punjab had installed single bulk supply electricity meter for offices, residential quarters, Rangers petrol pump, Rangers general store, Rangers bakery, Rangers marriage hall, mobile tower, Rangers shops, etc. for the last many years.

Audit observed as under:

i. The management was not authorized to undertake commercial activities, i.e. running of petrol pump, general store, bakery, marriage hall, etc.

ii. Electricity was being supplied to the commercial undertakings by sub meters through the bulk supply meter.

iii. Payment to Lahore Electricity Supply Company (LESCO) was made according to tariff C-2 (Single point supply for purchase in bulk by a distribution licensee, and Mixed load consumers not falling in any other consumer class).

iv. The amount was not recovered as per rates charged by the LESCO, i.e. tariff C-2.

v. A difference of Rs. 4.495 million on account of electricity charges from commercial undertakings was recoverable for the period July, 2011 to May, 2012. Details are as under:

(Rupees)

S. No.	Month	Total Units	Total Bill	Units Utilized by Private concerns	Recoverable from by Private concerns	Recovered	Difference
1.	July, 2011	180,000	2,754,334	73,480	1,124,380	628,400	495,980
2.	August, 2011	256,000	3,183,649	75,935	944,188	639,500	304,688
3.	September, 2011	380,000	4,995,478	83,464	1,097,217	715,439	381,778
4.	October, 2011	224,000	2,801,825	73,398	921,022	615,825	305,197
5.	November, 2011	132,000	2,229,751	63,029	1,064,689	527,751	536,938
6.	December, 2011	140,000	1,775,960	51,595	654,505	439,204	215,301
7.	January, 2012	168,000	2,028,156	61,904	744,379	515,250	229,129
8.	February, 2012	192,000	2,267,450	64,150	757,588	544,180	213,408
9.	March, 2012	124,000	2,505,042	61,647	1,245,390	524,250	721,140
10.	April, 2012	328,000	4,082,825	64,302	800,408	540,545	259,863

11.	May, 2012	352,000	7,704,243	62,465	1,367,174	535,158	832,016
				Total	**10,720,940**	**6,225,502**	**4,495,438**

Audit is of the view that undertaking commercial activities by utilizing public funds was irregular and unauthorized. Failure to recover the electricity charges at tariff C-2 resulted in loss to the government.

The management replied that units worked out by the Audit were different from the actual units written on the WAPDA bills. An amount of Rs. 0.535 million was recovered in excess from the non-official users.

The reply was not accepted as the management could not identify the actual units consumed per month, resulting in less recovery.

After a meeting in the Pakistan Rangers (Headquarters), Lahore on 22.01.2013 and subsequent record verification the PAO was informed on 29.01.2013, but DAC was not held till the finalization of the report.

Audit recommends that the irregular practice of providing electricity from Pakistan Rangers (Headquarters) to the commercial concerns should be discontinued forthwith and the amount pointed by Audit should be recovered and deposited into government account.

20.4.43 Irregular payment of House Rent Allowance to employees residing in government accommodation - Rs. 2.959 million

Para 10 (v) of GFR Volume-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.

Finance Division O.M. No. F.2 (9)-R.5/81 dated 27.06.1981 states that all employees provided with the government accommodation shall not be entitled to House Rent Allowance.

The management of Pakistan Rangers (Headquarters), Punjab maintained 262 residential quarters in Pakistan Rangers compound.

Audit observed as under:

i. That management was not paying House Rent Allowance to 124 employees only.

ii. The allottees of the remaining 138 accommodations were being paid House Rent Allowance along with their salaries, while House Rent Charges @ 5% were also not deducted from these employees.

iii. An amount of Rs. 2.959 million was paid to the allottees of 138 accommodations as House Rent Allowance during 2011-12.

Audit is of the view that payment of House Rent Allowance to employees residing in Government accommodation and non-recovery of House Rent Charges @ 5% was irregular and unauthorized.

The management replied that there were 124 houses and the House Rent Allowance and 5% charges were being recovered. The Pakistan Rangers (Headquarters) had constructed single room quarters as patient attendance rooms to facilitate the families and children of the troops from whom the recovery of house rent was not made.

The reply was not accepted. During discussion held on 22.01.2013 the management accepted that 76 quarters were allocated to the employees of Sutlej Rangers in addition to the 124 family quarters. The reply indicates that the accommodations were in the possession of the troops and their families.

After a meeting in the Pakistan Rangers (Headquarters), Lahore on 22.01.2013 and subsequent record verification the PAO was informed on 29.01.2013, but DAC was not held till the finalization of the report.

Audit recommends that payment of House Rent Allowance to employees residing in Government accommodation should be discontinued besides effecting recovery.

20.4.44 Irregular payment of residential telephone charges to non-entitled employees - Rs. 0.400 million

Cabinet Division O.M. No. 3/10/2006/STC-RA-III dated 05.01.2007 states that all regular officers in BS-19 and below working in Attached and Subordinate Departments are not entitled for residential telephone.

The management of Pakistan Rangers (Headquarters), Punjab incurred an expenditure of Rs. 0.400 million for payment of residential telephone charges during 2011-12. Details are at Annexure-VII:

Audit observed that officers working in BS-19 and below were provided facility of residential telephone which was not admissible.

Audit is of the view that expenditure was irregular and unauthorized.

The management replied that official telephones were shifted from residences to offices. The addresses on the telephones bills have been changed from November, 2012 onwards, while some telephone numbers were closed.

The reply was not accepted because the expenditure was incurred up to June, 2012. The management could not provide proof of shifting of telephones in November, 2012.

After a meeting in the Pakistan Rangers (Headquarters), Lahore on 22.01.2013 and subsequent record verification the PAO was informed on 29.01.2013, but DAC was not held till the finalization of the report.

Audit recommends that amount should be recovered, besides discontinuing the practice forthwith.

20.4.45 Unauthorized expenditure on hiring of residential accommodations - Rs. 1.434 million

Para 12 of GFR Volume-I states that 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 Panjnad Rangers, Islamabad hired various houses in Rawalpindi and Islamabad as ‘storage accommodation’ during 2009-12. Details are as under:

(Rupees)

S. No.	Buildings and Period of Agreement	Undertaking by	Monthly rent	Rent paid
1.	1st Floor of House No.5, Street No.15, Fazaia Colony, Rawalpindi. (15.08.2010 to 30.06.2012)	Sector Commander, Panjnad Rangers, Islamabad	24,036	540,810
2.	1st Floor of House No.701, Street No.22, Sector 1-8/2, Islamabad. (01.11.2009 to 15.09.2011)	Wing Commander, 21-Wing	20,471	481,068
3.	House No. 70, Tariq Abad, Rawalpindi. (01.12.2011 to 30.06.2012)	An officer of 21-Wing	20,471	143,297
4.	House No. 70, Street No. 117, Sector G-11/4, Islamabad. (01.12.2011 to 31.01.2014)	Wing Commander, 21-Wing	20,471	52,413
5.	1st Floor of House No. 63, Street No.41, Phase-II, Margalla Town, Islamabad. (01.07.2011 to 30.06.2012)	Wing Commander, 3-Wing	9,326	111,912
6.	1st Floor of House No. 509, Street No. 67, Sector 1-8/3, Islamabad. (01.01.2012 to 30.06.2012)	Wing Commander, 13-Wing	17,471	104,826
			Total	**1,434,326**

Audit observed as under:

i. The buildings hired as ‘storage accommodation’ at public expense.

ii. Maintaining 'storage' for Civil Armed Forces related equipment, etc. in residential areas was not possible.

iii. The buildings were being used as residential accommodation as evident from the undertakings by the officers to pay the difference of rent between the assessed/sanctioned rent and entitlement.

iv. The officers were in receipt of 45% House Rent Allowance as part of their salary.

Audit is of the view that expenditure incurred was irregular and unauthorized.

The management replied that Sector Headquarters Panjnad and its Wings were deployed in Islamabad. As the ICT administration did not provide ‘storage accommodation’, therefore, the accommodations were hired to protect and prevent costly stores items. The storage accommodation was not being used for residence of the officers.

The reply was not accepted because the officers had undertaken to pay the difference of rent. Further, equipment belonging to the Civil Armed Forces was not stored in residential accommodations and that to on the first floor.

After a meeting in the Pakistan Rangers (Headquarters), Lahore on 22.01.2013 and subsequent record verification the PAO was informed on 29.01.2013, but DAC was not held till the finalization of the report.

Audit recommends that responsibility be fixed for the unauthorized payment and the amount should be recovered from officers and deposited into government account.

Internal Control Weaknesses

20.4.46 Non-maintenance of record of Printed Computerized Registration Books

Rule 155 of GFR Volume-I states that a reliable list, inventory or account of all stores in the custody of Government officers should be maintained in a form prescribed by competent authority to enable a ready verification of stores and check of accounts at any time and transactions must be recorded in it as they occur.

The management of Excise and Taxation Department, Islamabad was issuing Computerized Registration Books to the owners of the motor vehicles.

Audit observed that the record of printed computerized registration books, i.e. number of books printed, received, issued/used, spoiled and balance available was not maintained by the management.

Audit is of the view that non-maintenance of record of printed computerized registration books was a violation of the government rules.

The management did not reply.

The PAO was informed on 11.01.2013, but DAC was not held till the finalization of the report.

Audit recommends that complete record of the printed computerized registration books showing total series of books printed, books received, books issued (along with vehicle number), books spoiled and balance available should be maintained.

20.4.47 Non-installation of Machine Readable Passport & Machine Readable Visa System

Directorate General (Immigration & Passports) letter No. FM-131/2007/Deployment dated 05.11.2008 states that ECNEC while approving PC-I for Deployment of the MRP/MRV system at 97 Pakistan Foreign Missions in November, 2006 had mandated the Directorate General (Immigration & Passports) to enable all the foreign Missions with the Machine Readable Passports/Machine Readable Visa issuing system. The Government of Pakistan had approved a deployment plan for MRP/MRV system enablement at 40 Pakistan's Missions during 2008-09.

The management of Directorate General (Immigration & Passport) was required to install and run the Machine Readable Passport (MRP) & Machine Readable Visa (MRV) System at Pakistan's Mission at Madrid, and to deploy staff to run the system efficiently.

The Directorate General (Immigration & Passports) transferred non-lapsable funds as a one-time special arrangement through Chief Accounts Officer, Ministry of Foreign Affairs vide fax message No. AC-III/MRP/2009-2010/4903 dated 22.06.2010 to Pakistan's Mission at Madrid for deployment of MRP & MRV Systems under PSDP.

Audit observed as under:

i. The management failed to comply with the instructions regarding installation of MRP & MRV System.

ii. The management did not deploy staff to run the system.

iii. The purchased equipment was lying unutilized in the Mission since September, 2009.

Audit is of the view that Pakistanis residing abroad and foreign nationals were denied the right to obtain Machine Readable Passports and Machine

Readable Visas, respectively.

The management did not reply.

The PAO was informed on 24.10.2012, but DAC was not held till the finalization of the report.

Audit recommends that matter may be inquired and responsibility be fixed for non-installation of MRP & MRV System in the Missions despite procurement of equipment.

CHAPTER 21

21 MINISTRY OF LAW AND JUSTICE

21.1 Introduction of Ministry

The Ministry of Law and Justice Division tenders advice to all the Federal Government on legal and constitutional questions as well as the provincial Government on legal and legislative matters. It also deals with drafting, scrutiny and examination of bills, all legal instruments, international agreements, adoption of existing laws to bring them in conformity with the Constitution, legal proceedings and litigation through Pakistan concerning the federal government and other several subjects. Consultation with Attorney General, administrative control of two Autonomous Bodies and a number of Courts, working as Sub-ordinate offices located in various cities of the country. Its main functions are:

i. Advice to Divisions on all legal and constitutional questions arising out of any case and on the interpretation of any law.

ii. Advice to Provincial Governments on legal and legislative matters.

iii. Drafting, scrutiny and examination of Bills, Ordinance, and all legal and other instruments.

iv. Dealings and agreements with other countries and International organizations in judicial and legal matters.

v. Arrangements for publication and translation of Federal Laws and other statutory rules and orders, copyright in Government Law publication.

vi. Adoption of existing laws to bring them in conformity with the Constitution.

vii. Legal proceedings and litigation concerning the Federal Government (except the litigation concerning Revenue Division).

viii. Administrative control of the Income Tax Appellate Tribunal and the Customs, Central Excise and Sales Tax Appellate Tribunal.

ix. Special judges under the Criminal Law (Amendment) Act. 1958.

x. Federal Government functions in regard to the Supreme Judicial Council, the Supreme Court and the High Courts.

xi. Attorney General and other Law Officers of the Federation.

xii. Federal functions in respect of the Family Law Ordinance and the Conciliation Courts Ordinance.

xiii. Consultation with the Attorney-General for Pakistan, etc.

xiv. Administrative Courts for Federal subjects.

xv. Administrative Control of Law Colleges.

xvi. Administrative control of Pakistan Law Commission.

xvii. Review of human rights situation in the country including implementation of Laws, policies and measures.

21.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Law and Justice Division for the financial year 2011-12 was Rs. 10,129.025 million including Supplementary Grant of Rs. 1,499.326 million out of which the Division utilized Rs. 9,809.039 million. Grant-wise detail of current and development expenditure is as under:

(Rupees)

Grant No	Grant Type	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Final Grant/ Appropriation	Actual Expenditure	Excess/ (Savings)	% age Excess/ (Saving)
70	Current	529,979,000	3,000	529,982,000	401,625,874	(128,356,126)	(24)
71	Current	1,862,635,000	392,371,000	2,255,006,000	1,890,456,858	(364,549,142)	(16)
71A	Current	-	46,834,000	46,834,000	52,429,202	5,595,202	12
	Subtotal	**2,392,614,000**	**439,208,000**	**2,831,822,000**	**2,344,511,934**	**(487,310,066)**	**(28)**
H	Charged	986,557,000	5,000	986,562,000	795,489,423	(191,072,577)	(19)
J	Charged	1,389,753,000	500,053,000	1,889,806,000	2,479,530,588	589,724,588	31
I	Charged	212,195,000	30,000,000	242,195,000	246,592,629	4,397,629	2
	Subtotal	**2,588,505,000**	**530,058,000**	**3,118,563,000**	**3,521,612,640**	**403,049,640**	**13**
121	Development	1,060,075,000	2,000	1,060,077,000	421,302,569	(638,774,431)	(60)
	Total	**8,629,699,000**	**1,499,326,000**	**10,129,025,000**	**9,809,039,783**	**(319,985,217)**	**(3)**

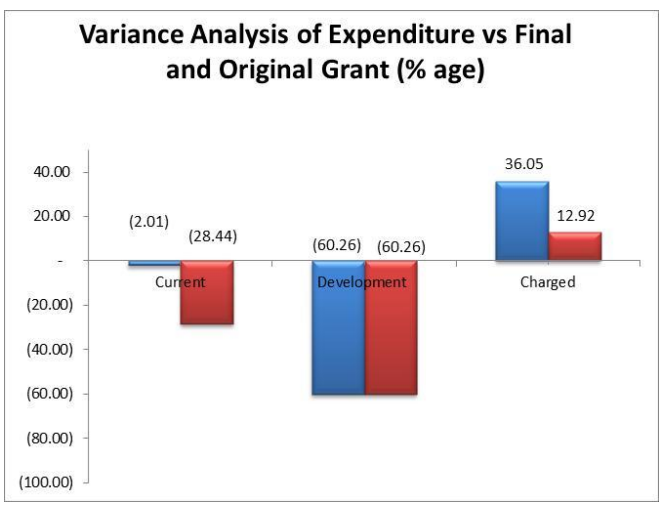
Audit noted that there was an overall saving of Rs. 319.985 million.

Supplementary Grants obtained without careful cash forecasting

In order to ensure prudent financial management, Para 13(vii) of System of Financial Control and Budgeting, 2006 states that ‘Ministries / Divisions should be able to anticipate budgetary requirements well ahead of the financial year to which the budget relates and obtain the concurrence of the Finance

Division. The Finance Division is expected to decline any request for Supplementary Grants except in extraordinary circumstances.' This document further states that 'the funds obtained from Supplementary Grants shall be expended for the purposes for which these have been sanctioned. In current expenditure, demands for Supplementary Grants shall not be made, except in extraordinary circumstances.' During the year, Supplementary Grants of Rs. 1,499.326 million were obtained, which was 17.37% of the Original Budget.

According to Para 71 of General Financial Rules (Volume I), while framing budget estimates, the authorities should exercise utmost foresight. Variation between estimated and actual expenditure captures the level of foresight that goes into budget formulation. As shown in the chart below, the saving in current expenditure was 2.01%, which, after accounting for Supplementary Grants changed to saving of 28.44%. In development expenditure, saving against original budget was 60.26% which remained unchanged when Supplementary Grants were taken into account. The excess expenditure in charged grants amounted to 36.05% which, after accounting for Supplementary Grants was changed to 12.92%.



21.3 Brief comments on the status of compliance with PAC Directives

Ministry	Years	No of audit paras	No of Actionable Points	Full Compliance	Not Complied	% of Compliance
Law & Justice	1987-88	0	0	0	0	0
	1988-89	0	0	0	0	0
	1989-90	1	1	1	0	100
	1990-91	4	4	3	1	75
	1991-92	0	0	0	0	0
	1992-93	0	0	0	0	0
	1993-94	0	0	0	0	0
	1994-95	0	0	0	0	0
	1995-96	0	0	0	0	0
	1996-97	0	0	0	0	0
	1997-98	1	1	0	1	0
	1999-00	0	20	0	20	0
	2000-01	0	0	0	0	0
	2001-02	0	0	0	0	0
	2005-06	3	3	0	3	0
	2007-08	1	1	0	1	0
	2008-09	2	2	1	1	50
Total		**12**	**32**	**5**	**27**	16
Federal Judicial Academy	2005-06	2	2	0	2	0
Total		**2**	**2**	**0**	**2**	0

21.4 AUDIT PARAS

Irregularity & Non Compliance

21.4.1 Non-framing of Academy's Services and Financial Rules

Section 15 of the Federal Judicial Academy Act, 1997 provides that 'The Board may, with the approval of the Federal Government, make rules for carrying out the purposes of the Act.

The management of Federal Judicial Academy was requested to provide the Service and Financial Rules which were not provided.

Audit is of the view that the requisite rules were not framed despite lapse of 15 years.

The management replied that framing of Service and Financial Rules of the Academy was in progress.

The management has accepted the audit observation.

The PAO was informed on 29.11.2012, but DAC was not held till the finalization of the report.

Audit recommends that Service and Financial Rules should be prepared and got approved from the Federal Government.

21.4.2 Irregular payment of project allowance to the contract employees - Rs. 4.788 million

Finance Division vide O.M. No. F.16(1)R-14/2003 dated 12.08.2008 standardized the Project Allowance for the employees appointed through deputation on full time basis in PSDP funded developments projects w.e.f. 01.07.2008.

Finance Division vide O.M. No. F.4(9)R-3/2008-499 dated 12.08.2008 issued standard pay package w.e.f. 01.07.2008 for officers/staff directly recruited from open market on contract basis for the execution of Development Projects funded from PSDP.

The management of the Access to Justice Program paid an amount of Rs. 4.788 million as project allowance to contract employees during 2008-12.

Audit observed that project allowance was paid in violation of instructions of the Finance Division.

Audit is of the view that payment of project allowance was irregular and unauthorized.

The management replied that the contract employees were employed since December, 2004 when the project was approved by the ECNEC. The employees were appointed in Basic Pay Scales along with entitlement of project allowance for each of the position, therefore, entitled for the project allowance.

The reply was not accepted being inconsistent with the rules.

The PAO was informed on 18.07.2012, 13.11.2012 and 17.12.2012, but DAC was not held till the finalization of the report.

Audit recommends that irregular payment of project allowance may be recovered.

CHAPTER 22

22 MINISTRY OF NARCOTICS CONTROL

22.1 Introduction of Ministry

Pakistan Narcotics Board (PNB) was set up in 1957 in the Revenue Division in order to fulfill Pakistan's obligations under the International Opium Convention of 1925. Pakistan Narcotics Board (PNB) comprised representatives from the Provincial Governments and Federal Ministries/Divisions. Pakistan ratified the Single Convention on Narcotics Drugs, 1961 on 15.08.1965. With a view to meet its obligations under the said Convention, the Government of Pakistan, through a declaration of 08.03.1973 reorganized the PNB as Pakistan Narcotics Control Board (PNCB).

The Narcotics Control Division (NCD) is the hub of all drug control activities. It performs supervisory, coordinating and advisory functions in the field of narcotics. The Ministry of Narcotics Control frames and implements policies and programs to achieve a drug free Pakistan.

Under the Ministry of Narcotics Control, the NCD works under bilateral and multilateral cooperation with foreign countries against narcotics trafficking. Such activity, including mutual assistance and inter-provincial coordination on all aspects of narcotics, are also included in the responsibilities of Narcotics Control Division.

The following functions have been assigned as per Rules of Business, 1973:

i. 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.

ii. Legislation covering all aspects of narcotics and psychotropic substances, and matters ancillary thereto, in consultation with the Ministries/Divisions, etc. concerned.

iii. 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.

iv. Coordination of aid/assistance from foreign countries and of narcotics control interdiction for poppy crop substitution.

v. Policy on drug education, treatment and rehabilitation of narcotics/drugs addicts and grants-in-aid to Non-Governmental Organizations (NGOs) engaged in these fields.

vi. Inter-Provincial coordination on all aspects of narcotics and dangerous drugs.

vii. Monitoring of the implementation of policies on all aspects of narcotics and dangerous drugs.

viii. Regulation of administrative, budgetary and other matters of Pakistan Narcotics Control Board.

22.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Narcotics Control Division for the financial year 2011-12 was Rs. 1,737.818 million including Supplementary Grant of Rs. 1.504 million out of which the Division utilized Rs. 1,714.357 million. Grant-wise detail of current and development expenditure is as under:

(Rupees)

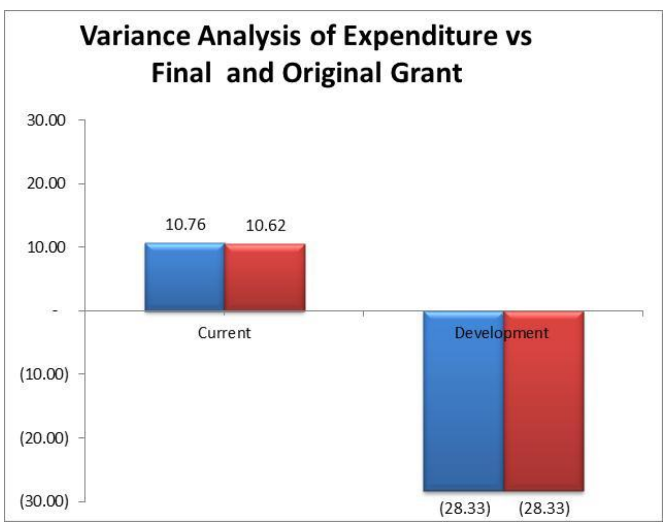
Grant No	Grant Type	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Final Grant/ Appropriation	Actual Expenditure	Excess/ (Savings)	% age Excess/ (Saving)	% age Excess/ (Saving)
72	Current	1,202,136,000	1,503,000	1,203,639,000	1,331,492,963	127,853,963	11	11
122	Development	534,178,000	1,000	534,179,000	382,864,213	(151,314,787)	(28)	(28)
	Total	**1,736,314,000**	**1,504,000**	**1,737,818,000**	**1,714,357,176**	**(23,460,824)**	**(1)**	(1)

Audit noted that there was an overall saving of Rs. 23.460 million, which was due to saving of Rs. 151.314 million in development grant that was partly offset by excess expenditure of Rs. 127.853 million in the current grant.

Supplementary Grants obtained without careful cash forecasting

In order to ensure prudent financial management, Para 13(vii) of System of Financial Control and Budgeting, 2006 states that 'Ministries / Divisions should be able to anticipate budgetary requirements well ahead of the financial year to which the budget relates and obtain the concurrence of the Finance Division. The Finance Division is expected to decline any request for Supplementary Grants except in extraordinary circumstances.' This document further states that 'the funds obtained from Supplementary Grants shall be expended for the purposes for which these have been sanctioned. In current expenditure, demands for Supplementary Grants shall not be made, except in extraordinary circumstances.' During the year, Supplementary Grants of Rs. 1.504 million were obtained, which was 0.08% of the Original Budget.

According to Para 71 of General Financial Rules (Volume I), while framing budget estimates, the authorities should exercise utmost foresight. Variation between estimated and actual expenditure captures the level of foresight that goes into budget formulation. As shown in the chart below, the excess in current expenditure was 10.76%, which, after accounting for Supplementary Grants came to 10.62%. In development expenditure, saving against original budget was 28.33% which remained unchanged when Supplementary Grants were taken into account.



22.3 Brief comments on the status of compliance with PAC Directives

Ministry	Years	No of audit paras	No of Actionable Points	Full Compliance	Not Complied	% of Compliance
Narcotics	1987-88	0	0	0	0	0

	1988-89	0	0	0	0	0
	1989-90	3	3	0	3	0
	1990-91	0	0	0	0	0
	1991-92	0	0	0	0	0
	1992-93	19	19	19	0	100
	1993-94	0	0	0	0	0
	1994-95	1	1	1	0	100
	1995-96	0	0	0	0	0
	1996-97	10	10	0	10	0
	1997-98	0	0	0	0	0
	1999-00	24	23	0	23	0
	2000-01	0	0	0	0	0
	2001-02	0	0	0	0	0
	2006-07	0	0	0	0	0
Total		**57**	**56**	**20**	**36**	36

22.4 AUDIT PARAS

Non Production of Record

22.4.1 Non production of record - Rs. 5.097 million

Section 14(2) of Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 states that the officer in-charge of any office or department shall afford all facilities and provide record for audit inspection and comply with requests for information in as complete a form as possible and with all reasonable expedition.

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

The management of Regional Directorate, Anti-Narcotics Force, Quetta did not provide the following record for the year 2011-12:

i. Expenditure amounting to Rs. 5.097 million of Drug Demand Reduction Section and Injecting Drug Users.

ii. Receipt and payment account of Command Fund/ANF Welfare Fund/Operational Fund having a balance of Rs. 0.560 million in the bank account.

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

The management did not reply.

The PAO was informed on 11.01.2013, but DAC was not held till the finalization of the report.

Audit recommends that responsibility may be fixed for hindering the auditorial functions of the Auditor General of Pakistan besides provision of record to Audit.

Irregularity & Non Compliance

22.4.2 Irregular expenditure on mass awareness through NGOs - Rs. 2.783 million

Section 54(3) of Control of Narcotic Substances Act, 1997 states that the purpose and object of the Fund shall be to meet the expenditure incurred in connection with the control and eradication of trafficking in, and abuse of, narcotic drugs, psychotropic substances, controlled substances, or treatment and rehabilitation of drug addicts and for all or any related purposes, as may be specified by the Federal Government.

The management of Ministry of Narcotics Control paid an amount of Rs. 2.783 million to various Non-Government Organizations (NGOs) on account of mass awareness out of National Fund for Control of Drug Abuse during 2010-11. Details are as under:

(Rupees)

S. No.	Name of NGO	Vr. No.	Cheque No.	Date	Amount
1.	M/s Phoenix Foundation for Research and Development, Lahore	466	3073280	22.01.2011	850,000
2.	M/s Peoples Sustainable Development Programme, Islamabad	431	3021512	07.01.2011	945,000
3.	--do--	459	3019520	13.01.2011	387,500
4.	M/s Pakistan Volleyball Federation Rawalpindi	815	3726323	12.04.2012	110,000

5.	M/s Pakistan Volleyball Federation Rawalpindi	800	3793924	18.04.2012	73,500
6.	M/s Pakistan Volleyball Federation Rawalpindi	724	3678180	07.03.2012	416,500
				Total	**2,782,500**

Audit observed as under:

i. There was no approved procedure for hiring NGOs for mass awareness.

ii. The Pakistan Volleyball Federation was associated with the Pakistan Sports Board and had no role to play in mass awareness.

iii. The Ministry was provided Rs. 31.677 million under Development Grant for a project titled 'Creating Mass Awareness against Drug Abuse (CMADA)' and Rs. 38.897 million under Community Participation in Drug Demand Reduction (CPDDR). Details are as under:

(Rs. in million)

S. No.	Year	Project	
		CMADA	**CPDDR**
1.	2009-10	9.800	14.550
2.	2010-11	9.877	12.347
3.	2011-12	12.000	12.000
	Total	**31.677**	**38.897**

Audit is of the view that since separate projects were approved and provided funds for the purpose, therefore, the expenditure of Rs. 2.783 million incurred through NGOs from the Fund for the same purpose was irregular and unauthorized.

The management replied that the credentials of the NGOs were scrutinized on the basis of their performance and number of addicts treated. Due to shortage of funds these projects were suffering badly, therefore, the Governing Body approved the allocation of funds from the Fund to the NGOs.

The reply was not accepted because sufficient funds were provided by the government for mass awareness in the two projects. There were no approved criteria for distributing funds to the NGOs. As already observed, the Pakistan Volleyball Federation had no role, whatsoever, to play in mass awareness, and the possibility of misuse of funds cannot be ruled out.

The PAO was informed on 11.01.2013, but DAC was not held till the finalization of the report.

Audit recommends that responsibility may be fixed for the irregularity.

CHAPTER 23

23 PAKISTAN ATOMIC ENERGY COMMISSION (PAEC)

23.1 Introduction of Commission

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.

23.2 Comments on Budget & Accounts (Variance Analysis)

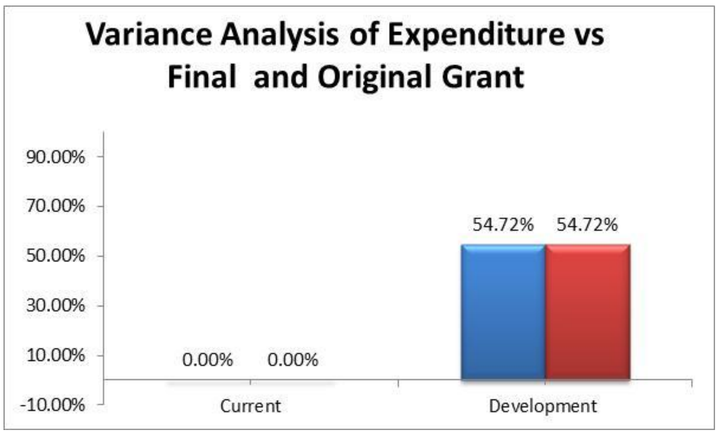
Final budget allocated to Pakistan Atomic Energy Commission for the financial year 2011-12 was Rs. 26,782.228 million out of which the Commission utilized Rs. 39,012.307 million. Grant-wise detail of current and development expenditure is as under:

(Rupees)

Grant No	Grant Type	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Final Grant/ Appropriation	Actual Expenditure	Excess/ (Savings)	% age Excess/ (Saving)
13	Current	4,432,228,000	-	4,432,228,000	4,432,228,000	-	-
128	Development	22,350,000,000	-	22,350,000,000	34,580,079,000	12,230,079,000	55
	Total	**26,782,228,000**	**-**	**26,782,228,000**	**39,012,307,000**	**12,230,079,000**	**46**

Audit noted that there was an excess of Rs. 12,230.079 million in development grant No. 128 that amounts to 45.66 % of the total budget allocated to Pakistan Atomic Energy Commission.

According to Para 71 of General Financial Rules (Volume I), while framing budget estimates, the authorities should exercise utmost foresight. Variation between estimated and actual expenditure captures the level of foresight that goes into budget formulation. As shown in the chart below, there was neither saving nor excess in the current grant. The excess in development grant No. 128 was 54.72% of original allocation.



23.3 Brief comments on the status of compliance with PAC Directives

PAO	Years	No of audit paras	No of Actionable Points	Full Compliance	Not Complied	% of Compliance
PAEC	1987-88	0	0	0	0	0
	1988-89	1	0	0	0	0
	1989-90	2	2	2	0	100
	1990-91	0	0	0	0	0
	1991-92	0	0	0	0	0
	1992-93	6	6	6	0	100
	1993-94	1	1	1	0	100
	1994-95	2	1	1	0	100
	1995-96	0	0	0	0	0
	1996-97	2	0	0	0	0
	1997-98	0	0	0	0	0
	1999-00	0	0	0	0	0
	2000-01	0	0	0	0	0
	2001-02	0	0	0	0	0
	2006-07	1	1	0	1	0
Total		**15**	**11**	**10**	**1**	91

23.4 AUDIT PARAS

Non Production of Record

23.4.1 Non-production of record

Section 14(2) of Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 states that the officer in-charge of any office or department shall afford all facilities and provide record for audit inspection and comply with requests for information in as complete a form as possible and with all reasonable expedition.

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

The management of Pakistan Atomic Energy Commission (PAEC) was governed by the following rules framed by the National Command Authority (NCA):

i. Delegation of Administrative and Financial Powers - 2010 (Restricted)
ii. PAEC Special Pay Scales - 2005
iii. Employee Service Rules - 2011 (Revised) (Restricted)
iv. Transport Rules - 2010 (Restricted)
v. Accommodation Allocation Rules - 2010 (Restricted)
vi. Medical Attendance and Treatment Rules - 2010 (Restricted)

The management of PAEC refused to provide copies of the rules to Audit on the pretext that these were restricted documents.

Audit is of the view that due to non-production of record, Audit could not ascertain that the expenditure was incurred accordance with the rules.

The management replied that the approval of the competent authority had been sought for provision of copies of the NCA rules to Audit.

The reply was not accepted because the Auditor General is mandated under the Constitution of the Islamic Republic of Pakistan to demand the provision auditable documents.

The PAO was informed on 23.11.2012, but DAC was not held till the finalization of the report.

Audit recommends that responsibility be fixed for hindering the auditorial functions of the Auditor General of Pakistan, besides providing the documents demanded.

Irregularity & Non Compliance

23.4.2 Irregular payment of Project Allowance - Rs. 241.743 million

Finance Division O.M. No. F.2(4)-Imp.I/77 dated 05.05.1977 sanctioned Project Allowance to the executive staff posted at the site of the project for considerations such as location of the project, lack of civic amenities, cost of living, risk of life, etc., the amount of Project Allowance having been determined on merits of each case. Instances had come to notice that this allowance continued to be paid to the staff concerned even after the completion of the project. This was not in order. It was, therefore, decided that Project Allowance should cease to be admissible to the executive staff as soon as a project had been completed. For the maintenance staff, however, a suitable allowance under a different name may, if at all justified, was to be sanctioned with the approval of the competent authority.

Finance Division O.M. No. F.16(1)R-14/2003 dated 12.08.2008 conveyed the approval of grant of Project Allowance to the project staff of non-social sector as well as local funded projects, which was earlier admissible only to the staff of foreign funded and social sector projects vide O.M. dated 06.07.2005.

The management of various organizations under Pakistan Atomic Energy Commission (PAEC) paid an amount of Rs. 241.743 million as Project Allowance during 2006-12. Details are as under:

(Rupees)

S. No.	Office	Period	Expenditure
1.	PAEC, Medical Center, Karachi	2006-12	15,355,995
2.	Larkana Institute of Nuclear Medicine & Radiotherapy	2008-12	11,210,404
3.	Director, CENAR Hospital, Quetta	2009-12	7,803,720
4.	Karachi Nuclear Power Plant	2009-12	157,850,963
5.	NORI, Islamabad	2010-11	7,016,148
6.	Nuclear Institute of Agriculture, Tandojam	2010-12	17,571,674
7.	PAEC, Headquarters	2011-12	24,934,202
		Total	**241,743,106**

Audit observed that the Project Allowance was paid to the employees who were not project employees.

Audit is of the view that payment of Project Allowance was irregular and unauthorized.

The management replied that PAEC was observing the Rules/Regulations setup by Strategic Plans Division (SPD) for its employees. According to Special Pay Scales notified vide SPD letter No. 938/2K5/SWDD/AF/Pay dated 17.08.2005, Project Allowance at the uniform rate, i.e. 30% of minimum of the pay scale was admissible to all employees of PAEC.

The reply was not accepted because Project Allowance was only admissible to project employees, as per government policy and instructions.

The PAO was informed on 23.11.2012, but DAC was not held till the finalization of the report.

Audit recommends that the unauthorized payment of Project Allowance to non-project employees should be discontinued forthwith.

23.4.3 Unauthorized transfer of funds to Employees Welfare Fund - Rs. 1.000 million

Para 7 of 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.

Para 12 of GFR Volume-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 25 Volume-I stipulates that all Departmental regulations in so far as they embody orders or instructions of a financial character or have important financial bearing should be made by, or with the approval of, the Ministry of Finance.

The management of Pakistan Atomic Energy Commission (PAEC) transferred Rs. 1.000 million from the regular budget to Employees Welfare Fund during 2011-12.

Audit observed as under:

i. The Finance Division allocated the funds to PAEC to meet its regular expenditure.
ii. Funds were transferred to PAEC Employees Welfare Fund.
iii. The expenditure was booked under Object Head A03970-8 “Others”.

Audit is of the view that the transfer of funds from the regular budget to Employees Welfare Fund was irregular.

The management replied that the funds were transferred under PAEC Employees Welfare Fund Rules, 1982 as PAEC was empowered to make rules.

The reply was not acceptable because the funds were not spent for the purpose for which they were allocated, which is substantiated by the fact that the expenditure was booked under Object Head A03970-8 “Others” indicating that the funds were not meant for the welfare of the employees.

The PAO was informed on 23.11.2012, but DAC was not held till the finalization of the report.

Audit recommends that the utilization of funds for purposes other than objects for which the money was provided should be discontinued, and the funds transferred to Employees Welfare Fund should be deposited into the government account.

23.4.4 Loss due to not awarding contract of Tuck Shop to the highest bidder - Rs. 2.077 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.

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.

The management of Nuclear Medicine, Oncology and Radiotherapy Institute (NORI), Islamabad awarded contract of Tuck Shop M/s Mesum International, Lahore on 11.12.2009 and invited tenders for renting out the Tuck Shop through advertisement in the press on 14.12.2010.

Audit observed as under:

i. M/s Mesum International, Lahore was awarded contract of Tuck Shop on 11.12.2009 without inviting open tenders.

ii. Pursuant to the advertisement dated 14.12.2010, M/s Decent Food, Rawalpindi quoted the highest rate of Rs. 114,000 per month.

iii. While the bids were being evaluated PAEC Headquarters through letter No. MS-6(8)/NORI/2010 dated 18.02.2011 cancelled the tendering process and directed to allow extension for two years to the existing contractor with 25% enhancement of monthly rent.

iv. The contract of the existing contractor M/s Mesum International, Lahore was extended for a period of two years @ Rs. 18,331 per month vide letter dated 24.02.2011 w.e.f. 11.12.2010.

Audit is of the view that by ignoring the highest bid in pursuance of the orders of the PAEC Headquarters, the organization sustained loss of Rs. 2,077,494 from 18.02.2011 to 10.12.2012.

The management replied that tenders were invited through the press in which 14 firms participated and M/s Decent Food, Rawalpindi quoted the highest monthly rent. Due to cancellation of tenders, the contract of the existing contractor was extended.

The management has accepted audit observation.

The PAO was informed on 23.11.2012, but DAC was not held till the finalization of the report.

Audit recommends that the extension of contract granted to the existing contractor should be cancelled and responsibility should be fixed for the loss.

23.4.5 Irregular grant of 75% Income Tax rebate - Rs. 25.474 million

Clause-2 of Part-III of the Second Schedule of Income Tax Ordinance, 2001 states that the tax payable by a full time teacher or a researcher, employed in a non-profit education or research institution duly recognized by Higher Education Commission, a Board of Education or a University recognized by the Higher Education Commission, including government training and research institution, shall be reduced by an amount equal to 75% of tax payable on his income from salary.

The management of Karachi Nuclear Power Plant (KANUPP), Karachi and Atomic Energy Medical Centre, Jinnah Hospital, Karachi deducted Income Tax from the salaries of the employees amounting to Rs. 9.771 million during 2011-12. Details are as under:

(Rupees)

S. No.	Institution	Income Tax Deducted @ 25%	Income Tax Due	Difference
1.	KANUPP	9,192,654	32,944,988	23,752,334
2.	Atomic Energy Medical Centre, JPMC, Karachi	578,351	2,300,384	1,722,033
	Total	**9,771,005**	**35,245,372**	**25,474,367**

Audit observed that the management deducted only 25% of the Income Tax payable and granted 75% rebate in tax liability amounting to Rs. 25.474 million.

Audit is of the view that the reduction in the tax liability deprived the government of its due receipt and undue favor to the officers.

The management of KANUPP replied that tax rebate was granted to technical officers as per PAEC, Headquarters instructions contained in O.M. No. 2(Sec)/2011-Income Tax Rebate dated 23.08.2011.

The management of Atomic Energy Medical Center, JPMC, Karachi replied that PAEC was basically a research organization where its scientists/ engineers and doctors were serving day and night for research in agriculture/ nuclear technology/radiology, etc. due to which 75% rebate in tax liability was given to them.

The reply was not accepted because KANUPP and Atomic Energy Medical Center, JPMC, Karachi were not research institutes and PAEC was not competent to issue such instructions.

The PAO was informed on 23.11.2012 but DAC was not convened till finalization of the report.

Audit recommends that grant of unauthorized rebate should be discontinued forthwith while the Income Tax due should be recovered from the employees and deposited in the government account.

23.4.6 Over payment of House Rent Allowance - Rs. 6.198 million

Finance Division O.M. No. F.5(12)R-5/82 dated 17.06.1982 states that all the employees of the Federal Government including autonomous bodies not provided with Government accommodation and posted at Islamabad, Rawalpindi, Karachi, Lahore, Peshawar, Quetta, Hyderabad (including Kotri), Multan and Faisalabad are entitled to House Rent Allowance (HRA) equal to 45% of the minimum of pay scale. At all other stations, the employees are entitled to HRA @ 30% of the minimum of pay scale.

Para 9 of Pakistan Atomic Energy Commission O.M. No. 938/2K5/SWDD/AF/Pay dated 17.08.2005 states that House Rent Allowance @ 45% / 30% of the minimum of the pay scales (i.e. SPS/BPS-2005) as per government rules will be admissible w.e.f. 01.07.2005.

The management of Nuclear Institute of Agriculture (NIA), Tandojam paid House Rent Allowance (HRA) amounting to Rs. 18.596 million during 2010-12.

Audit observed as under:

i. HRA was paid to the employees @ 45% instead of 30% of the basic pay.
ii. The Finance Division did not declare Tandojam as a big city in O.M. dated 17.06.1982.

Audit is of the view that payment of HRA @ 45% instead of 30% of the basic pay resulted in excess payment of Rs. 6.198 million.

The management replied that Tandojam was a suburb of Hyderabad, therefore, HRA @ 45% instead of 30% was admissible to the employees as approved by the then Chief Martial Law Administrator's Secretariat vide U.O. No. AEI-3(105)/79 dated 06.04.1980 in consultation with the Finance Division.

The reply was not accepted because the approval of the Chief Martial Law Administrator stand superseded by Finance Division O.M. dated 17.06.1982 and PAEC O.M. dated 17.08.2005, which specifically state that HRA will be admissible @ 45% / 30% as per government rules. Further, Tandojam has not been declared as specified station for grant of HRA @ 45%.

The PAO was informed on 23.11.2012 but DAC was not convened till finalization of the report.

Audit recommends that further payment of HRA @ 45% should be discontinued forthwith and the overpayment should be recovered.

23.4.7 Unauthorized payment of rental ceiling - Rs. 11.387 million

Ministry of Housing and Works O.M. No. F.4(8)/92-Policy dated 02.07.2008 provides rental ceiling for hiring of residential accommodation at six specified stations, i.e. Islamabad, Rawalpindi, Lahore, Quetta, Karachi and Peshawar.

The management of Nuclear Institute of Agriculture (NIA), Tandojam paid an amount of Rs. 11.387 million as rent of residential accommodation during 2010-12.

Audit observed that the rental ceiling for hiring of residential accommodation at six stations specified in Ministry of Housing and Works O.M. dated 02.07.2008 was not admissible to Tandojam.

Audit is of the view that the payment of rent of residential accommodation was irregular and unauthorized.

The management replied that Tandojam (Hyderabad) was a big city as notified vide PAEC letter No. 25(4)/2006-Admn-3 dated 07.03.2008.

The reply was not accepted because PAEC was not authorized to declare any city as a specified station in violation of the government policy. The CMLA Secretariat letter No. AEI.3(105)/79 dated 10.08.1981 forming the basis of PAEC letter dated 07.03.2008 stood superseded by Ministry of Housing and Works O.M. dated 02.07.2008.

The PAO was informed on 23.11.2012 but DAC was not convened till finalization of the report.

Audit recommends that the irregular and unauthorized practice of hiring of residential accommodation should be discontinued forthwith, and government policy should be adhered to.

CHAPTER 24

24 PAKISTAN NUCLEAR REGULATORY AUTHORITY

24.1 Introduction of Authority

Pakistan signed the International Convention on Nuclear Safety (ICNS) in 1994, as a result of which, it became obligatory on the part of the Government of Pakistan to establish an independent nuclear regulatory body entrusted with the implementation of the legislative and regulatory framework governing nuclear power and radiation use in the country, and further to separate the regulatory functions from the promotional aspects of the nuclear programme. As a transitory measure Pakistan Nuclear Regulatory Board (PNRB), was established within Pakistan Atomic Energy Commission (PAEC)to oversee the regulatory affairs. Complete separation of promotion and regulatory functions and responsibilities was achieved in 2001, when the President of Pakistan promulgated the Pakistan Nuclear Regulatory Authority (PNRA) Ordinance No. III of 2001.

Consequently, Pakistan Nuclear Regulatory Authority (PNRA) was created, dissolving the Pakistan Nuclear Regulatory Board and Directorate of Nuclear Safety & Radiation Protection. It established PNRA as a competent and independent body for the regulation of nuclear safety, radiation protection, transport and waste safety in Pakistan, and also empowered it to determine the extent of civil liability for damage resulting from any nuclear incident.

The main purpose for creation of Pakistan Nuclear Regulatory Authority is to ensure safe operation of nuclear facilities and to protect radiation workers, general public and the environment from the harmful effects of radiation by formulating and implementing effective regulations and building a relationship of trust with the licensees and maintain transparency in its actions and decisions.

The Authority devises, adopts, makes and enforces such rules, regulations, orders or codes of practice for nuclear safety and radiation protection as may, in its opinion, be necessary. It plans, develops and executes comprehensive policies and programs for the protection of life, health and property against the risk of ionizing radiation, and regulates the radiation safety aspects of:

- Exploitation of any radioactive ore;
- Production, import, export, transport, possession, processing, reprocessing, use, sale, transfer, storage or disposal of nuclear substance, radioactive material or any other substance as the Authority may, by notification in the official Gazette, specify; and
- Equipment used for production, use or application of nuclear energy for generation of electricity; or any other uses.

24.2 Comments on Budget & Accounts (Variance Analysis)

Variance analysis could not be performed due to non-existence of a separate grant for Pakistan Nuclear Regulatory Authority.

24.3 Brief comments on the status of compliance with PAC Directives

There is no PAC Directive in respect of PNRA.

24.4 AUDIT PARAS

Irregularity & Non Compliance

24.4.1 Non framing of rules, regulations and procedures by Pakistan Nuclear Regulatory Authority (PNRA)

Section 55 of the Pakistan Nuclear Regulatory Authority Ordinance, 2001 states that the Authority may, with the approval of the Federal Government, by notification in the official gazette, make rules for carrying out the purposes of this Ordinance.

Section 56(1) of the Pakistan Nuclear Regulatory Authority Ordinance, 2001 states that the Authority may, by notification in the official gazette, make regulations, not inconsistent with this Ordinance and the rules, for carrying out the purposes of this Ordinance.

Section 56(2) of the Pakistan Nuclear Regulatory Authority Ordinance, 2001 states that in particular and without prejudice to the generality of the foregoing power, such regulations may provide for:

(a) charging and collection of fees in connection with its licensing and regulatory functions provided that such fees shall be imposed by regulations on the basis of such published criteria as the Authority deems appropriate, taking into consideration among other criteria, nature of the activity authorized; and

(b) charging of consultation fees and expenses, etc. from the applicant for any services provided, including the expenses of any consultation of experts.

The management of Directorate of Pakistan Nuclear Regulatory Authority (PNRA), Karachi did not frame rules in consultation with the federal government nor published the regulations and procedures in the official gazette.

Audit is of the view that failure to frame rules and make regulations was a violation of the PNRA Ordinance, 2001.

The management replied that PNRA was working under the control of Strategic Plans Division and all rules and regulations related to pay and allowances, medical, transport and allocation rules, etc. issued by SPD were being followed by PNRA.

The reply was not accepted because the PNRA Ordinance, 2001 required that the rules were to be framed with the consultation of the federal government. PNRA could not provide evidence that the rules of the Strategic Plans Division, which PNRA had adopted, were framed in consultation with the federal government or not.

The PAO was informed on 23.11.2012 but DAC was not convened till finalization of the report.

Audit recommends that the requirements of the PNRA Ordinance, 2001 should be fulfilled.

24.4.2 Irregular payment of Project Allowance - Rs. 2.670 million

Finance Division O.M. No. F.2(4)-Imp.I/77 dated 05.05.1977 sanctioned Project Allowance to the executive staff posted at the site of the project for considerations such as location of the project, lack of civic amenities, cost of living, risk of life, etc., the amount of Project Allowance having been determined on merits of each case. Instances had come to notice that this allowance continued to be paid to the staff concerned even after the completion of the project. This was not in order. It was, therefore, decided that Project Allowance should cease to be admissible to the executive staff as soon as a project had been completed. For the maintenance staff, however, a suitable allowance under a different name may, if at all justified, was to be sanctioned with the approval of the competent authority.

Finance Division O.M. No. F.16(1)R-14/2003 dated 12.08.2008 conveyed the approval of grant of Project Allowance to the project staff of non-social sector as well as local funded projects, which was earlier admissible only to the staff of foreign funded and social sector projects vide O.M. dated 06.07.2005.

The management of Pakistan Nuclear Regulatory Authority (PNRA), Karachi paid Rs. 2.670 million as Project Allowance during 2009-12.

Audit observed that the Project Allowance was paid to the employees who were not project employees.

Audit is of the view that payment of Project Allowance was irregular and unauthorized.

The management replied that the payment of the Project Allowance was made vide SPD letter No. 931/2K2/SWDD/Acct dated 18.01.2002 containing Special Pay Scales, 2001 and fringe benefits including Project Allowance. The Special Pay Scales, 2001 were extended for PNRA like other strategic organizations with the approval of Finance Division.

The reply was not accepted because Project Allowance was only admissible to project employees, as per government policy and instructions.

The PAO was informed on 23.11.2012, but DAC was not held till the finalization of the report.

Audit recommends that the unauthorized payment of Project Allowance to non-project employees should be discontinued forthwith.

24.4.3 Irregular grant of 75% Income Tax rebate - Rs. 1.000 million

Clause-2 of Part-III of the Second Schedule of Income Tax Ordinance, 2001 states that the tax payable by a full time teacher or a researcher, employed in a non-profit education or research institution duly recognized by Higher Education Commission, a Board of Education or a University recognized by the Higher Education Commission, including government training and research institution, shall be reduced by an amount equal to 75% of tax payable on his income from salary.

The management of Pakistan Nuclear Regulatory Authority (PNRA), Karachi deducted Income Tax on salaries of the employees amounting to Rs. 0.333 million during 2010-12.

Audit observed that the management deducted only 25% of the Income Tax payable and granted 75% rebate in tax liability amounting to Rs. 1.000 million to the employees.

Audit is of the view that the reduction in the tax liability deprived the government of its due receipt and undue favor to the officers.

The management replied that PNRA was a research organization and all scientists and engineers were involved in research work. The Chairman, PNRA issues certificate on the basis of authorization issued by the Rector, PIEAS.

The reply was not accepted because PNRA was not a research institute and Chairman, PNRA was not competent to issue such a certificate.

The PAO was informed on 23.11.2012 but DAC was not convened till finalization of the report.

Audit recommends that grant of unauthorized rebate should be discontinued forthwith while the Income Tax due should be recovered from the employees and deposited in the government account.

CHAPTER 25

25 MINISTRY OF PETROLEUM AND NATURAL RESOURCES

25.1 Introduction of Ministry

The Ministry of Petroleum & Natural Resources was created in April, 1977 prior to which matters relating to petroleum and natural resources were part of the Ministry of Fuel, Power and Natural Resources.

The functions assigned to the Ministry as per Rules of Business, 1973 are:

1. All matters relating to oil, gas and mineral at the national and international levels, including:
   - (i) Policy, legislation, planning regarding exploration, development and production;
   - (ii) Import, export, refining, distribution, marketing, transportation and pricing of all kinds of petroleum and petroleum products;
   - (iii) Matters bearing on international aspects;
   - (iv) Federal agencies and institutions for promotion of special studies and development programs.
2. Geological Surveys.
3. (i) Administration of Regulation of Mines and Oilfields and Mineral Development (Federal Control) Act, 1948 and rules made thereunder, in so far as the same relate to exploration and production of petroleum, transmission, distribution of natural gas and liquefied petroleum gas, refining and marketing of oil;
   - (ii) Petroleum concessions, agreements for land, off-shore and deep seas areas;
   - (iii) Import of machinery, equipment, etc., for exploration and development of oil and natural gas.

4. (i) Administration of Marketing of Petroleum Products (Federal Control) Act, 1974 and rules made thereunder;

(ii) Matters relating to Federal investments and undertakings wholly or partly owned by the Government in the field of oil, gas and minerals, excepting those assigned to the Industries and Production Division.

5. Administration of:

(i) The Petroleum Products (Development Surcharges) Ordinance, 1961 and the rules made thereunder;

(ii) The Natural Gas (Development Surcharges) Ordinance, 1967 and the rules made thereunder;

6. (i) Coordination of energy policy, including measures for conservation of energy and energy statistics;

(ii) Research, development, deployment and demonstration of hydrocarbon energy resources

(iii) Secretariat of Mineral Policy Committee.

The following department/office was transferred to the Ministry of Petroleum & Natural Resources vide Cabinet Division Notification No. 4-9/2011-Min.1 dated 29.06.2011

- Chief Inspector of Mines, Islamabad

25.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Petroleum & Natural Resources Division for the financial year 2011-12 was Rs. 1,001.160 million including Supplementary Grant of Rs. 297.989 million out of which the Division utilized Rs. 853.055 million. Grant-wise detail of current and development expenditure is as under:

(Rupees)

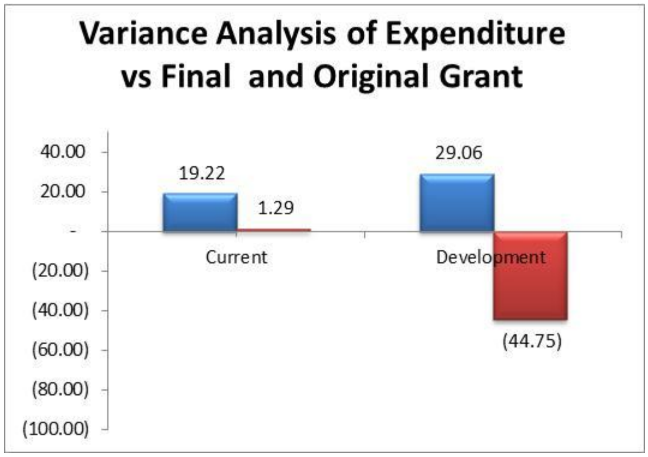
Grant No	Grant Type	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Final Grant/ Appropriation	Actual Expenditure	Excess/ (Savings)	% age Excess/ (Saving)
76	Current	195,100,000	96,878,000	291,978,000	273,522,068	(18,455,932)	(6)
77	Current	282,250,000	1,111,000	283,361,000	311,774,962	28,413,962	10
78	Current	76,098,000	-	76,098,000	74,524,000	(1,574,000)	(2)
	Subtotal	**553,448,000**	**97,989,000**	**651,437,000**	**659,821,030**	**8,384,030**	**1**
123	Development	43,340,000	200,000,000	243,340,000	145,543,769	(97,796,231)	(40)
135	Development	106,383,000	-	106,383,000	47,691,081	(58,691,919)	(55)
	Subtotal	149,723,000	200,000,000	349,723,000	193,234,850	(156,488,150)	(45)
	Total	**703,171,000**	**297,989,000**	**1,001,160,000**	**853,055,880**	**(148,104,120)**	**(15)**

Audit noted that there was an overall saving of Rs. 148.104 million, which was due to saving of Rs. 156.488 million in development grants which was partly offset by excess expenditure of Rs. 8.384 million in the current grant.

Supplementary Grants obtained without careful cash forecasting

In order to ensure prudent financial management, Para 13(vii) of System of Financial Control and Budgeting, 2006 states that ‘Ministries / Divisions should be able to anticipate budgetary requirements well ahead of the financial year to which the budget relates and obtain the concurrence of the Finance Division. The Finance Division is expected to decline any request for Supplementary Grants except in extraordinary circumstances.’ This document further states that ‘the funds obtained from Supplementary Grants shall be expended for the purposes for which these have been sanctioned. In current expenditure, demands for Supplementary Grants shall not be made, except in extraordinary circumstances.’ During the year, Supplementary Grants of Rs. 297.989 million were obtained, which was 42.37% of the Original Budget.

According to Para 71 of General Financial Rules (Volume I), while framing budget estimates, the authorities should exercise utmost foresight. Variation between estimated and actual expenditure captures the level of foresight that goes into budget formulation. As shown in the chart below, the excess in current expenditure was 19.22%, which, after accounting for Supplementary Grants came to 1.29%. In development expenditure, excess expenditure against original budget was 29.06% which changed to saving of 44.75% when Supplementary Grants were taken into account.



25.3 Brief comments on the status of compliance with PAC Directives

Ministry	Years	No of audit paras	No of Actionable Points	Full Compliance	Not Complied	% of Compliance
Petroleum, and Natural Resources	1987-88	2	2	0	2	0
	1988-89	5	5	2	3	40
	1989-90	0	0	0	0	0
	1990-91	1	1	1	0	100
	1991-92	0	0	0	0	0
	1992-93	3	3	2	1	67
	1993-94	2	2	1	1	50
	1994-95	4	4	0	4	0
	1995-96	4	4	3	1	75
	1996-97	0	0	0	0	0
	1997-98	0	0	0	0	0
	1999-00	4	4	0	4	0
	2000-01	52	52	38	14	73
	2001-02	0	0	0	0	0
	2005-06	11	11	3	8	27
	2008-09	3	3	0	3	0
Total		**94**	**94**	**52**	**42**	55

25.4 AUDIT PARAS

Irregularity & Non Compliance

25.4.1 Performance of Hajj at public expense - Rs. 0.468 million

Para 7(II) of 'Hajj Policy and Plan for 2011' states that as a policy, there shall be no free Hajj.

Para 3 of the Ministry of Religious Affairs O.M. No. 1(16)/2011-HP-I dated 04.05.2011 states that expenses of the pilgrims shall not be charged from any regular budget of the Government.

The management of Hydrocarbon Development Institute of Pakistan (HDIP), Islamabad incurred an expenditure of Rs. 0.468 million for performance of Hajj by HDIP employees during 2011-12. Details are as under:

(Rupees)

S. No.	Name	Date	Amount
1.	Mr. Faiz Ali	17.05.2012	233,975
2.	Mr. Sher Nawaz	17.05.2012	233,975
		Total	**467,950**

Audit observed that the facility of performing Hajj on Government expense was discontinued by the Federal Government.

Audit is of the view that expenditure on performance of Hajj in violation of the Hajj Policy and instructions of the Ministry of Religious Affairs was irregular and unauthorized.

The management replied that HDIP was established through a Resolution and later through an Act of Parliament as an autonomous/public sector organization, which was enlisted with Employees Old-Age Benefit Institution (EOBI). Regarding discontinuation of Hajj at government expense, it is clarified that the said scheme was discontinued by the government in 2010 under austerity measures.

The management has accepted the audit observation.

The PAO was informed on 07.01.2013, but DAC was not held till the finalization of the report.

Audit recommends that the irregular practice should be discontinued forthwith.

25.4.2 Unauthorized provision of four HDIP vehicles to Ministry of Petroleum & Natural Resources

Rule 10 of ibid rules provides that when a staff car belonging to one Division is borrowed by another Division. The officer-in-charge of staff car in the borrowing Divisions shall be responsible for proper utilization of the staff car and for the due compliance of these rules in the same manner as if the staff car belonged to his own Division.

Rule 11 of Staff Car Rules, 1980 states that a staff car belonging to an attached department or a subordinate office of a division shall not be used by the Administrative Department except (as provided) under Rule 10 and every department or office shall be responsible for any misuse or irregularity committed in this behalf.

The management of Hydrocarbon Development Institute of Pakistan, Islamabad provided four vehicles to the Ministry of Petroleum and Natural Resources. Details are as under:

S. No.	Vehicle	Model	Period	Purpose
1.	JH-226	Toyota Corolla 2005	05.12.2011 to 14.05.2012	Secretary Office staff
2.	GT-318	Suzuki Bolan 2008	01.07.2010 to 30.06.2012	PS to Additional Secretary
3.	GS-826	Toyota Corolla 2008	14.12.2011 to Date	Main Ministry
4.	IDM-9259	Suzuki Bolan 2003	01.10.2010 to Date	General duty at Chairman BOG office

Audit observed that the vehicles were provided to the controlling Ministry in violation of the Staff Car Rules, 1980.

Audit is of the view that the use of the vehicles was irregular and unauthorized.

The management replied that vehicle No. JH 226 was handed over to the Ministry on 14.12.2011 for use in the Operations Room from 15.12.2011 to 14.05.2012. As the Additional Secretary looks after the affairs of HDIP, therefore, vehicle No. GT 318 was provided to his staff on 01.06.2011 for pick and drop on the verbal directions of the Additional Secretary. Vehicle No. GS 826 was provided as replacement for vehicle No. JH 226 w.e.f. 04.07.2012, while vehicle No. IDM 9259 was assigned for use in the office of Chairman, Board of Governors.

The management has accepted the audit observation.

The PAO was informed on 07.01.2013, but DAC was not held till the finalization of the report.

Audit recommends that the irregular practice should be discontinued forthwith, the vehicles should be withdrawn, the expenditure incurred should be calculated on the basis of mileage and recovered from the beneficiaries.

CHAPTER 26

26 PLANNING AND DEVELOPMENT DIVISION

26.1 Introduction of Division

The Planning and Development Division has been made a part of the Ministry of Finance, Revenue and Planning and Development.

The functions of the Planning and Development Division as per the Rules of Business, 1973 are:

i. To prepare a national plan at periodic intervals for the economic and social development of the country;

ii. To make assessments from time to time of the human and material resources of the country; and

iii. To prepare the Annual Development Program me (ADP) within the framework of the national plan and on determination of priorities, to propose the allocation of resources.

iv. To stimulate and where necessary initiate the preparation of development programs and projects; to examine and advise on all such programs and projects with a view to deciding whether these conform to national objectives and, in general, whether these contemplate the most efficient use of national resources.

v. To recommend such adjustments in the national plans as may be necessary in view of the changing economic situation.

vi. To co-ordinate the examination of development programs and projects in consultation with the appropriate authorities and to secure the approval of the Central Government to acceptable programs and projects.

vii. To advise on the nature of the machinery for securing the efficient execution of the national plan.

viii. To watch and evaluate the progress of implementation of the development program.

ix. To advise on important economic policies and problems of various fields.

x. To advise the Central and Provincial Governments, whenever so required, on economic policies and problems.

xi. Development of appropriate cost and physical standards for effective technical and economic appraisal of projects.

xii. Coordination of all work pertaining to:
   - ❖ Indonesia - Pakistan Economic and Cultural Cooperation (IPECC);
   - ❖ Iran - Pakistan Joint Ministerial Commission;
   - ❖ Turkish - Pakistan Joint Ministerial Commission.

Following departments / offices and functions were transferred to Planning and Development Division vide Cabinet Division Notification No. 4-17/2010-Min-1 dated 2nd December 2010

i. Planning and Development Policies

ii. Matters relating to National Trust for Population Welfare and National Institute of Population Studies

iii. Directorate of Central Warehouse and supplies, Karachi

iv. Federal Project Management Unit (PMU) of Clean Drinking Water Initiative and Clean Drinking for All

Following departments/offices and functions were transferred to Planning and Development Division vide Cabinet Division Notification No. 4-9/2011-Min.1 dated 29.06.2011.

i. National policy, plans, strategies and programs regarding environmental pollution, ecology, forestry, wildlife, biodiversity, climate change and desertification

ii. Coordination, monitoring and implementation of environmental agreements with other countries, international agencies and forums

iii. National Planning and Coordination in the field of health

iv. Economic Planning and policy making in respect of agriculture

26.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Planning and Development Division for the financial year 2011-12 was Rs. 33,800.426 million including Supplementary Grant of Rs. 1,071.987 million out of which the Division utilized Rs. 3,581.963 million. Grant-wise detail of current and development expenditure is as under:

(Rupees)

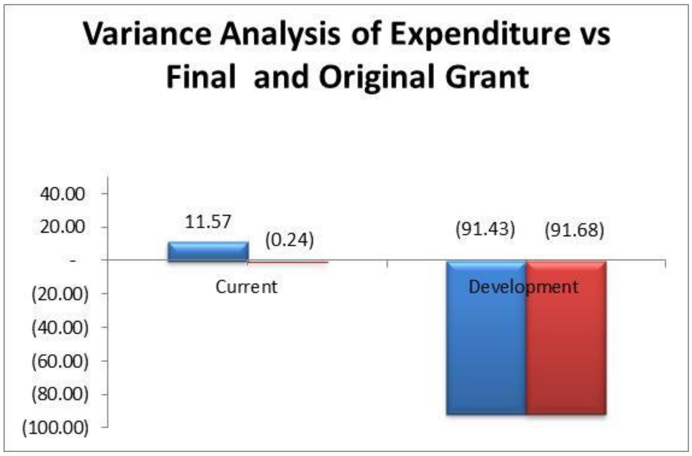
Grant No	Grant Type	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Final Grant/ Appropriation	Actual Expenditure	Excess/ (Savings)	% age Excess/ (Saving)
40	Current	753,845,000	89,320,000	843,165,000	841,101,805	(2,063,195)	(0)
115	Development	31,974,594,000	982,667,000	32,957,261,000	2,740,862,042	(30,216,398,958)	(92)
	Total	**32,728,439,000**	**1,071,987,000**	**33,800,426,000**	**3,581,963,847**	**(30,218,462,153)**	**(89)**

Audit noted that there was an overall saving of Rs. 30,218.462 million, which was mainly due to saving of Rs. 30,216.398 million in development grant.

Supplementary Grants obtained without careful cash forecasting

In order to ensure prudent financial management, Para 13(vii) of System of Financial Control and Budgeting, 2006 states that 'Ministries / Divisions should be able to anticipate budgetary requirements well ahead of the financial year to which the budget relates and obtain the concurrence of the Finance Division. The Finance Division is expected to decline any request for Supplementary Grants except in extraordinary circumstances.' This document further states that 'the funds obtained from Supplementary Grants shall be expended for the purposes for which these have been sanctioned. In current expenditure, demands for Supplementary Grants shall not be made, except in extraordinary circumstances.' During the year, Supplementary Grants of Rs. 1,071.987 million were obtained, which was 3.27% of the Original Budget.

According to Para 71 of General Financial Rules (Volume I), while framing budget estimates, the authorities should exercise utmost foresight. Variation between estimated and actual expenditure captures the level of foresight that goes into budget formulation. As shown in the chart below, the excess in current expenditure was 11.57%, which, after accounting for Supplementary Grants came to saving of 0.24%. In development expenditure, saving against original budget was 91.43% while the saving came to 91.68% when Supplementary Grant was taken into account.



26.3 Brief comments on the status of compliance with PAC Directives

Ministry	Years	No of audit paras	No of Actionable Points	Full Compliance	Not Complied	% of Compliance
Planning and Development	1987-88	0	0	0	0	0
	1988-89	0	0	0	0	0
	1989-90	1	1	1	0	100
	1990-91	10	9	9	0	100
	1991-92	0	0	0	0	0
	1992-93	0	0	0	0	0
	1993-94	0	0	0	0	0
	1994-95	0	0	0	0	0
	1995-96	0	0	0	0	0
	1996-97	0	0	0	0	0
	1997-98	0	0	0	0	0
	1999-00	0	0	0	0	0
	2000-01	15	15	0	15	0
	2008-09	0	0	0	0	0
Total		**26**	**25**	**10**	**15**	40
Planning and Development (Devolved M/o Population Welfare)	1988-89	0	0	0	0	0
	1989-90	0	0	0	0	0
	1990-91	0	0	0	0	0
	1991-92	0	0	0	0	0
	1992-93	2	2	2	0	100
	1993-94	0	0	0	0	0
	1994-95	1	1	1	0	100
	1995-96	0	0	0	0	0
	2001-02	0	0	0	0	0
	2006-07	0	0	0	0	0
	2008-09	0	0	0	0	0
Total		**22**	**7**	**5**	**2**	**71**

26.4 AUDIT PARAS

Non Production of Record

26.4.1 Non Production of Record

Article 170(2) of the Constitution of the Islamic Republic of Pakistan states that the audit of the accounts of the Federal and of the Provincial Governments and the accounts of any authority or body established by, or under the control of, the Federal or a Provincial Government shall be conducted by the Auditor General, who shall determine the extent and nature of such audit.

Section 14(2) of Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 states that the officer in-charge of any office or department shall afford all facilities and provide record for audit inspection and comply with requests for information in as complete a form as possible and with all reasonable expedition.

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

National Trust for Population Welfare (NATPOW) was established vide SRO No. 1129(1)/94 dated 21.11.1994 issued by the Secretary, Ministry of Population Welfare applying for the vesting of the Treasurer of Charitable Endowments for Pakistan of the amount of one hundred million of rupees and donations which may subsequently be received, to be applied in Trust for Charitable Purposes to be known as “National Trust for Population Welfare”.

The management of the NATPOW was requested on 26.09.2012, 02.10.2012 and 03.10.2012 to produce auditable record pertaining to the period ending 30.06.2012.

Audit observed as under:

i. The management provided partial record for 2011-12 on the plea that audit up to June, 2011 had been conducted by a firm of Chartered Accountants.

ii. The firm of Chartered Accountants had issued Disclaimer/adverse audit certificates for concealment of facts and misappropriation of cash and assets, especially out of Donor funds.

iii. The management did not disclose their complete accounts and assets to the firm of Chartered Accountants.

The management of NATPOW did not provide the following record:

i. Complete record of funds received from the Federal Government and Donors from 2002-12 and expenditure incurred.

ii. Year-wise detail of investments and Return on Investments.

iii. Record of machinery, equipment and vehicles donated by Donor agencies from 2002-12.

iv. Bank reconciliation statements, indicating the balances carried forward from the previous year.

Audit is of the view that due to non-production of record the authenticity of the expenditure incurred could not be ascertained.

The management did not reply.

The PAO was informed on 01.01.2013, but DAC was not held till the finalization of the report.

Audit recommends that responsibility be fixed for hindering the auditorial functions of the Auditor General of Pakistan.

Irregularity & Non Compliance

26.4.2 Less recovery of Income Tax - Rs. 2.869 million

Section 155 of Income Tax Ordinance, 2001 states that Income Tax shall be deducted from the gross amount of rent paid as specified in Division V of Part-

III of First Schedule, as under:

1.	Where the gross amount of rent exceeds Rs. 400,000 but does not exceed Rs. 1,000,000	Rs. 12,500 plus 7.5% of the gross amount exceeding Rs. 400,000
2.	Where the gross amount of rent exceeds Rs. 1,000,000	Rs. 57,500 plus 10% of the gross amount exceeding Rs. 1,000,000

The management of the Planning and Development Division hired Chughtai Plaza, Blue Area, Islamabad as office building from 17.04.2007 to 16.04.2010 @ Rs. 1,474,432 per month and extended it for a period of two years @ Rs. 1,843,040 per month w.e.f. 17.04.2010. The management paid rent amounting to Rs. 97,312,512 (Rs. 53,079,552 + 44,232,960).

Audit observed that the management did not deduct Income Tax at source according to the slab given under Section 155 of the Income Tax Ordinance, 2001 which the AGPR deducted @ 6% of the rent amount. Details of Income Tax less deducted are as under:

(Rupees)

S. No.	Period	Monthly Rent	Taxable Income	Tax payable as per slab	Tax deducted @ 6%	Difference
1.	01.07.2008 to 30.06.2009	1,474,432	17,693,184	1,726,818	1,061,591	665,227
2.	01.07.2009 to 16.04.2010	1,474,432	14,056,252	1,817,742	1,116,145	701,597
	17.04.2010 to 30.06.2010	1,843,040	4,545,165			
3.	01.07.2010 to 30.06.2011	1,843,040	22,116,480	2,169,148	1,326,989	842,159
4.	01.07.2011 to 16.04.2012	1,843,040	17,570,315	1,714,531	1,054,219	660,312
					Total	**2,869,295**

Audit is of the view that non deduction of Income Tax deprived the government of its due receipt of Rs. 2.869 million.

The management did not reply.

The PAO was informed on 01.01.2013, but DAC was not held till the finalization of the report.

Audit recommends that amount of Rs. 2.869 million should be recovered from the owner and deposited into the government treasury besides fixing responsibility for not deducting the tax at source.

26.4.3 Irregular monetization of official vehicle - Rs. 1.043 million

The Federal Government approved the "Compulsory Monetization of Transport Facility for Civil Servants in BS-20 to BS-22" vide Cabinet Division letter No. 6/7/2011-CPC dated 12.12.2011. The Monetization Policy was implemented with effect from 01.01.2012.

Clause (iv) of Annexure of the Compulsory Monetization of Transport Facility for Civil Servants in BS-20 to BS-22 vide Cabinet Division letter No. 6/7/2011-CPC dated 12.12.2011 states that the officers in possession of official vehicles may be given first option to purchase the allocated cars on depreciated price.

Para 8 of Cabinet Division's U.O. No. F.2/25/2011-CPC, dated 22.06.2012 provides that civil servants (BS-20 to BS-22) are eligible for monetization of staff cars allocated to them on or before 01.01.2012. Any subsequent monetization of staff cars which have now become available at a belated stage will set a bad precedent and likely to be quoted by others, as a subsequent chain of requests.

The management of Planning and Development Division monetized official vehicle No. GW 333, Toyota Corolla, Model 2010 at a depreciated value of Rs. 1,043,290 to Mr. Asif Bajwa, Secretary, Planning & Development Division.

Audit observed as under:

i. Mr. Asif Bajwa assumed charge of the post of Secretary, Planning & Development Division on 09.01.2012.

ii. Vehicle No. GW 333 was not allotted to the officer before 31.12.2011 as he was not on the strength of Planning & Development Division on that date.

iii. Official vehicle No. GW 023, Toyota Corolla, Model 2011 had already been monetized to Mr. Javed Mahmood, Secretary, Planning &

Development Division on 01.01.2012.

Audit is of the view that the monetization of the vehicle after 31.12.2011 was irregular, unauthorized and not covered under the Monetization Policy.

The management did not reply.

The PAO was informed on 01.01.2013, but DAC was not held till the finalization of the report.

Audit recommends that either the vehicle should be retrieved from the officer or difference between the original price and reserve price, i.e. Rs. 400,710 should be recovered from the officer, besides fixing responsibility for the irregularity.

26.4.4 Unauthorized retention of 10 vehicles of closed project

Rule 3(4) of Staff Car Rules, 1980 states that the Cabinet Division will arrange for the upkeep and maintenance of staff cars which becomes surplus to the requirements of Minister, Minister of State, Advisors or any other dignitary or office holder or on completion of project.

The Federal Government approved the "Compulsory Monetization of Transport Facility for Civil Servants in BS-20 to BS-22" vide Cabinet Division letter No. 6/7/2011-CPC dated 12.12.2011. The Monetization Policy was implemented with effect from 01.01.2012.

Para (xv) of Annexure to the Monetization Policy states that the Ministries/Divisions/Departments needing operational vehicles shall get their authorization of such vehicles fixed from the Vehicles Committee constituted with a representative each from Cabinet Division, Finance Division and the respective Ministry/Division/Department.

Para (xvi) of Annexure to the Monetization Policy states that vehicles which become surplus due to enforcement of this Policy and over and above the number of entitled officers shall be intimated to the Cabinet Division with a certificate by the Principal Accounting Officer that the Ministry/Division/ Department is not in possession of any vehicle in excess of its revised authorized strength of operational/general duty vehicles. The vehicles which become surplus shall be surrendered to the Central Pool of Cars.

The management of Planning and Development Division retained ten project vehicles after completion of the projects.

Audit observed that the vehicles were retained in violation of the Staff Car Rules, 1980 and subsequent instructions.

Audit is of the view that the retention of project vehicles after completion of the projects was irregular and unauthorized.

The management did not reply.

The PAO was informed on 01.01.2013, but DAC was not held till the finalization of the report.

Audit recommends that the vehicles should be surrendered to the Cabinet Division.

26.4.5 Insecure and irregular investment from Endowment Fund - Rs. 62.400 million

According to Finance Division O.M. No. F.4(1)/2002-BR-11 dated 02.07.2003, investment of working balances/surplus funds be made subject to fulfillment of various requirements such as investment in A rating banks, competitive bidding process, investment exceeding Rs. 10 million shall not be kept in one bank, setting up of in-house professional treasury management functions, formation of Investment Committee, employment of qualified investment management staff, utilization of services of professional fund managers approved by SECP, annual certificate of the Chief Executive of the organization, etc.

The management of NATPOW invested Rs. 62.400 million out of its Endowment Fund of Rs. 104.000 million in Al-Zamin Leasing Modaraba on 04.01.2010 for one year at a profit of 14.9% per annum, paid on monthly basis.

Audit observed as under:

i. On maturity of investment on 04.01.2011 the Modaraba management showed its inability to return the principal amount.

ii. After protracted negotiations, the Modaraba management agreed to return the principal amount in monthly installments.

iii. An amount of Rs. 16.000 million was still outstanding as on 31.07.2012.

Audit is of the view that investment in violation of government instructions and failure of the investment firm to return the principal amount has placed the government money at risk.

The management did not reply.

The PAO was informed on 01.01.2013, but DAC was not held till the finalization of the report.

Audit recommends that the matter may be got investigated from an independent agency to fix responsibility for making the insecure investment.

26.4.6 Unauthorized expenditure on payment of Interest Charges without provision in PC-I - Rs. 48.669 million

Para 11 of GFR Volume-I states that "each head of department is responsible for enforcing financial order and strict economy at every step. He is responsible for observance of all relevant financial rules and regulations both by his own office and by the subordinate disbursing offices".

Para 19(ii) of GFR Volume-I states that as far as possible, legal and financial advice should be taken in the drafting of contracts and before they are finally entered into.

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

The management of the project titled "Clean Drinking Water Initiative" paid an amount of Rs. 48.669 million as interest charges @ 10% per annum on late payment to the suppliers (Rs. 33.416 million to M/s Rain Drop and Rs. 15.253 million to M/s So~Safe).

Audit observed that there was no provision in the PC-I of the project to pay interest charges on late payment to the suppliers.

Audit is of the view that the payment of interest charges was irregular and unauthorized.

The management replied that the Article 6.5 'Delayed Payments' of the contract agreement between GOP, M/s Rain Drop and So-Safe states that financing charges would be 10% of the involved price per annum. An amount of Rs. 386.769 million was paid to the contractors by Pakistan Environmental Protection Agency, Ministry of Environment (Ex-owner of project) up to June, 2006. In October, 2006 the project was transferred from Ministry of Environment to Ministry of Industries, Production and Special Initiatives. The PMU, Clean Drinking Water for All, Ministry of Special Initiatives made remaining payment to contractors in June, 2009. Hence, interest @ 10% was paid to contactors on delayed payments. The matter was also referred to Law Division to seek opinion as to whether the agreement made with the firms was required to be got vetted by them or not.

The reply was not accepted as the expenditure on payment of interest charges was incurred without provision in the PC-I of the project. Furthermore, outcome of case referred to Law Division was not shared with Audit.

The PAO was requested on 24.11.2011, 20.12.2011, 01.03.2012 and 23.05.2012 to hold a meeting of DAC, which was not convened till the finalization of the report.

Audit recommends fixing responsibility:

i. on persons at fault for delayed payments resulting into expenditure on payment of interest charges; and

ii. for making payment of interest charges without provision in PC-I.

iii. for not seeking opinion of the Law Division before finalizing the Contract Agreement.

Audit further recommends that the amount paid as interest charges may be recovered from the firms.

26.4.7 Extra payment on account of plinth area - Rs. 50.255 million

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

The project management of Clean Drinking Water Initiative awarded contracts to M/s So~Safe and M/s Rain Drop for installation of water filtration plants. The costs of different packages, i.e. A, B, C, D & E provided in the contracts included cost/price of water filtration plant room, i.e. Rs. 330,000 @ Rs. 1,100 per square foot. The drawings of the room to be constructed included the plinth area.

The management paid an amount of Rs. 50.255 million to the contractors for plinth area of the room(s) constructed for installation of water filtration plants. The detail of payment is as under:

(Rupees)

S. No.	Province	Extra payment of plinth area	Interest recoverable on extra payment	Total recoverable
M/s So~Safe				
1.	AJK	169,832	25,475	195,307
2.	Punjab	1,088,231	163,235	1,251,466
3.	Sindh	678,080	45,205	723,285
4.	Balochistan	782,400	52,160	834,560
5.	KPK	244,500	16,300	260,800
	Sub-Total	**2,963,043**	**302,375**	**3,265,418**
M/s Rain Drop				
6.	AJK	1,280,171	192,026	1,472,197
7.	Punjab	19,539,763	2,930,964	22,470,727
8.	Sindh	5,743,568	861,535	6,605,103
9.	Balochistan	12,951,109	1,942,666	14,893,775
10.	KPK	7,777,642	1,166,646	8,944,288
	Sub-Total	**47,292,253**	**7,093,837**	**54,386,090**
	Grand Total	**50,255,296**	**7,396,212**	**57,651,508**

Audit observed as under:

i. The contracts with individual firms already provided the rates for construction of specific covered area (plant rooms) for installation of the water filtration plants, including plinth area.

ii. One contractor, i.e. M/s So~Safe was paid for plinth area @ Rs. 120 per square foot while the other, i.e. M/s Rain Drop was paid @ Rs. 1,100 per square foot as that firm did not agree to reduce the rate.

iii. The tender drawings already contained plinth area.

Audit is of the view that extra payment of Rs. 50.255 million for an item of work which was already accounted for estimation of cost was irregular and unauthorized.

The management replied that prior to audit, a committee was constituted for scrutinizing the final bills. The committee examined all the bills in view of verification reports of the plants provided by the provincial governments, Variation Order, Contract Agreement and drawings of the plant room. After detailed deliberation, all the members of committee unanimously agreed and found that plinth area was clearly shown in cross-section of foundation of the drawing and there was no need to issue Variation Order, as it was already covered under the tender documents. The payment in respect of plinth area along with interest was calculated. Both the firms had accordingly been asked to deposit the overpayment into the government treasury.

In their earlier reply, the management agreed to the audit point of view. However, in their reply dated 28.12.2011 stated that the contract was signed on 25.08.2005 and 300 square feet was the original covered area of housing room, dispensing and plinth area without drawings whereas on 05.09.2005 the approved drawing was made available and its covered area was extended to 474.5 square feet and 627.45 square feet, respectively. Hence, the difference in covered area of housing room, dispensing and plinth area was authenticated by issuance of Variation Order vide Notification F.No.1(8)2008DG dated 20.08.2008 by Pak EPA, which was mandatory and necessary being cost effective. Plinth covered area was included towards the covered area of housing room which was contractual and was substantiated and stipulated through Variation Order. M/s Rain Drop claimed plinth area of 254 housing rooms strictly in compliance with the revised plan duly approved by EPA on the basis of previous rate of Rs. 1,100 per square foot. No extra payment was made to M/s Rain Drop, therefore, recovery of interest on extra payment was absolutely uncalled for.

The management reply dated 28.12.2011 was not accepted as the item of work was already included in the cost estimates. The management had earlier agreed with audit viewpoint. However, no recovery had so far been made.

The PAO was requested on 24.11.2011, 20.12.2011, 01.03.2012 and 23.05.2012 to hold a meeting of DAC, which was not convened till the finalization of the report.

Audit recommends that extra payment amounting to Rs. 50.255 million on account of payment of plinth area along with interest (Rs. 7.396 million) should be recovered.

26.4.8 Less recovery of Income Tax - Rs. 8.801 million

Section 153(1) of the Income Tax Ordinance, 2001 states that every person making a payment in full or part, including a payment by way of advance was required to deduct the tax at source @ 6% of the payment for the sale of goods and rendering services.

The management of the project titled “Clean Drinking Water Initiative” paid Rs. 410.843 million to M/s Rain Drop and deducted Income Tax at source amounting to Rs. 13.946 million only.

Audit observed that Income Tax was not deducted at source @ 6%, i.e. Rs. 24.650 million, of the gross amount in violation of the Income Tax Ordinance, 2001.

Audit is of the view that less deduction of Income Tax amounting to Rs. 8.801 million (Rs. 10.705 million – Rs. 1.904 million already deducted on extra payment) deprived the government of its due receipt.

The management replied that Rs. 8.801 million was not deducted from M/s Rain Drop which was also pointed out by the Committee constituted for the scrutiny of final bills. The firm, M/s Rain Drop had been asked to deposit the same into government treasury.

Contrary to their earlier reply, the management in their reply dated 28.12.2011 stated that the contract to install water purification plants of 2000 US gallons consisted of various stages/packages, including pre-filtration works, civil works, filtration, purification and ultraviolet disinfection. Section 153(1)(a) of the Income Tax Ordinance, 2001 stipulates that the rate of deduction of tax at source on the 'sale of goods' (water purification plants) was 3.5% of the gross amount, which was accordingly deducted. The rate of deduction was 6% for the construction of rooms for the plants under Section 153(1)(c) of Income Tax Ordinance, 2001 which was followed accordingly.

The management reply dated 28.12.2012 was not accepted as Income Tax @ 6% was required to be deducted. The management earlier agreed with Audit viewpoint. However, no recovery had so far been made.

The PAO was requested on 24.11.2011, 20.12.2011, 01.03.2012 and 23.05.2012 to hold a meeting of DAC, which was not convened till the finalization of the report.

Audit recommends that the remaining amount of Income Tax should be recovered and deposited into government treasury.

26.4.9 Recovery on account of plants not installed - Rs. 31.887 million

Para 10(i) of GFR Volume-I states that every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public moneys as a person of ordinary prudence would exercise in respect of expenditure of his own money.

The project management of Clean Drinking Water Initiative paid Rs. 22.118 million to the contractors for the installation of 18 water filtration plants. Details are as under:

(Rupees)

S. No.	Province/ Region	No. of Plants	Amount Paid	Interest Recoverable	Total Recoverable
M/s Rain Drop					
1.	Balochistan	1	1,170,040	516,768	1,686,808
	Sub-Total	**1**	**1,170,040**	**516,768**	**1,686,808**
M/s So~Safe					
2.	GB	2	1,082,930	478,294	1,561,224

3.	FATA	1	1,088,930	480,944	1,569,874
4.	Sindh	4	4,407,572	1,946,677	6,354,249
5.	Balochistan	10	14,368,513	6,346,093	20,714,606
	Sub-Total	**17**	**20,947,945**	**9,252,008**	**30,199,953**
	Grand Total	**18**	**22,117,985**	**9,768,776**	**31,886,761**

Audit observed that the 18 plants for which payment of Rs. 22.118 million was made were not installed by the contractors.

Audit is of the view that failure of the contractors to install water filtration plants after receiving advance payments was irregular and unauthorized. Therefore, the advance payment of Rs. 22.118 million along with interest of Rs. 9.769 million was recoverable.

The management replied that during the scrutiny of final claims of the contractors, the committee pointed out that an amount of Rs. 31.887 million was recoverable from both the firms due to non-installation of 18 water filtration plants.

In their earlier reply, the management had agreed to the audit point of view. However, the management in their reply dated 28.12.2011 stated that the plant constructed by M/s Rain Drop was demolished by the locals, which was under construction on the indication of the Planning Department as a gesture of goodwill.

The reply was not accepted because the management in their earlier reply had agreed with the audit observation, but had failed to recover the amount. The management also did not respond to the audit observation about the remaining 17 plants pertaining to M/s So~Safe.

The PAO was requested on 24.11.2011, 20.12.2011, 01.03.2012 and 23.05.2012 to hold a meeting of DAC, which was not convened till the finalization of the report.

Audit recommends that the amount of Rs. 31.887 million should be recovered from the contractors.

26.4.10 Non-deduction of General Sales Tax - Rs. 12.255 million

Rule 2(2) of Sales Tax Special Procedure (Withholding) Rules, 2007 states that a Withholding Agent shall deduct an amount equal to one fifth of the total Sales Tax shown in the sales tax invoice issued by a registered person and make payment of the balance amount to him.

The project management of Clean Drinking Water Initiative paid Rs. 385.088 million (cost of 355 plants) to M/s So~Safe and M/s Rain Drop, including General Sales Tax amounting to Rs. 61.614 million @ 16%.

Audit observed that $1/5^{th}$ of the total GST amounting to Rs. 12.323 million was required to be withheld by the project management for deposit into government treasury, but the management withheld only Rs. 67,680. Details are as under:

(Rupees)

S. No.	Pkg Type	Cost of Plant (as per final Bill)	No. of Plants	Amount Paid	GST @ 16%	$1/5^{TH}$ GST to be withheld	GST withheld	GST to be recovered
M/s SO~SAFE								
1	**A**	823,800	45	37,071,000	5,931,360	1,186,272	-	-
2	**B**	651,000	59	38,409,000	6,145,440	1,229,088	-	-
3	**C**	829,050	1	829,050	132,648	26,530	-	-
4	**D**	1,142,050	6	6,852,300	1,096,368	219,274	-	-
5	**E**	2,531,500	28	70,882,000	11,341,120	2,268,224	-	-
		Sub-Total	**139**	**154,043,350**	**24,646,936**	**4,929,387**	**67,680**	**4,861,707**
M/s Rain Drop								
6	**A**	823,800	64	52,723,200	8,435,712	1,687,142	-	1,687,142
7	**B**	651,000	101	65,751,000	10,520,160	2,104,032	-	2,104,032
8	**C**	829,050	4	3,316,200	530,592	106,118	-	106,118
9	**D**	1,142,050	7	7,994,350	1,279,096	255,819	-	255,819
10	**E**	2,531,500	40	101,260,000	16,201,600	3,240,320	-	3,240,320
		Sub-Total	**216**	**231,044,750**	**36,967,160**	**7,393,431**	-	**7,393,431**
		Grand Total	**355**	**385,088,100**	**61,614,096**	**12,322,819**	**67,680**	**12,255,139**

Audit is of the view that non-withholding of $1/5^{th}$ GST deprived the government of its due receipt.

The management replied that the payments to the contractors shown in the observation were made prior to the introduction of "Sales Tax Special Procedure Rules, 2007". Some payments were made later due to lack of knowledge of then authority/employees of the project, due to which $1/5^{th}$ GST could not be withheld.

However, it was also the responsibility of the firms to deposit the entire amount of GST to the government. The Sales Tax authorities were also in process of sales tax audit of the firms. The PMU cooperated with the FBR and the Regional Tax Office (RTO), Lahore issued a notice to the firm.

The reply was not accepted as the payments made prior to introduction of Sales Tax Special Procedure Rules, 2007 reflect partial/advance payments. The final payments were made after introduction of the "Sales Tax Special Procedure Rules, 2007". Therefore, withholding Sales Tax should have been deducted and deposited into treasury by the management. Further, the management in the earlier reply on 11.08.2011 had stated that due to lack of knowledge 1/5th of the GST could not be withheld.

The PAO was requested on 24.11.2011, 20.12.2011, 01.03.2012 and 23.05.2012 to hold a meeting of DAC, which was not convened till the finalization of the report.

Audit recommends that the General Sales Tax should be recovered from the firms and deposited into the government treasury.

CHAPTER 27

27 MINISTRY OF PORTS AND SHIPPING

27.1 Introduction of Ministry

In view of paramount importance of the marine sector, Ministry of Ports & Shipping was created on 02.09.2004. Ministry of Ports & Shipping aims to rationalize port tariffs/freight rates including Terminal Handling Charges, promotion of private investments and public engagement in port and shipping sector.

The following objectives have been envisaged for the Ministry and its organizations:

1. Promote international competitiveness of our exports and increase operational effectiveness to meet the challenges of globalization.
2. Enhance good governance through incentives and disciplinary action.
3. Automation of document processing.
4. Rationalization of port charges.
5. Enhanced capacity for handling dry and liquid cargo and its faster clearance.
6. 24 Hours port operations.

Following functions have been assigned to the ministry as per the Rules of Business, 1973:

1. National Planning, research and international aspects of:
   - i) 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. Navigation and shipping on inland water-ways as regards mechanically propelled vessels and the rule of the road on such water-ways; carriage of passengers and goods on inland water-ways.
5. Light-houses, including lightships, beacons and other provisions for safety of shipping.
6. Admiralty jurisdiction; offenses committed on the high seas.
7. Declaration and delimitation of major ports and the constitution and power of authorities in such ports.
8. 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.

Following department / office was transferred to Ministry of Ports and Shipping vide Cabinet Division Notification No. 4-5/2011-Min-1 dated 05.04.2011.

- Marine Fisheries Department

Following departments / offices and functions were transferred to Ministry of Ports and Shipping vide Cabinet Division Notification No. 4-9/2011-Min.1 dated 29.06.2011.

- Welfare of Seamen
- Directorate of Dock Workers Safety, Karachi

27.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Ports and Shipping for the financial year 2011-12 was Rs. 1,269.898 million including Supplementary Grant of Rs. 31.036 million out of which the Division utilized Rs. 614.305 million. Grant-wise detail of current and development expenditure is as under:

(Rupees)

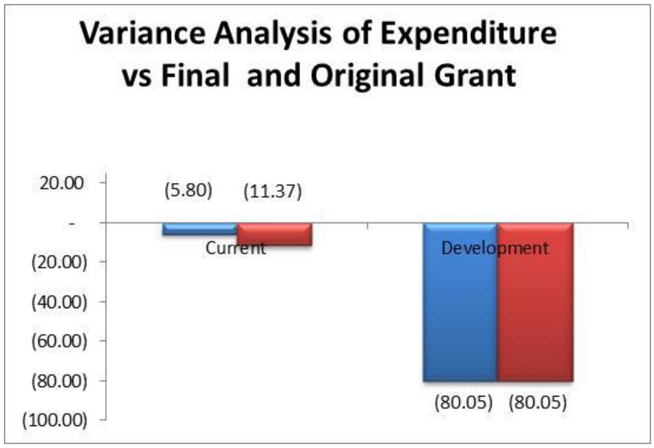
Grant No	Grant Type	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Final Grant/ Appropriation	Actual Expenditure	Excess/ (Savings)	% age Excess/ (Saving)
79	Current	494,519,000	31,036,000	525,555,000	465,823,988	(59,731,012)	(11)
136	Development	744,343,000	-	744,343,000	148,481,304	(595,861,696)	(80)
	Total	**1,238,862,000**	**31,036,000**	**1,269,898,000**	**614,305,292**	**(655,592,708)**	**(52)**

Audit noted that there was an overall saving of Rs. 655.592 million that was 51.63% of overall budget.

Supplementary Grants obtained without careful cash forecasting

In order to ensure prudent financial management, Para 13(vii) of System of Financial Control and Budgeting, 2006 states that 'Ministries / Divisions should be able to anticipate budgetary requirements well ahead of the financial year to which the budget relates and obtain the concurrence of the Finance Division. The Finance Division is expected to decline any request for Supplementary Grants except in extraordinary circumstances.' This document further states that 'the funds obtained from Supplementary Grants shall be expended for the purposes for which these have been sanctioned. In current expenditure, demands for Supplementary Grants shall not be made, except in extraordinary circumstances.' During the year, Supplementary Grants of Rs. 31.036 million were obtained, which was 2.50% of the Original Budget.

According to Para 71 of General Financial Rules (Volume I), while framing budget estimates, the authorities should exercise utmost foresight. Variation between estimated and actual expenditure captures the level of foresight that goes into budget formulation. As shown in the chart below, the saving in current expenditure of 5.80%, which, after accounting for Supplementary Grants came to 11.37%. In development expenditure, saving against original budget was 80.05%. No supplementary grant was taken in Development Grant.



27.3 Brief comments on the status of compliance with PAC Directives

Ministry	Years	No of audit paras	No of Actionable Points	Full Compliance	Not Complied	% of Compliance
Ports and Shipping	1987-88	0	0	0	0	0
	1988-89	0	0	0	0	0
	1989-90	0	0	0	0	0
	1990-91	0	0	0	0	0
	1991-92	0	0	0	0	0
	1992-93	1	1	1	0	100
	1993-94	0	0	0	0	0
	1994-95	0	0	0	0	0
	1995-96	0	0	0	0	0
	1996-97	0	0	0	0	0
	1997-98	0	0	0	0	0
	1999-00	0	0	0	0	0
	2000-01	10	7	3	4	43
	2001-02	1	1	0	1	0
	2006-07	4	3	0	3	0
Total		**16**	**12**	**4**	**8**	**33**

27.4 AUDIT PARAS

Irregularity & Non- Compliance

27.4.1 Less recovery of utility charges - Rs. 12.996 million

Para 10(iv) of GFR Volume-I states that public moneys should not be utilized for the benefit of a particular person or section of the community.

The management of Pakistan Marine Academy, Karachi provided residential accommodation to the employees in the colony situated within the compound of the Academy.

Audit observed as under:

i. No separate water and gas meters were installed in the houses/flats.

ii. The telephone extensions to the colony residents were provided through PABX Exchange.

iii. The utility charges were not recovered from the residents according to the actual consumption/expenditure.

iv. Against an expenditure of Rs. 12.996 million paid by the Academy a nominal amount of Rs. 0.738 million (5.67%) pertaining to gas charges only was recovered from the residents during 2011-12.

v. No recovery was made for use of telephone and water.

Breakup of the government expenditure and residential share during the year 2011-12 is as under:

(Rupees)

S. No.	Gas		Water	Telephone	Total
1.	**Total expenditure**	2.677 (m)	9.820 (m)	0.499 (m)	12.996 (m)
	Recovery made from the Residents				
Recovery (monthly *rate* × *Houses* × *Months*)					
1.	Officers B Type	420 × 4 × 12	Nil	Nil	20,160
2.	Officers C Type	336 × 5 × 12	Nil	Nil	20,160
3.	F-G Type	276 × 54 × 12	Nil	Nil	178,848
4.	H-Type	240 × 20 × 12	Nil	Nil	57,600
5.	C-1 to C-8 PMA School	1,800 × 1 × 12	Nil	Nil	21,600
6.	PMA Cadet Mess	35,000 × 1 × 12	Nil	Nil	420,000
7.	Washing Room	700 × 1 × 12	Nil	Nil	8,400
8.	PMA Staff Canteen	1,000 × 1 × 12	Nil	Nil	12,000
				Total	**738,768**

Audit is of the view that non recovery of water and telephone charges and less recovery of gas charges placed undue burden on the public exchequer.

The management did not reply.

The PAO was informed on 17.12.2012, but DAC was not held till the finalization of the report.

Audit recommends that the utility charges should be recovered from the occupants/consumers according to the actual consumption.

27.4.2 Irregular payment of Conveyance Allowance to employees residing within the Academy premises - Rs. 1.146 million

Finance Division O.M. No. F.1(1)Imp.1/77 dated 28.04.1977 states that employees residing within their work premises are not entitled to the Conveyance Allowance.

Para 10 (v) of GFR Volume-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 management of Pakistan Marine Academy (PMA), Karachi paid an amount of Rs. 1.146 million as Conveyance Allowance to 77 employees residing in the PMA Colony during 2011-12.

Audit observed that the Conveyance Allowance was paid in violation of the instructions of the Finance Division.

Audit is of the view that payment of Conveyance Allowance to the residents of the colony was irregular and unauthorized.

The management did not reply.

The PAO was informed on 17.12.2012, but DAC was not held till the finalization of the report.

Audit recommends that payment of Conveyance Allowance should be discontinued forthwith besides recovery of amount paid irregularly.

CHAPTER 28

28 MINISTRY OF POSTAL SEVICES

28.1 Introduction of Ministry

Pakistan Post Office is one of the oldest government departments in the Sub-Continent. In 1947, it began functioning as the Department of Post & Telegraph. In 1962 it was separated from the Telegraph & Telephone and started working as an independent attached department.

Pakistan Post is providing postal services in every nook and corner of the country through a network of around 13,000 post offices. Pakistan Post is providing delivery services to about 20 million households and businesses as community service without any cost considerations. In addition to its traditional role, the Pakistan Post also performs agency functions on behalf of Federal and Provincial governments, which inter-alias include Savings Bank, Postal Life Insurance, Collection of Taxes, Collection of Electricity, Water, Sui Gas and Telephone bills.

Pakistan Post is also providing a universal postal service network in harmony with the Universal Postal Union (UPU) strategy to ensure secure and timely delivery of mail, money and material at affordable cost through utilization of people, process and technology and innovative product offerings.

An autonomous High Powered Postal Services Management Board has been established through Pakistan Postal Services Management Board Ordinance, 2002. The executive management of postal and allied services below the Directorate General is done at three levels – the Circle Level, the Regional Level and Divisional / District Level.

Each Circle is headed by a Postmaster General and its territorial jurisdiction extends to a province. In carrying out their responsibilities, the Postmasters General are assisted by the Regional Deputy Postmasters.

28.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Postal Services Division for the financial year 2011-12 was Rs. 10,994.881 million including Supplementary Grant of Rs. 7.530 million against which the Division utilized Rs. 12,686.842 million. Grant-wise detail of current and development expenditure is as under:

(Rupees)

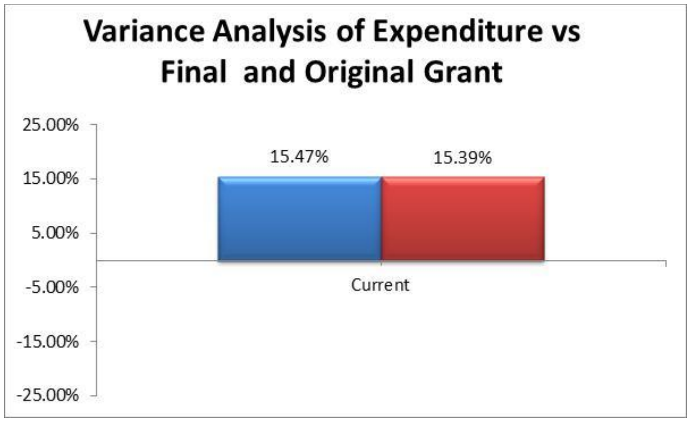
Grant No	Grant Type	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Final Grant/ Appropriation	Actual Expenditure	Excess/ (Savings)	% age Excess/ (Saving)
80	Current	62,485,000	-	62,485,000	178,417,821	115,932,821	186
81	Current	10,794,866,000	7,530,000	10,802,396,000	12,378,424,532	1,576,028,532	15
81	Current	130,000,000	-	130,000,000	130,000,000	-	-
	Total	**10,987,351,000**	**7,530,000**	**10,994,881,000**	**12,686,842,353**	**1,691,961,353**	**15**

Audit noted that there was an overall excess expenditure of Rs. 1,691.961 million in the current grant.

Supplementary Grants obtained without careful cash forecasting

In order to ensure prudent financial management, Para 13(vii) of System of Financial Control and Budgeting, 2006 states that ‘Ministries / Divisions should be able to anticipate budgetary requirements well ahead of the financial year to which the budget relates and obtain the concurrence of the Finance Division. The Finance Division is expected to decline any request for Supplementary Grants except in extraordinary circumstances.’ This document further states that ‘the funds obtained from Supplementary Grants shall be expended for the purposes for which these have been sanctioned. In current expenditure, demands for Supplementary Grants shall not be made, except in extraordinary circumstances.’ During the year, Supplementary Grants of Rs. 7.530 million were obtained, which was 0.06% of the Original Budget.

According to Para 71 of General Financial Rules (Volume I), while framing budget estimates, the authorities should exercise utmost foresight. Variation between estimated and actual expenditure captures the level of foresight that goes into budget formulation. As shown in the chart below, the excess in current expenditure was 15.47%, which came to 15.39% after accounting for Supplementary Grant.



28.3 Brief comments on the status of compliance with PAC Directives

There is no PAC Directive for this Division.

28.4 AUDIT PARAS

Non Production of Record

28.4.1 Non-production of record of recruitment of 45 employees

Section 14(2) of Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 states that the officer in-charge of any office or department shall afford all facilities and provide record for audit inspection and comply with requests for information in as complete a form as possible and with all reasonable expedition.

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

The Ministry of Postal Services advertised 35 vacant posts in June, 2009 and April, 2010. Tests/interviews were held in August, 2009 and June, 2010 to fill the vacancies in two phases. Details are as under:

S. No.	Post	BPS	Posts Advertised	Recruited
1.	Assistant Director	17	-	1

2.	Stenographers	15	5	9
3.	Assistants	14	4	6
4.	Steno Typist	12	4	4
5.	Upper Division Clerk	9	2	5
6.	Lower Division Clerk	7	2	3
7.	Dispatch Rider	4	1	1
8.	Driver	4	4	4
9.	Qasids	2	3	3
10.	Naib Qasids	1	10	9
		Total	**35**	**45**

Audit observed that 45 persons were recruited against 35 advertised posts. However, the management did not provide the record of recruitments to Audit.

Audit is of the view that due to non-production of record the validity of recruitments could not be ascertained.

The management replied that Mr. Hafeez-ur-Rehman Marri, ex-Section Officer had taken the original file who had been directed to return the file vide letter No. F.No.1(5)/2009-Admn dated 19.04.2010.

The management has accepted audit observation.

The PAO was informed on 08.01.2013, but DAC was not held till the finalization of the report.

Audit recommends that responsibility be fixed for hindering the auditorial functions of the Auditor General of Pakistan.

28.4.2 Non-production of record of Discretionary Grant - Rs. 1.360 million

Section 14(2) of Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 states that the officer in-charge of any office or department shall afford all facilities and provide record for audit inspection and comply with requests for information in as complete a form as possible and with all reasonable expedition.

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

The Ministry of Finance vide letter No. D-4275-B/74 dated 13.05.1954 and the Cabinet Division vide letter No. 102/17/78-Min dated 27.07.1978, letter No. 102/24/79-Min dated 18.05.1980 and letter No. 2-2/94-Min-I dated 01.11.1994 have laid down the procedure of disbursement of funds out of Discretionary Grant.

The management of Ministry of Postal Services incurred an expenditure of Rs. 1.360 million from Discretionary Grant for the Federal Minister and Minister for State during 2009-12.

Despite repeated requests the management did not provide the record pertaining to the disbursement of Discretionary Grant.

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

The management replied that the Personal Assistant to the Minister had been directed to provide the record, which will be shown to Audit on receipt.

The management has accepted the audit observation.

The PAO was informed on 08.01.2013, but DAC was not held till the finalization of the report.

Audit recommends that responsibility be fixed for hindering the auditorial functions of the Auditor General of Pakistan.

Irregularity & Non Compliance

28.4.3 Unauthorized payment of House Building Advance to the Secretary, Postal Services Division - Rs. 3.879 million

Note 1 of Para 253(2)(iv) of GFR Volume-I states that the full amount of House Building Advance (HBA) will be admissible only to those who are less than 47 years of age. In the case of those who are above the age of 47 years the amount of advance should be so reduced as would enable the recovery at the rate of not more than 1/4th of the government servant pay in any one month of the total amount advanced, including interest, possible before the retirement of the government servant.

The management of the Ministry of Postal Services sanctioned HBA to the Secretary, Postal Services Division amounting to Rs 3.879 million during March, 2011 equivalent to 36 month pay.

Audit observed as under:

i. The age of the officer was more than 59 years as his date of birth was 02.12.1952.

ii. At the time of withdrawal of HBA only nine months service was remaining.

iii. The officer was granted HBA equal to 36 month pay amounting to Rs 3.879 million, although under the rules he was eligible to draw HBA equal to two month pay only, i.e. Rs. 215,476.

iv. The HBA was paid on the instructions of Finance Division contained in letter No. F.7(4)PF-III/2011-2012/303 dated 12.03.2012.

v. As the payment of HBA and subsequent was not indicated in the pay slip, therefore, the possibility remains that the advance may not be recovered at all.

vi. The formalities, i.e. mortgage deed, etc. of Plot No. 188-D, Sector D-12/4, Islamabad valuing Rs. 1,687,500 were not fulfilled.

Audit is of the view that the payment of HBA to the officer was irregular and unauthorized, and the Finance Division did not have any authority to violate the provisions of the General Financial Rules.

The management replied that the Secretary, Postal Services applied for HBA under the scheme for construction of 5,000 Houses for Federal Government Employees on ownership basis. Since his retirement was due on 03.12.2012, therefore, he provided an undertaking that total amount sanctioned against HBA would be returned before his retirement and also authorized AGPR to deduct the balance amount, if any, from his commutation/GPF. The Finance Division sanctioned the HBA and AGPR paid the amount on these grounds.

The reply was not accepted because neither the Finance Division nor the AGPR had the authority to override the provisions of GFR.

The PAO was informed on 08.01.2013, but DAC was not held till the finalization of the report.

Audit recommends that responsibility should be fixed for the unauthorized payment of HBA.

CHAPTER 29

29 PRIME MINISTER'S SECRETARIAT (PUBLIC)

29.1 Introduction of Secretariat

The office of Prime Minister was created immediately after the establishment and the creation of Pakistan in 1947. Originally, the Prime Minister was given central executive powers, which were later reduced as the power of the Governor General. Liaquat Ali Khan was the first Prime Minister appointed in 1947, but was assassinated in 1951. From 1951 till 1957, the country saw the tenuring of seven different Prime Ministers. In 1956, Parliament of Pakistan adopted the 1956 constitution, replacing the Governor General with President of Pakistan. However, the office was disbanded by President Iskandar Mirza and, in a coup led by his successor General Ayub Khan in 1958. General Ayub Khan replaced the 1956 parliamentary constitution with 1962 Presidential system, completely dissolving the Prime Minister Secretariat. From 1958 until 1970, there was no prime minister as the country had the Presidential system. Following the imposition of the Constitution of Pakistan, 1973 the office of Prime Minister regained, and architect of this constitution, Zulfikar Ali Bhutto became the elected Prime minister of Pakistan. The 1973 the constitution provided the parliamentary system to Pakistan as President of Pakistan as figurehead.

The Prime Minister is elected by the people-elected National Assembly, members of which are elected by popular vote. Most commonly, the leader of the party or coalition with the most votes becomes the Prime Minister. The Prime Minister is responsible for appointing a cabinet as well as running the government operations, taking and authorizing the executive decisions and appointments recommendations also need the executive confirmation of the Prime Minister.

29.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Prime Minister Secretariat for the financial year 2011-12 was Rs. 744.579 million including Supplementary Grant of Rs. 198.000 million against which the Secretariat utilized Rs. 818.819 million. Detail is as under:

(Rupees)

Grant No	Grant Type	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Final Grant/ Appropriation	Actual Expenditure	Excess/ (Savings)	% age Excess/ (Saving)
9	Current	546,579,000	198,000,000	744,579,000	818,819,254	74,240,254	9.97

There was an excess of Rs. 74.240 million which was 9.97% of the Final Grant.

29.3 Brief comments on the status of compliance with PAC Directives

PAO	Years	No of audit paras	No of Actionable Points	Full Compliance	Not Complied	% of Compliance
Prime Minister's Secretariat	1987-88	0	0	0	0	0
	1988-89	0	0	0	0	0
	1989-90	0	0	0	0	0
	1990-91	0	0	0	0	0
	1991-92	0	0	0	0	0
	1992-93	0	0	0	0	0
	1993-94	0	0	0	0	0
	1994-95	0	0	0	0	0
	1995-96	0	0	0	0	0
	1996-97	6	6	3	3	50
	1997-98	0	0	0	0	0
	1999-00	0	0	0	0	0
	2000-01	0	0	0	0	0
	2001-02	0	0	0	0	0
	2005-06	0	0	0	0	0
	2008-09	0	0	0	0	0
Total		**6**	**6**	**3**	**3**	**50**

29.4 AUDIT PARAS

Irregularity & Non Compliance

29.4.1 Loss due to incorrect calculation of depreciation of vehicle - Rs. 0.054 million

The Federal Government approved the "Compulsory Monetization of Transport Facility for Civil Servants in BS-20 to BS-22" vide Cabinet Division letter No. 6/7/2011-CPC dated 12.12.2011. The Monetization Policy was implemented w.e.f. 01.01.2012.

Clause (iv) of Annexure to Cabinet Division letter No. 6/7/2011-CPC dated 12.12.2011 regarding Compulsory Monetization of Transport Facility for Civil Servants in BS-20 to BS-22, states that keeping in view the existing condition of vehicles, which are extensively used, it has been decided to allow 15% depreciation for each completed year of life of the vehicles. Alternately, the market price of the new car will be taken and depreciated at 20% per annum on reducing balances. Whichever depreciated price is higher shall be adopted as the reserve price.

Clause (v) of Annexure to Cabinet Division letter No. 6/7/2011-CPC dated 12.12.2011 regarding Compulsory Monetization of Transport Facility for Civil Servants in BS-20 to BS-22, states that the depreciated price of the vehicles on the basis of above formula shall be calculated/recommended by the Condemnation/ Replacement Committee already constituted in all Ministries/Divisions/ Departments.

The National Commission for Government Reforms monetized one official vehicle after charging depreciation from the year of model. Detail is as under:

(Rupees)

Vehicle No.	Model	Date of Registration	Market Price	Reserve Price by Audit	Reserve Price by Department	Difference
GE-014	2006	03.08.2006	1,397,500	420,535	366,346	**54,189**

Audit observed that the vehicle was registered in August, 2006 while depreciation was calculated for the entire year of 2006 instead of the date of registration.

Audit is of the view that the incorrect basis of calculation resulted in loss to public exchequer.

The management did not reply.

The PAO was informed on 19.12.2012, but DAC was not held till the finalization of the report.

Audit recommends that either necessary clarification may be obtained from the Cabinet Division or the amount calculated by Audit may be recovered.

CHAPTER 30

30 MINISTRY OF PRIVATIZATION

30.1 Introduction of Ministry

On 22.01.1991, the Privatization Commission was established as a sub-branch of the Finance Division. Later on 28.09.2000, the Government approved the Privatization Commission Ordinance, 2000. As a result of this Ordinance, the Privatization Commission was converted into a sovereign corporate body.

In November 2000, the Ministry of Privatization was created for enhancement of privatization within the country and the facilitation of privatization transactions. Two years later, in November 2002 the scope of the Ministry was enhanced to include local as well as foreign investment into the scope of the Ministry. Board of Investment was thus attached to the Ministry and the Ministry was renamed as Ministry of Privatization and Investment on 04.09.2004.The Division was later divided on 30.10.2007 into Privatization Division and Investment Division. But since 08.12.2008, the Investment Division comes under a separate Ministry.

Following function have been allocated to the Ministry as per the Rules of Business, 1973:

1. Privatization Policies.
2. The Transfer of Managed Establishments Order 1978(P.O. 12 of 1978).
3. Administration of the Privatization Commission Ordinance, 2000.
4. Negotiation with International organizations relating to the functions of Privatization Division

30.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Privatization Division for the financial year 2011-12 was Rs. 121.457 million including Supplementary Grant of Rs. 46.714

million out of which the Division utilized Rs. 111.215 million. Detail of current expenditure is as under:

(Rupees)

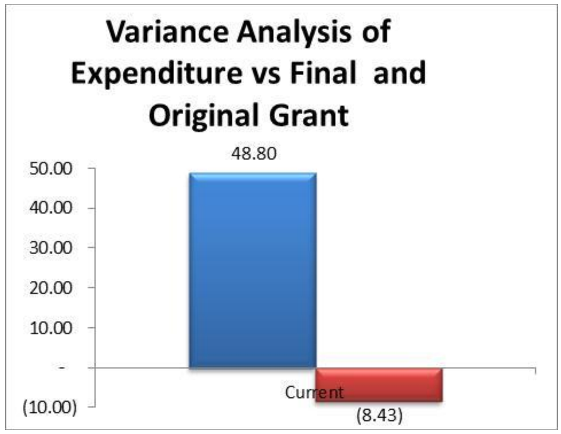
Grant No	Grant Type	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Final Grant/ Appropriation	Actual Expenditure	Excess/ (Savings)	% age Excess/ (Saving)
82	Current	74,743,000	46,714,000	121,457,000	111,215,495	(10,241,505)	(8)

Audit noted that there was saving of Rs.10.241 million in the overall grant.

Supplementary Grants obtained without careful cash forecasting

In order to ensure prudent financial management, Para 13(vii) of System of Financial Control and Budgeting, 2006 states that 'Ministries / Divisions should be able to anticipate budgetary requirements well ahead of the financial year to which the budget relates and obtain the concurrence of the Finance Division. The Finance Division is expected to decline any request for Supplementary Grants except in extraordinary circumstances.' This document further states that 'the funds obtained from Supplementary Grants shall be expended for the purposes for which these have been sanctioned. In current expenditure, demands for Supplementary Grants shall not be made, except in extraordinary circumstances.' During the year, Supplementary Grants of Rs.46.714 million were obtained, which was 62.49% of the Original Budget.

According to Para 71 of General Financial Rules (Volume I), while framing budget estimates, the authorities should exercise utmost foresight. Variation between estimated and actual expenditure captures the level of foresight that goes into budget formulation. As shown in the chart below, the excess in current expenditure was 48.80%, which, after accounting for Supplementary Grants came to saving of 8.43%.



30.3 Brief comments on the status of compliance with PAC Directives

There were no PAC Directives.

30.4 AUDIT PARAS

Irregularity & Non compliance

30.4.1 Irregular investment in Trust Investment Bank - Rs. 500.00 million and loss thereof - Rs. 357.208 million

Section 18 of Privatization Commission Ordinance, 2000 states that the Commission may, in so far as its moneys are not required to be expended under this Ordinance, invest in such manner as set out in Section 20 of the Trust Act, 1882.

Section 20 of Trust Act, 1882 states that where the Trust property consists of money and cannot be applied immediately or at an early date to the purposes of the Trust, the Trustee is bound (subject to any direction contained in the instrument of Trust) to invest the money on certain securities, and on no other, i.e. promissory notes, debentures, stock or other securities, bonds, debentures and annuities, where the repayment of principal and interest amount may be guaranteed by the government.

According to Finance Division O.M. No. F.4(1)/2002-BR-11 dated 02.07.2003, investment of working balances/surplus funds be made subject to fulfillment of various requirements such as investment in A rating banks, working balance limit of each organization should be determined with the approval of administrative Ministry in consultation with Finance Division, competitive bidding process, investment exceeding Rs. 10 million shall not be kept in one bank, setting up of in-house professional treasury management functions, formation of Investment Committee, employment of qualified investment management staff, utilization of services of professional fund managers approved by SECP, annual certificate of the Chief Executive of the organization, etc.

The management of Privatization Commission (PC) invested an amount of Rs. 500.000 million in M/s Trust Investment Bank Ltd during 2009-10 for one year at a profit rate of 12.85% per annum on 26.05.2010 (Rs. 300.000 million) and on 28.06.2010 (Rs. 200.000 million).

Audit observed as under:

i. The investments were made in M/s Trust Investment Bank Limited without the guarantee of the government for repayment of principal and interest amount.

ii. At the time of maturity of investment M/s Trust Investment Bank Ltd. only paid the interest and failed to refund the principal amount of investment.

iii. As on 30.06.2012 an amount of Rs. 340.136 million was receivable from M/s Trust Investment Bank Ltd as principal amount and Rs. 17.072 million as accrued interest. Thus, an amount of Rs. 357.208 million was stuck up with M/s Trust Investment Bank Ltd.

iv. The PACRA rating of M/s Trust Investment Bank Ltd. was BBB – (minus) at the time of investment, which did not fall within the approved criteria of the Finance Division.

Audit is of the view that investment in violation of Section 20 of Trust Act, 1882 and the instructions of the Finance Division was irregular and unauthorized.

The management replied that as the investment was inconsistent with the instructions of the Finance Division, therefore, an amount of Rs. 230 million was recovered against the outstanding amount. The Supreme Court of Pakistan had also taken notice of investments and reports were submitted to Supreme Court of Pakistan fortnightly.

The management has accepted the audit observation.

The PAO was informed on 28.11.2012, but DAC was not held till the finalization of the report.

Audit recommends that responsibility may be fixed for the irregularity besides recovering the remaining amount.

30.4.2 Irregular engagement of advertisement firms - Rs. 361.813 million

Rule 12(2) of the 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.

Para 2(VI) of Ministry of Information and Broadcasting letter No. F.15(77)/96-Advt. dated 23.05.1997 states that the appointment of the finally selected Advertising Agency/Agencies shall preferably be for a period of two years. This shall not, however, be extended beyond two years except with the approval of Press Information Department, which may allow such extension for a maximum period of three months only.

The management of Privatization Commission paid an amount of Rs. 361.813 million to 11 advertising firms during 2008-12.

Audit observed that the firms were selected without open competition.

Audit is of the view that the expenditure of Rs. 361.81 million on advertisement without open competition was irregular and unauthorized.

The management replied that the previous panel of advertising agencies, appointed on 13.10.2006, expired on 12.10.2008 and inadvertently PC continued to utilize the services of advertising agencies until October, 2011.

The management has accepted the audit observation.

The PAO was informed on 28.11.2012, but DAC was not held till the finalization of the report.

Audit recommends that responsibility may be fixed for the irregularity.

30.4.3 Irregular and unauthorized payment of honorarium - Rs. 32.581 million

Section 15.03 (1) of Privatization Commission Employees (Appointment and Terms and Conditions of Service) Regulations, 2002 states that the Secretary may grant or permit an employee or a person serving in the Commission on deputation to receive an honorarium from the Fund of the Commission as remuneration for work performed which is occasional in character and either so laborious or of such special merit as to justify a special reward.

As further explained, no honorarium will be admissible on account of temporary increase in work of an employee due to the holding of conferences, workshops, seminars, etc. under the auspices of the Commission. Such increases in work are normal incidents of the employees' service and form part of their legitimate duties. Those employees who are so employed have, therefore, no claim to extra remuneration.

The management of Privatization Commission (PC) paid an amount of Rs. 32.581 million as honorarium on various occasions, such as Eid-ul-Fitr, Eid-ul-Azha, budget preparation, etc. to the employees of Privatization Division, Privatization Commission and Consultants from PC Fund Account during 2007-12. Details are as under:

(Rupees)

S. No.	Year	Description	Amount
1.	2007	Eid-ul-Fitr	1,082,866
2.	2007	Eid-ul-Azha	1,162,471
3.	2008	Eid-ul-Fitr	1,272,894
4.	2008	Eid-ul-Azha	1,306,814
5.	2009	Eid-ul-Fitr	1,574,975
6.	2009	Eid-ul-Azha	1,913,310
7.	2010	Eid-ul-Fitr	2,627,912
8.	2010	Eid-ul-Azha	1,484,465
9.	2010	Budget	2,253,110

10.	2010	BESOS – Event honorarium	1,862,401
11.	2011	Eid-ul-Fitr	3,664,616
12.	2011	Eid-ul-Azha	2,648,810
13.	2011	Budget	2,379,360
14.	2011	Secretary relieving honorarium	69,250
15.	2012	Eid-ul-Fitr	2,700,422
16.	2012	Eid-ul-Azha	2,438,020
17.	2012	Budget	2,139,052
		Total	**32,580,748**

Audit observed as under:

i. The payments were made to the employees of the Privatization Division.

ii. The payments were made to the persons working at the residence of the Minister and Secretary, including police personnel deployed for security.

iii. The payments were made to Consultants, Contingent Paid Staff and the employees of Engineering Development Board.

Audit is of the view that such payments from the Privatization Fund were irregular and unauthorized.

The management replied that the Board, in its meeting held on 20.10.2006 approved the grant of honorarium from the Privatization Fund to the employees of Privatization Commission and Privatization Division on Eid-ul-Fitr and Eid-ul-Azha. The honorarium was paid to the employees of Privatization Division due to meager budget of that Division, while the budget honorarium was paid in line with the similar practice in other Ministries and corporations.

The reply was not accepted because neither the Privatization Commission rules nor the government rules allow such payments.

The PAO was informed on 28.11.2012, but DAC was not held till the finalization of the report.

Audit recommends that the irregular and unlawful practice should be discontinued forthwith.

30.4.4 Irregular opening of bank accounts and unauthorized transfer of funds - Rs. 3,590.798 million

Section 19 of Privatization Commission Ordinance, 2000 states that the Commission may open and maintain its accounts at such scheduled banks as it may from time to time determine in consultation with the Federal Government.

Rule 5(a) of Chapter-IV of Privatization Commission Form and Manner of Budget and Accounts (Accounting Procedure) Rules, 2007 states that the Commission shall maintain its accounts in the National Bank of Pakistan in respect of following funds/entities on accrual basis:

i. Privatization Fund Account
ii. Commission Account
iii. Grants from the Federal Government
iv. Superannuating Allowances/Gratuity Fund Account as separate entities under Commission Account.
v. Earnest moneys, etc.

The management of Privatization Commission of Pakistan (PC) opened three bank accounts in Habib Bank Limited, PTV Headquarters Branch, Islamabad in October, 2010 and transferred Rs. 1,825.744 million into these accounts.

Audit observed as under:

i. The three bank accounts in Habib Bank Ltd were opened on the approval of the Chairman, Privatization Commission.
ii. Funds were transferred to these three accounts from the balances maintained in the National Bank accounts.
iii. Due to subsequent withdrawals and deposits, the closing balances as on 30.06.2011 were Rs. 3,590.798 million. Details are as under:

(Rs. in million)

S. No.	HBL Account Title	Account No.	Amount
1.	Commission Fund Account	1765-79002532-01	1,003.110

2.	Commission Account	1765-79002506-01	649.424
3.	BESOS – Account	1765-79002533-01	1,938.264
		Total	**3,590.798**

Audit is of the view that opening of bank accounts in violation of the approved accounting procedure and transfer of funds from the authorized bank accounts was irregular and unauthorized.

The management replied that the bank accounts were opened and funds were transferred on the instructions of the then Minister for Privatization as the NBP failed to honor a cheque of a client. The bank accounts were opened despite the fact that the Financial Consultant had drawn the attention of the Minister towards the provisions of the approved accounting procedure.

The management also claimed that the entire funds were reverted back to NBP in May, 2011 after the change of Minister, but did not provide evidence of transfer of funds or closure of the unauthorized bank accounts.

The management has accepted the audit observation.

The PAO was informed on 28.11.2012, but DAC was not held till the finalization of the report.

Audit recommends that responsibility should be fixed for the irregularity.

30.4.5 Undue favour and irregular investments in different financial institutions - Rs. 5,728.242 million

Section 16(1) of Privatization Commission Ordinance, 2000 states that the Commission shall establish and maintain a distinct and separate Privatization Fund in which all privatization proceeds shall be deposited. The Commission shall, out of the moneys so deposited, withdraw and contribute to the Commission’s Account such amount or amounts as may be needed by it from time to time but only to supplement the other resources therein if and to the extent necessary. The remaining privatization proceeds shall be kept in trust for and distributed to the Federal Government or the enterprise owned or controlled by the Federal Government entitled to such proceeds.

Section 18 of Privatization Commission Ordinance, 2000 states that the Commission may, in so far as its moneys are not required to be expended under this Ordinance, invest in such manner as set out in Section 20 of the Trust Act, 1882.

Section 20 of Trust Act, 1882 states that where the Trust property consists of money and cannot be applied immediately or at an early date to the purposes of the Trust, the Trustee is bound (subject to any direction contained in the instrument of Trust) to invest the money on certain securities, and on no other, i.e. promissory notes, debentures, stock or other securities, bonds, debentures and annuities, where the repayment of principal and interest amount may be guaranteed by the government.

According to Finance Division O.M. No. F.4(1)/2002-BR-11 dated 02.07.2003, investment of working balances/surplus funds be made subject to fulfillment of various requirements such as investment in A rating banks, working balance limit of each organization should be determined with the approval of administrative Ministry in consultation with Finance Division, competitive bidding process, investment exceeding Rs. 10 million shall not be kept in one bank, setting up of in-house professional treasury management functions, formation of Investment Committee, employment of qualified investment management staff, utilization of services of professional fund managers approved by SECP, annual certificate of the Chief Executive of the organization, etc.

The management of Privatization Commission invested Rs. 5,728.242 million during 2007-12 in different financial institutions. Details are as under:

(Rs. in million)

S. No.	Institution	2007-08	2008-09	2009-10	2010-11	2011-12
1.	Atlas Bank	-	520.379	564.664	364.000	-
2.	Habib Metropolitan Bank	-	-	300.000	133.000	-
3.	KASB Bank	-	-	300.000	-	-
4.	Faysal Bank	-	-	300.000	267.000	-
5.	Bank Alfalah	-	-	300.000	-	-
6.	Arif Habib Bank	-	-	300.000	-	-
7.	Trust Investment Bank	-	-	500.000	500.000	357.208
8.	Bank of Khyber	-	-	-	500.000	-
9.	Habib Bank Ltd	122.000	-	-	100.000	-
10.	United Bank Limited	300.000	-	-	-	-
	Total	**422.000**	**520.379**	**2,564.664**	**1,864.000**	**357.208**

Source: Chartered Accountant's previous reports, except 2011-12.

Audit observed as under:

i. The investments were made without the guarantee of the government for repayment of principal and interest amount.

ii. The approval of the Finance Division was not obtained for determination of working capital balance as required under Finance Division O.M. dated 02.07.2003.

iii. A number of Members of the Privatization Commission Board were affiliated with the banks where funds were invested, i.e. Syed Asghar Ali Shah was Director of KASB Bank, Mr. Khurshid Zafar was SEVP & Group Chief of Arif Habib Bank Limited, while Mr. Asif Kamal was Chairman of Trust Investment Bank Limited.

Audit is of the view that the investments were irregular, unauthorized and in violation of the government instructions, as well as the Privatization Commission Ordinance, 2000. The possibility of extending undue favour to these banks also cannot be ruled out.

The management replied that the funds remain at the disposal of the Privatization Commission till receipt of the final installment after which the funds were remitted to the government or legal entity. During the interim period the funds were invested for profit which was reflected in the annual audited accounts as interest income payable to the government.

The reply was not accepted because the investments were a violation of government instructions as well as rules of the Privatization Commission. The investment of funds in financial institutions where the Members of the Privatization Commission held appointments was a conflict of interest.

The PAO was informed on 28.11.2012, but DAC was not held till the finalization of the report.

Audit recommends that responsibility should be fixed for the irregularity and undue benefit and favouritism.

CHAPTER 31

31 MINISTRY OF RELIGIOUS AFFAIRS

31.1 Introduction of Ministry

The Ministry of Religious Affairs is responsible for Muslim pilgrims' visits to India for Ziarat and to Saudi Arabia for Umra & Hajj and the welfare and safety of pilgrims. The main activities also include research based Islamic studies, holding of conferences, seminars, training, education of Ulema & Khateebs and exchange of visits of scholars of Islamic learning with foreign and international institutions. The Ministry also performs activities like management of Ruet-e-Hilal, Dawah, infants and minor adoption laws. There are six subordinate offices working as Directorates of Hajj of this Ministry and two autonomous bodies, i.e. Council of Islamic Ideology and Pakistan Madrassah Education Board.

Following functions have been assigned to the Ministry as per the Rules of Business, 1973:

1. Pilgrimage beyond Pakistan; Muslim pilgrims' visits to India
2. Ziarat and Umra
3. Welfare and safety of pilgrims and zairines
4. Administrative control of the Hajj Directorate at Jeddah and dispensaries in Makkah and Medina
5. Islamic studies and research, including holding of seminars, conferences, etc. on related subjects
6. Training and education of Ulema and Khatibs, etc.
7. Error-free and exact printing and publishing of the Holy Quran
8. Exchange of visits of scholars of Islamic learning and education, international conferences/seminars on Islamic subject and liaison with foreign and international bodies and institutions
9. Ruet-e-Hilal
10. Tabligh
11. Council of Islamic Ideology

12. Observance of Islamic Moral Standards

13. Donations for religious purposes and propagation of Islamic ideology abroad

14. Development of policies, arrangement for the proper collection, disbursement and utilization of Zakat and Ushr funds and maintenance of their accounts

15. Maintenance of liaison with Pakistan Missions abroad for collection of Zakat and other voluntary contributions from Pakistan citizens and others residing outside Pakistan

Following functions were transferred to Religious Affairs Division vide Cabinet Division Notification No. 4-17/2010-Min-1 dated 02.12.2010:

- Collection of Zakat and Ushr, Disbursement of Zakat and Ushr to Provinces and other areas as per formula approved by Council of Common Interests (CCI)

31.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Ministry of Religious Affairs for the financial year 2011-12 was Rs. 615.008 million including Supplementary Grant of Rs. 86.065 million out of which the Division utilized Rs. 611.055 million. Grant-wise detail of current expenditure is as under:

(Rupees)

Grant No	Grant Type	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Final Grant/ Appropriation	Actual Expenditure	Excess/ (Savings)	% age Excess/ (Saving)
84	Current	106,441,000	28,729,000	135,170,000	143,191,030	8,021,030	5.93
85	Current	71,066,000	-	71,066,000	65,685,673	(5,380,327)	(7.57)
86	Current	351,436,000	57,336,000	408,772,000	402,178,981	(6,593,019)	(1.61)
	Total	**528,943,000**	**86,065,000**	**615,008,000**	**611,055,684**	**(3,952,316)**	**(0.64)**

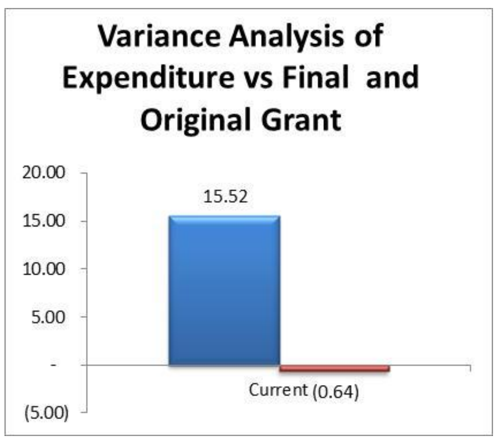
Audit noted that there was an overall saving of Rs. 3.952 million in Final Budget allocated to the Ministry.

Supplementary Grants obtained without careful cash forecasting

In order to ensure prudent financial management, Para 13(vii) of System of Financial Control and Budgeting, 2006 states that 'Ministries / Divisions should be able to anticipate budgetary requirements well ahead of the financial year to which the budget relates and obtain the concurrence of the Finance Division. The Finance Division is expected to decline any request for

Supplementary Grants except in extraordinary circumstances.' This document further states that 'the funds obtained from Supplementary Grants shall be expended for the purposes for which these have been sanctioned. In current expenditure, demands for Supplementary Grants shall not be made, except in extraordinary circumstances.' During the year, Supplementary Grants of Rs.86.065 million were obtained, which was 16.27% of the Original Budget.

According to Para 71 of General Financial Rules (Volume I), while framing budget estimates, the authorities should exercise utmost foresight. Variation between estimated and actual expenditure captures the level of foresight that goes into budget formulation. As shown in the chart below, the excess in current expenditure was 15.52% of original grant, which came to saving of 0.64% after accounting for Supplementary Grants.



31.3 Brief comments on the status of compliance with PAC Directives

Ministry	Years	No of audit paras	No of Actionable Points	Full Compliance	Not Complied	% of Compliance
Religious Affairs	1987-88	0	0	0	0	0
	1988-89	2	2	2	0	100
	1989-90	4	3	0	3	0
	1990-91	3	3	0	3	0
	1991-92	7	7	4	3	57
	1992-93	3	3	2	1	67
	1993-94	0	0	0	0	0
	1994-95	1	1	1	0	100
	1995-96	1	1	1	0	100
	1996-97	4	4	2	2	50

	1999-00	0	0	0	0	0
	2000-01	27	27	21	6	78
	2001-02	0	0	0	0	0
	2005-06	1	1	1	0	100
	2006-07	0	0	0	0	0
Total		**53**	**52**	**34**	**18**	**65**

31.4 AUDIT PARAS

Non Production of Record

31.4.1 Non-production of record of vaccine purchased during Hajj 2011

Section 14(2) of Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 states that the officer in-charge of any office or department shall afford all facilities and provide record for audit inspection and comply with requests for information in as complete a form as possible and with all reasonable expedition.

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

The Transparency International-Pakistan reported on 06.06.2011 about the violation of Public Procurement Rules, 2004 in the purchase of vaccines for Hajj, 2011 which was forwarded to the Directorate General Audit (Federal Government) by the office of the Auditor General of Pakistan vide letter No. 824/39-PAC/C/2009(PF-II) dated 17.06.2011 for necessary action.

The management of Ministry of Religious Affairs was requested to provide the record in order to determine the authenticity of the procurement of vaccines.

Despite repeated requests the management did not provide the record except for photocopies of two paid vouchers amounting to Rs. 98.936 million.

Audit is of the view that in the absence of auditable record, Audit could not ascertain the authenticity of the purchase.

The management did not reply.

The PAO was informed on 25.10.2012, but DAC was not held till the finalization of the report.

Audit recommends that responsibility should be fixed for hindering the auditorial functions of the Auditor General of Pakistan besides providing the relevant record.

Irregularity & Non-Compliance

31.4.2 Non-deposit of collected taxes into government treasury - Rs. 5.274 million

Rule 43(a) of Income Tax Rules, 2002 states that as required under Section 160 of the Income Tax Ordinance, 2001 the tax collected or deducted shall be paid to the Commissioner by way of credit to the Federal Government where the tax has been collected or deducted by the Federal Government or a Provincial Government on the day the tax was collected or deducted.

In terms of Rule 2(5) of Sales Tax Special Procedure (Withholding) Rules, 2007, the sales tax deducted at source shall be deposited by the withholding agent in the designated branch of National Bank of Pakistan [under relevant head of account] on sales tax return-cum-payment challan, by 15th of the month following the month during which payment has been made to the supplier.

The management of Ministry of Religious Affairs sanctioned an expenditure of Rs. 77.456 million from Hajj Pilgrims Welfare Fund and withheld an amount of Rs. 2.677 million as 1/5th GST and Rs. 2.597 million as Income Tax during 2010-12.

Audit observed that the withheld Income Tax and 1/5th GST were not deposited into the government treasury.

Audit is of the view that retention of government dues deprived the government of its due receipt.

The management did not reply.

The PAO was informed on 25.10.2012, but DAC was not held till the finalization of the report.

Audit recommends that the withheld amount should be deposited into the government treasury, besides fixing responsibility for the irregularity.

31.4.3 Unauthorized retention and utilization of receipts - Rs. 33.489 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 not be appropriated to meet departmental expenditure, nor otherwise kept apart from the Federal Consolidated Fund of the Federal Government.

The Ministry of Religious Affairs collected receipts amounting to Rs. 33.489 million during Hajj seasons 2010 and 2011. Details are as under:

(Rupees)

S. No.	Description	Amount
1.	Registration Fee of HGOs (2010)	7,240,000
2.	Substitution Fee of HGOs (2010)	3,900,600
3.	Registration Fee of HGOs (2011)	16,900,000
4.	Substitution Fee of HGOs (2011)	2,987,300
5.	Umrah Authentication Fee (2011)	365,600
6.	Penalty Imposed on HGOs (2011)	1,862,000
7.	Change of address fee from HGOs (2011)	233,000
	Total	**33,488,500**

Audit observed as under:

i. The management did not deposit the receipts into the government treasury.

ii. The management deposited the receipts into Hajj Pilgrims Welfare Fund from where they were utilized to meet the departmental expenditure.

Audit is of the view that retention and utilization of the receipts was irregular and unauthorized, and deprived the government of its due receipts.

The management did not reply.

The PAO was informed on 25.10.2012, but DAC was not held till the finalization of the report.

Audit recommends that the receipts should be deposited into the government treasury.

31.4.4 Irregular purchase of vehicles from Hajj Pilgrims Welfare Fund - Rs. 22.937 million

Rule 4(viii) of the Hajj Pilgrims Welfare Fund Rules, 1990 states that fund shall be expanded on purchase of such vehicles, equipment, appurtenance and supplies and services as are meant directly and exclusively for pilgrims welfare and for which funds from any other source are not available.

Rule 4(xv) of the Hajj Pilgrims Welfare Fund Rules, 1990 states that any expenditure which is not covered under sub-rule (i) to (xiv) will be made with the concurrence of the Ministry of Finance.

Rule 4(xv)(c) of the Hajj Pilgrims Welfare Fund Rules, 1990 states that purchase of additional vehicles will be made only with the prior approval of Minister Incharge and with the concurrence of the Ministry of Finance.

The Ministry of Religious Affairs incurred an expenditure of Rs. 22.937 million on purchase of vehicles during 2011-12. Details are as under:

(Rupees)

S. No.	Make	Quantity	Amount
1.	Suzuki Cultus	4	3,752,000
2.	Toyota Corolla	2	3,198,000
3.	Hilux Double Cabin	4	11,156,000
4.	Hilux Single Cabin	2	3,098,000

5.	Suzuki APV	1	1,050,900
6.	Suzuki Bolan	1	682,000
		Total	**22,936,900**

Audit observed as under:

i. The vehicles were purchased without the concurrence of the Ministry of Finance.

ii. The vehicles were not meant directly and exclusively for pilgrims welfare.

Audit is of the view that the expenditure on purchase of additional vehicles was in violation of Hajj Pilgrims Welfare Fund Rules, 1990. The expenditure was, therefore, irregular and unauthorized.

The management did not reply.

The PAO was informed on 25.10.2012, but DAC was not held till the finalization of the report.

Audit recommends that responsibility may be fixed for the irregularity and the expenditure may be got regularized from the Finance Division.

31.4.5 Unauthorized expenditure on purchase of gifts - Rs. 3.159 million

Serial No. 9(39) of Annex-I of Finance Division O.M. No. F.3(2)Exp-III/2006 dated 13.09.2006 as amended vide O.M. No. F.3(11)Exp-III/2007-683 dated 10.11.2007 states that the Ministries/Divisions were empowered to incur expenditure on purchase of gifts up to Rs. 300,000 in one year for presentation to the foreign dignitaries only.

Rule 4(xv) of the Hajj Pilgrims Welfare Fund Rules, 1990 states that any expenditure which is not covered under sub-rule (i) to (xiv) will be made with the concurrence of the Ministry of Finance.

The Ministry of Religious Affairs incurred an expenditure of Rs. 3.159 million from Hajj Pilgrims Welfare Fund and the Regular Budget on purchase of gifts during 2010-12. Details are as under:

(Rupees)

S. No.	Cheque No.	Date	Description	Amount
Hajj Pilgrims Welfare Fund				
1.	7923869	17.09.2011	Briefcase	92,500
2.	7923890	04.10.2011	Jewelry chest	744,120
3.	1227389	23.02.2012	Carpet	650,000
4.	1227393	06.03.2012	Carpet	225,000
5.	1227973	19.04.2012	Rugs	214,600
Regular Budget				
6.	3223712	30.04.2011	Gift Boxes	434,700
7.	3845245	27.06.2012	Christmas Trees	798,000
			Total	**3,158,920**

Audit observed as under:

i. The expenditure was incurred beyond the powers delegated in the regular budget.

ii. Expenditure for purchase of gifts out of Hajj Pilgrims Welfare Fund was not permissible.

iii. The expenditure out of Hajj Pilgrims Welfare Fund was incurred without the concurrence of the Finance Division.

Audit is of the view that the expenditure beyond the delegated powers from the regular budget and the entire expenditure from the Hajj Pilgrims Welfare Fund was irregular and unauthorized.

The management did not reply.

The PAO was informed on 25.10.2012, but DAC was not held till the finalization of the report.

Audit recommends that the expenditure may be got regularized from the Finance Division, besides fixing responsibility for the irregularity.

31.4.6 Unauthorized retention of 29 vehicles

The Federal Government approved the "Compulsory Monetization of Transport Facility for Civil Servants in BS-20 to BS-22" vide Cabinet Division letter No. 6/7/2011-CPC dated 12.12.2011. The Monetization Policy was implemented with effect from 01.01.2012.

Para (xv) of Annexure to the Monetization Policy states that the Ministries/Divisions/Departments needing operational vehicles shall get their authorization of such vehicles fixed from the Vehicles Committee constituted with a representative each from Cabinet Division, Finance Division and the respective Ministry/Division/Department.

The Hajj Directorates of the Ministry of Religious Affairs were maintaining 29 vehicles of engine capacity ranging from 800cc to 3500cc.

Audit observed that the vehicles were placed on the Operational/General Duty pool without the approval of the Cabinet Division.

Audit is of the view that the retention of the vehicles on Operational/General Duty pool without the approval of the Cabinet Division was irregular and unauthorized.

The management did not reply.

The PAO was informed on 25.10.2012, but DAC was not held till the finalization of the report.

Audit recommends that the authorization of vehicles may be got fixed and the surplus vehicles may be surrendered to the Cabinet Division.

CHAPTER 32

32 MINISTRY OF STATES AND FRONTIER REGIONS

32.1 Introduction of Ministry

In 1948, Quaid-i-Azam decided that a new Division called States and Frontier Regions (SAFRON) Division be established to work directly under him. The main functions of the States and Frontier Regions Division comprise mainly of interaction with the FATA issuance of policy directives regarding Tribal Areas, administrative reforms/ control of Khasadars & Levies and Afghan Refugees etc. According to the provision of article 246 of the constitution of Pakistan, Tribal Areas means the areas in Pakistan, which immediately before the commencing day were the Tribal Areas, and include, the Tribal areas of Balochistan and KP. The States and Frontier Regions Division also handles matters pertaining to former and acceded States of Amb, Bahawalpur, Khair Pur, Swat, Chitral, Mekran, Qalat and Dir.

The Division consists of three Wings i.e. Administration, Refugees and States/Tribal Areas Wing, each headed by a Joint Secretary; who has Deputy Secretaries and Section Officers to assist him. Chief Commissionerate for Afghan Refugees is an Attached Department, whereas Cadet College Razmak is an Autonomous body under the administrative control of SAFRON.

Following functions have been assigned to the ministry as per the Rules of Business, 1973:

1. Tribal Areas –

   (a) Administrative and political control in the Federally Administrated Tribal Areas;
   (b) Development plans and programs of Federally Administered Tribal Areas;
   (c) All matters relating to the FATA Development Corporation;
   (d) Issues of policy directives to the Governments of NWFP and Balochistan regarding Tribal Areas;
   (e) Matters relating to the Durand Line;

(f) Anti-subversion measures;
(g) Agreement with the tribes;
(h) Application of laws to, regulation for, and alterations in Tribal Areas;
(i) Administrative reforms;
(j) Issue of import licenses to the tribes;
(k) Visits of foreigners to Tribal Areas;
(l) Policy regarding detribalization of the Tribal Areas;
(m) Powindah Policy;
(n) Payment of Maliki Allowance and individual service allowance; and
(o) Nomination of candidates from the federally Administered Tribal Areas for admission to various Medical Colleges against seats reserved for those areas.

2. Administrative control of the contingents of Khassadars and Levies.
3. Employment of the contingents at (2) above in the Tribal Areas of NWFP and Balochistan.
4. Postings and transfers of Officers in the Federally Administered Tribal Areas.
5. Afghan refugees.
6. Affairs of the former and acceding States.

Following functions were transferred to SAFRON Division vide Cabinet Division Notification No. 4-17/2010-Min-1 dated 2nd December 2010

- Mainstreaming population factor in development planning process, in SAFRON
- Management and distribution of Zakat and Ushr in the FATA and the related / ancillary matters including distribution setup and monitoring / auditing thereof

Following function was transferred to SAFRON Division vide Cabinet Division Notification No. 4-9/2011-Min.1 dated 29th June, 2011

- Coordination medical arrangement and health delivery system for the Afghan Refugees

32.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the States and Frontier Regions (SAFRON) Division for the financial year 2011-12 was Rs. 5,270.608 million including Supplementary Grant of Rs. 413.35 million against which the Division utilized Rs. 5,947.702 million. Grant-wise detail of current expenditure is as under:

(Rupees)

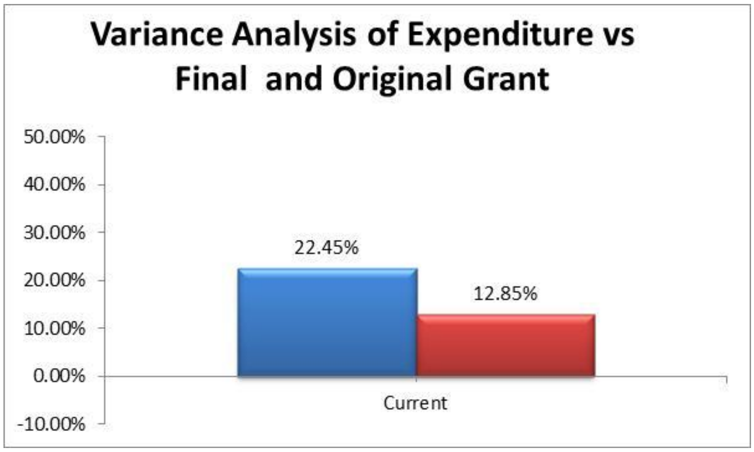
Grant No	Grant Type	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Final Grant/ Appropriation	Actual Expenditure	Excess/ (Savings)	% age Excess/ (Saving)
89	Current	60,625,000	13,350,000	73,975,000	73,571,856	(403,144)	(1)
90	Current	4,479,072,000	400,000,000	4,879,072,000	5,518,800,504	639,728,504	13
92	Current	4,054,000	-	4,054,000	3,954,094	(99,906)	(2)
93	Current	313,507,000	-	313,507,000	351,376,049	37,869,049	12
	Total	**4,857,258,000**	**413,350,000**	**5,270,608,000**	**5,947,702,503**	**677,094,503**	**13**

Audit noted that there was an overall excess of Rs. 677.094 million that amounts to 12.85% of the total budget allocated to the States and Frontier Regions Division.

Supplementary Grants obtained without careful cash forecasting

In order to ensure prudent financial management, Para 13(vii) of System of Financial Control and Budgeting, 2006 states that 'Ministries / Divisions should be able to anticipate budgetary requirements well ahead of the financial year to which the budget relates and obtain the concurrence of the Finance Division. The Finance Division is expected to decline any request for Supplementary Grants except in extraordinary circumstances.' This document further states that 'the funds obtained from Supplementary Grants shall be expended for the purposes for which these have been sanctioned. In current expenditure, demands for Supplementary Grants shall not be made, except in extraordinary circumstances.' During the year, Supplementary Grants of Rs. 413.350 million were obtained, which was 8.51% of the Original Budget.

According to Para 71 of General Financial Rules (Volume I), while framing budget estimates, the authorities should exercise utmost foresight. Variation between estimated and actual expenditure captures the level of foresight that goes into budget formulation. As shown in the chart below, the excess in current expenditure was 22.45% of original grant, which came to 12.85% after accounting for supplementary grants.



32.3 Brief comments on the status of compliance with PAC Directives

Ministry	Years	No of audit paras	No of Actionable Points	Full Compliance	Not Complied	% of Compliance
States and Frontier Regions	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	7	5	58
	1992-93	30	30	2	28	7
	1993-94	28	0	0	0	0
	1994-95	15	5	3	2	60
	1995-96	0	0	0	0	0
	1996-97	0	0	0	0	0
	1997-98	0	0	0	0	0
	1999-00	0	0	0	0	0
	2000-01	4	4	0	4	0
	2001-02	0	0	0	0	0
	2005-06	4	4	1	3	25
	2008-09	0	0	0	0	0
Total		**125**	**87**	**33**	**54**	**38**

32.4 AUDIT PARAS

Non Production of Record

32.4.1 Non-production of record - Rs. 55.489 million

Section 14(2) of Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 states that the officer incharge of any office or department shall afford all facilities and provide record for audit inspection and comply with requests for information in as complete a form as possible and with all reasonable expedition.

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

The Commissioner for Afghan Refugees, Balochistan released Rs. 21.759 million and Rs. 33.730 million to the Deputy Commissioners, Loralai and Quetta, respectively for execution of 26 development schemes during 2010-11.

Despite repeated requests the management did not provide the following record:

i. Expenditure relating to development schemes, i.e. tender documents, Technical Sanction of Estimates, Contract Agreements, Measurement Books, Completion Certificates, paid vouchers, etc.

ii. Store account of the Public Health Engineering and Buildings Divisions.

iii. List of bank accounts along with bank statements.

iv. Implementing Partner Financial Monitoring Report (IPFMR) of Refugees Affected and Hosting Areas (RAHA) relating to UNHCR funds in the Districts.

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

The management did not reply.

The management was informed on 18.04.2012, but DAC was not held till the finalization of the report.

Audit recommends that responsibility may be fixed for hindering the auditorial functions of the Auditor General of Pakistan besides provision of record to Audit.

Irregularity & Non Compliance

32.4.2 Irregular operation of Levies and Khassadars Welfare Fund and retention of funds deducted from the salaries of Khassadars - Rs. 2.985 million

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

Serial No. 11(16) of Schedule-II of Rule 3(3) of Rules of Business, 1973 has assigned the Finance Division to frame rules on pay and allowances, retirement benefits, leave benefits and other financial terms and conditions of service.

The FATA Secretariat established Levies and Khassadars Welfare Fund vide letter No. CS(F)/N/35/L.W.Fund/2009 dated 25.04.2009, whereby all Political Agents and District Coordination Officers were required to deduct a specific amount from the salaries of the employees. The Welfare Funds established at Agency/Frontier Region level were abolished and all balances were transferred to Levies and Khassadars Welfare Fund account maintained in FATA Secretariat's Bank Account No. PLS-5590-6, National Bank of Pakistan, Warsak Road Branch, Peshawar. The monthly rates of deduction were as under:

(Rupees)

S. No.	Employees	w.e.f April, 2009	w.e.f. October, 2009
1.	JCOs (Naib Subedar, Subedar and Subedar Major)	30	40
2.	NCOs (Havaldars and Naiks)	20	25
3.	Sepoys and Lance Naiks	10	15

The management of Kurram Levies remitted Rs. 333,775 to FATA Secretariat on account of deductions from the salaries of Khassadars during the period July, 2006 to June, 2011.

Audit observed as under:

i. The creation and operation of Levies and Khassadars Welfare Fund and deduction from the salaries of Khassadars was made without the approval of the Finance Division.

ii. An amount of Rs. 2.988 million was deducted from the salaries whereas only Rs. 0.334 million was remitted to the FATA Secretariat. Details are as under:

(Rupees)

S. No.	Period	Designation	No. of employees	Rate of Deduction	Amount deducted	Remitted Amount
1.	July, 2006 to May, 2008	All Ranks	1,160	40	1,067,200	0
2.	June, 2008 to April, 2009	Subedar Major/Subedar/Naib Subedar	36	40	15,840	0
3.	-do-	Havaldar/Naik	144	40	63,360	0
4.	-do-	Lance Naik/Sepoy/Khassadars	980	40	431,200	0
5.	May, 2009 to September, 2009	Subedar Major/Subedar/Naib Subedar	31	65	5,425	45,440
6.	-do-	Havaldar/Naik	120	60	24,000	0
7.	-do-	Lance Naik/Sepoy/Khassadars	987	55	222,075	0
8.	October, 2009 to June, 2010	Subedar Major/Subedar/ Naib Subedar	31	80	11,160	123,435
9.	-do-	Havaldar/Naik	120	65	43,200	0
10.	-do-	Lance Naik/Sepoy/Khassadars	987	55	355,320	0
11.	July, 2010 to June, 2011	Subedar Major/Subedar/Naib Subedar	31	90	18,600	164,900
12.	-do-	Havaldar/Naik	117	65	56,160	0
13.	-do-	Lance Naik/Sepoy/Khassadars	1,119	65	671,400	0
				Total	**2,984,940**	**333,775**

Audit is of the view that creation and operation of Levies and Khassadars Welfare Fund and monthly deduction from the salaries of Levies and Khassadars was irregular and unauthorized.

The management replied that the Welfare Fund meant for funeral and death compensation was maintained in Account No. 4488-3, NBP, Parachinar which was paid @ Rs. 25,000 per family. An amount of Rs. 274,225 was available in the bank account.

The management has accepted the retention of the amount.

The PAO was informed on 03.12.2012, but DAC was not held till the finalization of the report.

Audit recommends that responsibility be fixed for creation of Levies and Khassadars Welfare Fund without the approval of Finance Division and further deduction be discontinued forthwith.

32.4.3 Award of contracts without obtaining Technical Sanction of Estimates - Rs. 124.837 million

Para 56 of CPWD Code states that a properly detailed estimate must be prepared for the sanction of competent authority. This sanction is known as the Technical Sanction to the Estimate and must be obtained before the commencement of work. As its name indicates, it amounts to no more than a guarantee that the proposals are structurally sound, and that the estimates are accurately calculated and based on adequate data.

The Commissioner for Afghan Refugees, Balochistan executed 40 schemes through Executive Engineers, Public Health Engineering and Building Divisions and incurred an expenditure of Rs. 124.837 million during 2010-11. Details are as under:

(Rupees)

S. No.	District	Period	No. of Schemes	Estimated cost	Expenditure
1.	Chagai	2010	1	21,504,000	21,269,034
		2011	8	35,030,000	20,712,049
2.	Pishin	2010	1	4,467,000	4,467,000
		2011	6	21,105,000	16,600,485
3.	Killa Abdullah	2010	3	11,191,000	9,953,167
		2011	10	32,742,000	14,162,984
4.	Killa Saifullah	2010	2	13,537,000	12,282,693
		2011	8	35,804,000	23,399,171
5.	Loralai	2010	1	2,684,000	1,990,622
		Total	**40**	**178,064,000**	**124,837,205**

Audit observed as under:

i. The expenditure was incurred without obtaining Technical Sanction of Estimates.

ii. The work was executed without any drawing, design and layout plan.

Audit is of the view that in the absence of Technical Sanction of Estimates and detailed designs the accuracy of the cost estimates could not be ascertained.

The management did not reply.

The management was informed on 18.04.2012, but DAC was not held till the finalization of the report.

Audit recommends that responsibility may be fixed for awarding contracts and incurring expenditure without obtaining Technical Sanction of Estimates.

32.4.4 Unauthorized retention of Income Tax and Sales Tax - Rs. 3.798 million

Rule 43(a) of Income Tax Rules, 2002 states that as required under Section 160 of the Income Tax Ordinance, 2001 the tax collected or deducted shall be paid to the Commissioner by way of credit to the Federal Government where the tax has been collected or deducted by the Federal Government or a Provincial Government on the day the tax was collected or deducted.

The Commissioner for Afghan Refugees, Balochistan executed development schemes through Executive Engineers, Public Health Engineering and Buildings Divisions and deducted Income Tax and Sales Tax amounting to Rs. 3.798 million on civil works, supply of machinery, etc. during 2010-11. Details are as under:

(Rupees)

S. No.	District	Period	Income Tax	Sales Tax
1.	Chaghi	2010	521,202	280,364
		2011	405,044	202,788
2.	Pishin	2010	270,000	0
		2011	796,228	0
3.	Killa Abdullah	2010	365,641	0
		2011	760,452	0
4.	Killa Saifullah	2010	92,817	0
5.	Loralai	2010	103,138	0
		Total	**3,314,522**	**483,152**

Audit observed that Income Tax and Sales Tax deducted was not deposited into government treasury and was retained in the bank account.

Audit is of the view that retention of withheld taxes was irregular and unauthorized, which deprived the government of its due receipts.

The management did not reply.

The management was informed on 18.04.2012, but DAC was not held till the finalization of the report.

Audit recommends that the withheld taxes should be deposited into the government treasury.

32.4.5 Non-deduction of Withholding Tax - Rs. 2.268 million

Section 153(1)(b&c) of the Income Tax Ordinance, 2001 states that Withholding Tax should be deducted @ 6% on payments made to contractors.

Section 161(1)(a) of Income Tax Ordinance, 2001 states that a person who fails to collect tax from a payment shall be personally liable to pay the amount of tax to the Commissioner.

The Commissioner for Afghan Refugees, Balochistan executed development schemes through Executive Engineers, Public Health Engineering and Building Divisions from the funds provided under Refugees Affected and Hosting Areas (RAHA) project.

Audit observed that management did not deduct Withholding Tax amounting to Rs. 2.268 million from the payments made to the contractors. Details are as under:

(Rupees)

S. No.	District	Period	No. of Schemes	Payments	Income Tax
1.	Chaghi	2010	1	6,377,534	382,651
		2011	7	9,553,489	460,710
2.	Killa Abdullah	2010	2	3,594,550	165,873
3.	Killa Saifullah	2011	5	13,426,000	805,680
4.	Loralai	2010	6	7,546,473	452,987
		Total	**21**	**40,498,046**	**2,267,901**

Audit is of the view that non-deduction of Withholding Tax was an undue favour to the contractors, which deprived the government of its due receipt.

The management did not reply.

The management was informed on 18.04.2012, but DAC was not held till the finalization of the report.

Audit recommends that responsibility may be fixed for the irregularity. The Withholding Tax due from the contractors should be recovered and deposited into government account.

32.4.6 Loss due to purchase of ambulances and X-ray machine at higher rates - Rs. 2.105 million

Rule 36(b)(ix) of Public Procurement Rules, 2004 states that the bid found to be the lowest evaluated bid shall be accepted.

Rule 2(h)(i)(ii) of Public Procurement Rules, 2004 states that the "lowest evaluated bid" means, a bid most closely conforming to evaluation criteria and other conditions specified in the bidding document; and having lowest evaluated cost.

The Commissioner for Afghan Refugees, Balochistan purchased five ambulances and one X-ray machine from the funds provided under Refugees Affected and Hosting Areas (RAHA) project during 2010-11.

Audit observed as under:

i. The management procured the items by ignoring the lowest bids which resulted in a loss of Rs. 2.105 million. Details are as under:

(Rs. in million)

S. No.	Item purchased	Purchase rate	Lowest rate	Difference	Loss
1.	Ambulance	2.140	2.040	0.100	0.500
2.	X-ray machine	4.000	2.395	1.605	1.605
				Total	**2.105**

ii. The supply time was extended in violation of the terms and conditions of the tender notice.

Audit is of the view that the management violated the Public Procurement Rules, 2004 which resulted in a loss of Rs. 2.105 million to the government.

The management did not reply.

The management was informed on 18.04.2012, but DAC was not held till the finalization of the report.

Audit recommends that the matter may be investigated at appropriate level for fixing responsibility for the loss.

32.4.7 Irregular payment of Project Allowance and non-deduction of Income Tax - Rs. 1.020 million

Para 2(a) of Finance Division O.M. No. F.16(1)R-14/2003 dated 12.08.2008 states that the employees appointed in a project costing above Rs. 100 million through transfer (deputation) on full time basis will get pay in their own pay scales and allowances plus deputation allowance @ 20% of the basic pay subject to a maximum of Rs. 6,000 per month or as revised from time to time along with the Project Allowance.

Para 3 of the Finance Division O.M. No. F.16(1)R-14/2003 dated 12.08.2008 states that project allowance for the project staff in the new as well as on-going PSDP projects will be admissible w.e.f. 01.07.2008.

Section 149 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.

The Chief Commissioner for Afghan Refugees, Islamabad paid Project Allowance amounting to Rs. 0.880 million to two employees from the date of appointment to 31.12.2011. Details are as under:

(Rupees)

S. No.	Name & Designation	Date of appointment	Rate	Amount
1.	Mr. Iftikhar ul Mulk, Director	05.01.2011	40,000	480,000
2.	Mr. Zubaid Ullah, Director	01.03.2011	40,000	400,000
			Total	**880,000**

Audit observed as under:

i. The officers were not posted in any project.

ii. The Project Allowance was paid to the officials in violation of the instructions of the Finance Division

iii. Income tax amounting to Rs. 139,782 (Rs. 82,320 + Rs. 57,462) was not deducted from their salaries.

Audit is of the view that payment of Project Allowance to the officials who were not appointed in any project on full time basis through transfer (deputation) and non-deduction of Income Tax was irregular and unauthorized.

The management replied that salaries of the employees were fixed in the light of Finance Division O.M. No. F.16(1)R-14/2003 dated 12.08.2008 with the concurrence of UNHCR. The officers were paid salaries from UNHCR funds and were liable to make the payment of income tax directly to the government.

The reply was not accepted as the employees were not appointed in any project through transfer (deputation) on full time basis. The management was responsible to deduct Withholding Tax at source under the rules.

The management was informed on 16.04.2012, but DAC was not held till the finalization of the report.

Audit recommends that the Project Allowance and Income Tax should be recovered and deposited into the government treasury.

32.4.8 Service record and payee's receipts against salaries not available - Rs. 948.090 million

Rule 7 of the Service Rules for the Khassadars in FATA states that all Khassadars and Non-Commissioned Officers (NCOs) will retire on attaining the age of 50 years or on completion of 25 year service, whichever is earlier. Subedar Majors, Subedars and Naib Subedars shall retire on attaining the age of 55 years or on completion of 30 year service, whichever is earlier.

Rule 10 of the Service Rules for the Khassadars in FATA states that proper service books of all Khassadars personnel shall be maintained in the Khassadars office in each Agency.

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

The management of South Waziristan Levies and Kurram Levies incurred an expenditure of Rs. 948.090 million on salaries of Khassadars during 2006-11. Details are as under:

(Rupees)

S. No.	Office	Year	Amount
1.	South Waziristan Levies	2010-11	540,086,899
2.	Kurram Levies	2006-07	56,947,226
3.	-do-	2007-08	69,639,212
4.	-do-	2008-09	74,433,349
5.	-do-	2009-10	86,101,582
6.	-do-	2010-11	120,882,156
		Total	**948,090,424**

Audit observed as under:

i. Record of appointments, Service Books/Service Rolls, Computerized National Identity Cards, domiciles, retirements, etc. was not maintained.

ii. Details of duties and attendance report of the Khassadars was not available.

iii. No record of retirement of Khassadars and fresh appointments against the vacant posts was maintained.

iv. All Khassadars were paid salaries at the maximum of the pay scales, except for employees appointed on newly created posts.

v. Salary vouchers against the expenditure of Rs. 41.427 million of South Waziristan Levies were not available.

vi. Acknowledgments of the payment of salaries were not available.

Audit is of the view that in the absence of record the authenticity/ admissibility of the expenditure could not be ascertained.

The management replied that complete service record and disbursement of salary record was available and would be shown in next audit, if required. The Khassadars were deployed in their respective areas and could not be individually called to Headquarters. Therefore, their salaries were disbursed through Assistant Political Agent, Tehsildar, Subedar Major and Naib Subedar who were personally responsible for the payments. The Acquittance Rolls were being collected and would be produced to next audit. The Khassadars were being regularly relieved after completion of the prescribed service/age and the resultant vacancies were filled from the same tribes as per rules.

The reply was not accepted because the management would have provided the record, if available.

The PAO was informed on 03.12.2012, but DAC was not held till the finalization of the report.

Audit recommends that responsibility should be fixed for not providing the record, and the record should be provided to determine the authenticity of the expenditure.

32.4.9 Doubtful expenditure on TA/DA without supporting vouchers - Rs. 1.129 million

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

The management of Border Police, Chitral incurred expenditure of Rs. 1,128,818 on TA/DA during 2009-12.

Audit observed that the employees claimed air journey charges and hotel bills along with TA/DA but the supporting documents, i.e. air tickets, boarding passes and hotel bills were not available on record.

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

The PAO was informed on 15.01.2013, but DAC was not held till the finalization of the report.

Audit recommends that the record should be provided to determine the authenticity of the expenditure.

CHAPTER 33

33 MINISTRY OF SCIENCE AND TECHNOLOGY

33.1 Introduction of Ministry

Ministry of Science and Technology (MoST) is responsible for planning, coordination and directing efforts to initiate and launch scientific and technological programs and projects aimed at economic development of the country. The Ministry is working on the national agenda to have a sound and sustainable technological base which would lead to the socio-economic development of the country and help achieve the vision for a better Pakistan. The principal agenda of the Ministry is to build Pakistan's technological competence in the 21^{st} century by leapfrogging economic development, develop a larger pool of human resource and reverse brain-drain, and integrate the soft technology infrastructure into hard modern technological base, strengthen technology institutions, develop effective science & technology governance and enhance the capacity of indigenous innovation systems.

The Ministry also has a Scientific & Technological Research (STR) Division which is responsible for the preparation and implementation of all scientific and technological research policies and plans. Its objectives and functions are as follows:

- To prepare and implement policies and plans
- To promote science and technology for achieving rapid economic development
- To enhance self-reliance through the science and technology inputs
- To develop and maintain an adequate national science and technology system
- To improve the living standard of masses and ensure national security through application of science & technology

The functions/duties assigned to Scientific and Technological Research Division (As per Rules of Business):

1. Establishment of Science Cities.

2. Establishment of institutes and laboratories for research and development in the scientific and technological fields.
3. Establishment of science universities as specifically assigned by the Federal Government.
4. 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 programs in this field.
5. Promotion of applied research and utilization of results of research in the scientific and technological fields carried out at home and abroad.
6. Initiate promotional measures for establishment of venture capital companies for technological development and growth.
7. Promotion of Technology, Standards, Testing and Quality Assurance System.

The Ministry also has the following five Wings which have their own responsibilities towards the Division so as to achieve its objectives.

1. Technology Wing
2. Policy & Coordinating Wing
3. Planning & Development Wing
4. International Liaison Wing
5. Electronic Wing

Following department was transferred to the Ministry of Science and Technology vide Cabinet Division Notification No. 4-9/2011-Min.1 dated 29.06.2011:

- Zoological Survey of Pakistan

33.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Ministry of Science and Technology for the financial year 2011-12 was Rs. 6,861.658 million including Supplementary Grant of Rs. 2,027.665 million out of which the Division utilized Rs. 5,410.742 million. Grant-wise detail of current and development expenditure is as under:

(Rupees)

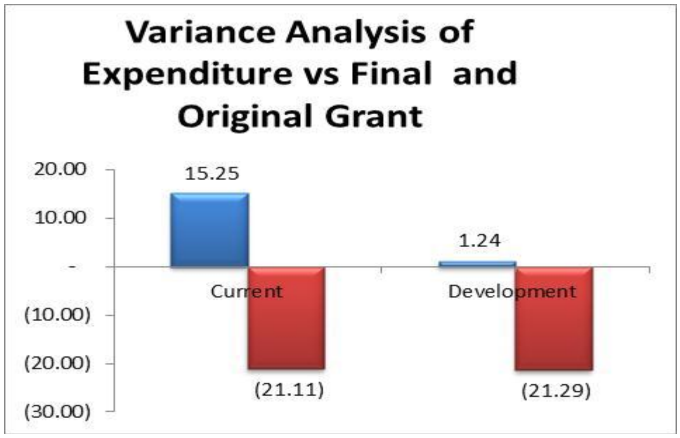
Grant No	Grant Type	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Final Grant/ Appropriation	Actual Expenditure	Excess/ (Savings)	% age Excess/ (Saving)
87	Current	403,136,000	3,000	403,139,000	394,744,897	(8,394,103)	(2)
88	Current	3,284,294,000	1,699,394,000	4,983,688,000	3,855,186,077	(1,128,501,923)	(23)
	Subtotal	**3,687,430,000**	**1,699,397,000**	**5,386,827,000**	**4,249,930,974**	**(1,136,896,026)**	**(21)**
124	Development	1,146,563,000	328,268,000	1,474,831,000	1,160,793,428	(314,037,572)	(21)
	Total	**4,833,993,000**	**2,027,665,000**	**6,861,658,000**	**5,410,724,402**	**(1,450,933,598)**	**(21)**

Audit noted that there was an overall saving of Rs. 1,450.933 million.

Supplementary Grants obtained without careful cash forecasting

In order to ensure prudent financial management, Para 13(vii) of System of Financial Control and Budgeting, 2006 states that 'Ministries / Divisions should be able to anticipate budgetary requirements well ahead of the financial year to which the budget relates and obtain the concurrence of the Finance Division. The Finance Division is expected to decline any request for Supplementary Grants except in extraordinary circumstances.' This document further states that 'the funds obtained from Supplementary Grants shall be expended for the purposes for which these have been sanctioned. In current expenditure, demands for Supplementary Grants shall not be made, except in extraordinary circumstances.' During the year, Supplementary Grants of Rs. 2,027.665 million were obtained, which was 41.94% of the Original Budget.

According to Para 71 of General Financial Rules (Volume I), while framing budget estimates, the authorities should exercise utmost foresight. Variation between estimated and actual expenditure captures the level of foresight that goes into budget formulation. As shown in the chart below, the excess in current expenditure was 15.25% of original grant, which came to saving of 21.11% after accounting for supplementary grants. In development expenditure there was excess of 1.24% against original budget which came to saving of 21.29% when supplementary grant is taken into account.



33.3 Brief comments on the status of compliance with PAC Directives

Ministry	Years	No of audit paras	No of Actionable Points	Full Compliance	Not Complied	% of Compliance
Science & Technology	1987-88	0	0	0	0	0
	1988-89	3	3	0	3	0
	1989-90	7	7	5	2	71
	1990-91	4	4	1	3	25
	1991-92	12	12	9	3	75
	1992-93	8	8	7	1	88
	1993-94	0	0	0	0	0
	1994-95	6	5	2	3	40
	1995-96	2	2	0	2	0
	1996-97	3	1	1	0	100
	1997-98	0	0	0	0	0
	1999-00	158	144	76	68	53
	2000-01	7	7	1	6	14
	2001-02	0	0	0	0	0
	2005-06	4	4	2	2	50
	2007-08	3	3	2	1	67
	2008-09	5	3	0	3	0
Total		**222**	**203**	**106**	**97**	**52**

33.4 AUDIT PARAS

Irregularity & Non Compliance

33.4.1 Irregular grant of 75% rebate in Income Tax to the employees of Pakistan Council for Science and Technology - Rs. 1.744 million

Clause 2 of Part-III of the Second Schedule of Income Tax Ordinance, 2001 states that tax payable by a full time teacher or a researcher, employed in a non-profit education or research institute duly recognized by the Higher Education Commission, a Board of Education or a University recognized by the Higher Education Commission, including government training and research institution, shall be reduced by an amount equal to 75% of tax payable on his income from salary.

The management of Pakistan Council for Science and Technology (PCST), Islamabad extended 75% tax rebate to various officers.

Audit observed that PCST allowed Income Tax rebate @ 75% amounting to Rs. 1.744 million during 2005-12 to non-entitled employees who were not full time teachers or researchers. Details are as under:

(Rupees)

S. No.	Financial Year	Amount
1.	2005-06	231,519
2.	2006-07	152,376
3.	2007-08	194,672
4.	2008-09	190,899
5.	2009-10	188,438
6.	2010-11	363,995
7.	2011-12	422,381
	Total	**1,744,280**

Audit is of the view that 75% tax rebate was not admissible to non-entitled employees and resulted in a revenue loss of Rs. 1.744 million.

The management replied that being a research organization it was involved in Science Policy Research. The activities of the Council could not be possible without the research staff engaged in active research related to science policy and planning. The competent authority, i.e. Chairman, PCST allowed the 75% reduction in tax liability.

The reply was not accepted as the Council was not a research institution. Further, the Chairman was not competent to allow rebate in Income Tax.

The PAO was informed on 25.10.2012, but DAC was not held till the finalization of the report.

Audit recommends that the irregular practice should be discontinued forthwith and the tax rebate given should be recovered and deposited into the government treasury.

33.4.2 Unauthorized retention of vehicle of closed project and allocation of vehicles to the controlling Ministry

Rule 3(4) of Staff Car Rules, 1980 states that the Cabinet Division will arrange for the upkeep and maintenance of staff cars which becomes surplus to the requirements of Minister, Minister of State, Advisors or any other dignitary or office holder or on completion of project.

Rule 11 of Staff Car Rules, 1980 states that a staff car belonging to an attached department or subordinate office of a Division shall not be used by the Administrative Department and every Department or office shall be responsible for any misuse or irregularity committed in this behalf.

The management of Pakistan Council for Science and Technology (PCST), Islamabad provided two vehicles for the use of the Ministry of Science and Technology. Details are as under:

S. No.	Vehicle No.	Make	Remarks
1.	GB-920	Toyota Corolla 1300cc	Closed project vehicle
2.	GW-550	Suzuki Cultus, 1000cc	On-going project vehicle

Audit observed as under:

i. Vehicle No. GB 920 was retained by PCST after closure of the project.

ii. Both vehicles were handed over to the controlling Ministry in violation of Rule 11 of Staff Car Rules, 1980.

Audit is of the view that the retention of the vehicle of the closed project by PCST and use of vehicles by the Ministry was irregular and unauthorized.

The management replied that the Ministry of Science and Technology (MoST) requested vide letter No. 2(47)/2007-Genl dated 01.10.2006 for the provision of vehicle on loan basis. The Chairman, PCST provided the vehicles for official use at the Ministry of Science and Technology. The management had already requested the Ministry for returning the vehicles.

The management has accepted the audit observation.

The PAO was informed on 25.10.2012, but DAC was not held till the finalization of the report.

Audit recommends that the vehicles may be retrieved and the irregularity should be discontinued in future, besides handing over the vehicle of the closed project to the Cabinet Division.

33.4.3 Irregular grant of 75% rebate in Income Tax to the employees of Pakistan National Accreditation Council - Rs. 1.160 million

Clause 2 of Part-III of the Second Schedule of Income Tax Ordinance, 2001 states that tax payable by a full time teacher or a researcher, employed in a non-profit education or research institute duly recognized by the Higher Education Commission, a Board of Education or a University recognized by the Higher Education Commission, including government training and research institution, shall be reduced by an amount equal to 75% of tax payable on his income from salary.

The management of Pakistan National Accreditation Council (PNAC), Islamabad extended 75% tax rebate to various officers.

Audit observed that PNAC allowed Income Tax rebate @ 75% amounting to Rs. 1.160 million during 2007-12 to non-entitled employees who were not full time teachers or researchers.

Audit is of the view that 75% tax rebate was not admissible to the non-entitled employees and resulted in a revenue loss of Rs. 1.160 million.

The management replied that the job of the organization was technical and research oriented. The tax rebate @ 75% was for the research work and, therefore, the rebate was extended to PNAC employees.

The reply was not accepted as the Council was not a research institution. Further, the PNAC management was not competent to allow rebate in Income Tax.

The PAO was informed on 25.10.2012, but DAC was not held till the finalization of the report.

Audit recommends that the irregular practice should be discontinued forthwith and the tax rebate given should be recovered and deposited into the government treasury.

33.4.4 Unauthorized expenditure on rent of office building - Rs. 10.820 million

Serial No. 9(16) of Annex-I to Para 8(a) of Finance Division O.M. No. F.3(2)Exp-III/2006 dated 13.09.2006 states that the Ministries/Divisions were empowered to incur expenditure up to Rs. 100,000 per month for payment of rent of non-residential buildings.

The management of Pakistan National Accreditation Council (PNAC) hired office building at Evacuee Trust Complex, Islamabad and paid rent amounting to Rs. 10.820 million during 2010-12. Details are as under:

(Rupees)

S. No.	Cheque No.	Date	Period	Amount
1.	847729	27.06.2011	01.11.10 to 20.03.11	2,392,215
2.	881206	19.10.2011	21.03.11 to 30.06.11	1,691,006
3.	938332	26.04.2012	01.07.11 to 31.12.11	3,062,418
4.	938362	16.05.2012	01.01.12 to 30.06.12	3,674,791
			Total	**10,820,430**

Audit observed that the Chairman, PNAC was not competent to sanction the expenditure.

Audit is of the view that payment of office rent beyond the delegated financial powers was unauthorized.

The management replied that the rent of PNAC office building was being paid by the Ministry of Science and Technology. In June, 2010 the Ministry directed the Council to pay the rent from PNAC budget. The Council was unaware of approval of the Finance Division. However, the case has been prepared for the ex-post facto approval of the Finance Division.

The management has accepted the audit observation.

The PAO was informed on 25.10.2012, but DAC was not held till the finalization of the report.

Audit recommends that the expenditure may be got regularized from the Finance Division.

33.4.5 Unauthorized creation and operation of Pension Fund Account - Rs. 6.060 million

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

Para 2(i) of Establishment Division letter No. 1/98/2004-E-6 dated 30.11.2005 states that all Ministries/Divisions incharge of organizations established through Resolutions should determine in consultation with Management Services Wing whether those organizations should be run as Government Department (i.e. Attached Department or Subordinate Office) or as autonomous bodies.

The management of Pakistan National Accreditation Council (PNAC) transferred funds amounting to Rs. 6.060 million to ‘PNAC Employees Pension Fund Account’ maintained at HBL Super Market Branch during 2010-12.

Audit observed that:

i. The status of the organization was yet to be determined in consultation with the Establishment Division.
ii. The management created and operated the Pension Fund without the approval of the Finance Division.
iii. The amount was retained in a private bank account.
iv. The Fund was maintained without any governing rules and accounting procedures duly approved by the Finance Division and Auditor General of Pakistan.

Audit is of the view that the creation & operation of the Pension Fund and retention of money without the approval of the Finance Division was irregular and unauthorized.

Audit is also of the view that non-approval of the accounting procedure from the Auditor General of Pakistan was a serious irregularity.

The management replied that the Pension Fund Account was opened on the direction of the Ministry of Science and Technology.

The reply was not accepted because the Ministry was not competent to approve the creation and operation of the Pension Fund Account.

The PAO was informed on 25.10.2012, but DAC was not held till the finalization of the report.

Audit recommends that the unauthorized creation and operation of Pension Fund Account may be got regularized from the Finance Division.

33.4.6 Irregular promotion of BPS 19 officer to BPS 20

Para 2(i) of Establishment Division letter No. 1/98/2004-E-6 dated 30.11.2005 states that all Ministries/Divisions incharge of organizations established through Resolutions should determine in consultation with Management Services Wing whether those organizations should be run as Government Department (i.e. Attached Department or Subordinate Office) or as autonomous bodies.

Para 2(ii) of Establishment Division letter No. 1/98/2004-E-6 dated 30.11.2005 states that where it was considered necessary in the public interest to run an organization as an autonomous body for the effective discharge of its functions, the Ministry/Division concerned should either get it registered as a Society or a Company under the relevant law or draft a separate legislation in consultation with Law and Cabinet Division for changing their legal status of the organization to that of a body corporate.

Para 3 of Establishment Division letter No. 1/98/2004-E-6 dated 30.11.2005 states that the Civil Servants (Appointment, Promotion and Transfer) Rules, 1973 were applicable to all such organizations unless their status was altered subsequently as instructed. Accordingly, in case of promotion to BS 20 and above, the Prime Minister is the competent authority, on the recommendations of the Central Selection Board.

The management of the Pakistan Council for Renewable Energy Technology (PCRET) promoted Dr. Zafar Iqbal Zaidi a BS-19 officer as Deputy Director General in BS-20 with the approval of Federal Minister for Science and Technology vide Notification No. 3(1)/2003-Elect/PCRET dated 27.04.2009.

Audit observed as under:

i. The Establishment Division was not consulted.
ii. The officer was not promoted by the Prime Minister on the recommendations of the Central Selection Board.
iii. The Federal Minister for Science & Technology was not competent to promote the officer.

Audit is of the view that in the absence of the recommendations of the Central Selection Board and approval of the Prime Minister, the promotion of the officer in BS 20 was irregular and unlawful.

The management replied that the officer was promoted to BS 20 with the approval of the Federal Minister of Science and Technology.

The reply was not accepted because only the Prime Minister was competent to promote the officer on the recommendations of the Central Selection Board.

The PAO was informed on 23.11.2012, but DAC was not held till the finalization of the report.

Audit recommends that responsibility should be fixed for the irregularity and the officer should be reverted.

CHAPTER 34

34 STATISTICS DIVISION

34.1 Introduction of Division

Statistics Division frames policies for development of statistical services in the country. It provides solid statistical base to national and international planners, policy makers, researchers and other data users in various socio-economic sectors.

It has three attached departments:

- Federal Bureau of Statistics
- Population Census Organization
- Agricultural Census Organization

The functions of Statistic Division are as follows:

i. Preparation of an overall integrated plan for development and improvement of Statistics in Pakistan and to estimate the budgetary requirements thereof.

ii. Preparation of annual programs in accordance with agreed priorities and to assign responsibilities for the execution of their component items.

iii. Examination and clearance of budgetary proposals for annual programs for statistical improvements and developments.

iv. Formulation of policy regarding general statistics for Pakistan and implementation thereof by suitably adopting the statistical system of Pakistan to conform with the policy.

v. Coordination with the Provincial and Federal Governments, semi-autonomous bodies and international organizations on statistical matters bearing directly or indirectly on such subjects as trade, industry, prices, expenditure, input-output accounts, flow of funds, balance of payments, etc.

vi. Evaluation and introduction of standard concepts, definitions and classifications pertaining to national statistical series.

vii. Preparation and implementation of in-service and foreign training program s in the field of statistics.

viii. Evaluation of efficient computerized methods for statistical estimation.

ix. Clearance of statistical projects undertaken by different organizations on a contract basis.

x. Preparation, printing and release of publications on national statistics.

xi. Undertaking of national censuses and surveys.

xii. Industrial Statistics Act, 1942.

xiii. Administration of the General Statistics Act, 1975.

xiv. Agricultural Censuses

xv. Population Censuses

xvi. National Livestock Census

34.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Statistics Division for the financial year 2011-12 was Rs. 2,012.234 million including Supplementary Grant of Rs. 725.640 million out of which the Division utilized Rs. 1,609.847 million. Grant-wise detail of current and development expenditure is as under:

(Rupees)

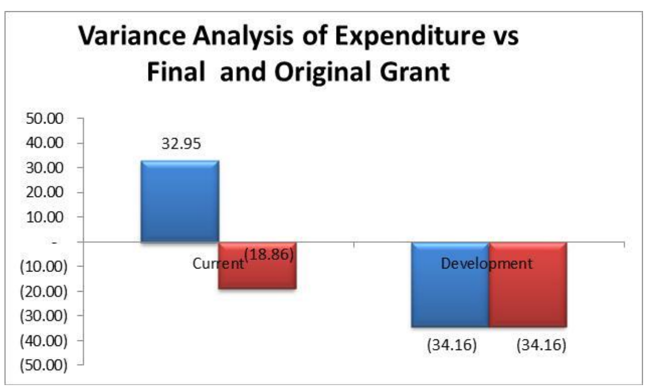
Grant No	Grant Type	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Final Grant/ Appropriation	Actual Expenditure	Excess/ (Savings)	% age Excess/
26	Current	1,136,594,000	725,640,000	1,862,234,000	1,511,093,557	(351,140,443)	(19)
110	Development	150,000,000	-	150,000,000	98,753,853	(51,246,147)	(34)
	Total	**1,286,594,000**	**725,640,000**	**2,012,234,000**	**1,609,847,410**	**(402,386,590)**	**(20)**

Audit noted that there was an overall saving of Rs. 402.387 million.

Supplementary Grants obtained without careful cash forecasting

In order to ensure prudent financial management, Para 13(vii) of System of Financial Control and Budgeting, 2006 states that 'Ministries / Divisions should be able to anticipate budgetary requirements well ahead of the financial year to which the budget relates and obtain the concurrence of the Finance Division. The Finance Division is expected to decline any request for Supplementary Grants except in extraordinary circumstances.' This document further states that 'the funds obtained from Supplementary Grants shall be expended for the purposes for which these have been sanctioned. In current expenditure, demands for Supplementary Grants shall not be made, except in extraordinary circumstances.' During the year, Supplementary Grants of Rs. 725.64 million were obtained, which was 56.40% of the Original Budget.

According to Para 71 of General Financial Rules (Volume I), while framing budget estimates, the authorities should exercise utmost foresight. Variation between estimated and actual expenditure captures the level of foresight that goes into budget formulation. As shown in the chart below, the excess in current expenditure was 32.95% of original grant, which came to saving of 18.86% after accounting for supplementary grants. In development expenditure there was saving of 34.16% against original budget. No supplementary grant was obtained in development grant.



34.3 Brief comments on the status of compliance with PAC Directives

Ministry	Years	No of audit paras	No of Actionable Points	Full Compliance	Not Complied	% of Compliance
	2001-02	0	0	0	0	0
Statistics Division	2005-06	3	3	0	3	0
	Total	**3**	**3**	**0**	**3**	**0**

34.4 AUDIT PARAS

Irregularity & Non Compliance

34.4.1 Irregular monetization of vehicle to Director General, Pakistan Bureau of Statistics

The Federal Government approved the "Compulsory Monetization of Transport Facility for Civil Servants in BS-20 to BS-22" vide Cabinet Division letter No. 6/7/2011-CPC dated 12.12.2011. The Monetization Policy was implemented with effect from 01.01.2012.

Para (viii) of the Monetization Policy states that the Principal Accounting Officers shall render a certificate about the detail of vehicles presently allocated to the entitled officers (BS-20 to BS-22).

The management of Statistics Division monetized vehicle No. GA 351 (Toyota Corolla, 1300cc, model 2005) to Mr. Arif Mehmood Cheema, Director General, Pakistan Bureau of Statistics (PBS) at the depreciated price of Rs. 345,097 calculated by the Vehicle Condemnation/Replacement Committee on 05.01.2012.

Audit observed as under:

i. The vehicle was not under the use of Director General, PBS on or before 01.01.2012.

ii. The Director General, PBS was allocated vehicle No. AD-08-21 (Pajero Model, 1999) as an entitled officer during his entire stay in PBS.

iii. According to certified list of vehicles of PBS, the vehicle was not on the strength of PBS Headquarters and did not belong to the PBS at the time of monetization

Audit is of the view that the vehicle monetized to the officer was irregular and unauthorized and the certificate provided by Principal Accounting Officer to the effect that the vehicle monetized was officially in use of the DG, PBS was misleading.

The management replied that the Principal Accounting Officer allocated the vehicle of Statistics Division (Main) bearing No. GA 351 to the Director General, PBS.

The reply was not accepted as the Principal Accounting Officer extended undue favour by allocating and monetizing the vehicle of Statistics Division to the officer of the attached department as the vehicle was not in his use on or before 01.01.2012.

The PAO was informed on 25.10.2012, but DAC was not held till the finalization of the report.

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

34.4.2 Wasteful and irregular expenditure on continuation of 1,044 temporary posts - Rs. 387.267 million

Para 10(i) of GFR Volume-I states that every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public moneys as a person of ordinary prudence would exercise in respect of expenditure of his own money.

Federal Cabinet in its meeting held on 12.04.2006 considered the summary on the subject "6^{th} Population and Housing Census" and decided to hold the census in 2008.

Para 9 of Prime Minister Secretariat U.O. No. 5(12)E.I.I/2006 dated 17.07.2006 states that the Prime Minister approved the proposal of holding of "6^{th} Population and Housing Census" from 10.10.2008 to 30.10.2008.

The management of Population Census Organization (PCO) created 617 temporary posts (Phase-I) for a period of two years w.e.f. 01.07.2007 vide F.A. Organization U.O. No. 4(10)-DFA(SD)/06/360 dated 14.03.2007. Further, 422 temporary posts (Phase-II) were created for a period of two years w.e.f. 01.11.2007 vide F.A. Organization U.O. No. 4(10)-DFA(SD)/07-08-157 dated 26.10.2007 for the Census to be held from 10.10.2008 to 30.10.2008.

Audit observed as under:

i. The posts of various categories ranging from BPS 1 to 20 were created temporarily for holding the 6th Population Census.

ii. The PCO could not hold census as per the approved schedule.

iii. 1,044 temporary posts were still continuing since 2007 for an indefinite period.

iv. An expenditure of Rs. 387.267 million was incurred on payment of salaries to the incumbents during 2009-12.

Audit is of the view that the temporary posts were created specifically for the "6th Population and Housing Census" and could not continue for an indefinite period.

Audit is also of the view that the expenditure incurred was waste of public funds.

The management replied that due to un-avoidable circumstances the government postponed the census. The temporary posts were being continued to meet the challenge of conducting the census at a short notice. Further, the staff was currently being utilized for delimitation work of the census, preparation of maps and digitization of Geographic Information System (GIS).

The reply was not accepted as 1,044 temporary posts were being continued on the plea of anticipated census which could not be justified. The staff was appointed to carry out the 6th Population Census which never took place.

The PAO was informed on 25.10.2012, but DAC was not held till the finalization of the report.

Audit recommends that responsibility may be fixed for the wasteful expenditure and the temporary posts may be discontinued immediately.

34.4.3 *Irregular payment of remuneration/supervision cost to PCO employees - Rs. 2.457 million*

Finance Division U.O. No. F.2(1)/R.4/2011 dated 03.10.2011 provides that officers/officials were entitled to the Special Allowance @ 20% of their basic pay or honorarium equal to one month’s pay or more than one month’s pay in relaxation of ECC decision with the approval of Chairman, ECC.

The management of Population Census Organization (PCO), Islamabad signed two MoUs with Benazir Income Support Programme (BISP) for conducting Test Phase Poverty Scorecard Rollout in six districts of Pakistan w.e.f. 01.04.2009 for 180 days at an estimated cost of Rs. 101.700 million and Poverty Scorecard Survey in all the districts of Balochistan except Kech/Turbat, Musakhel and Qila Saifullah w.e.f. 10.02.2010 for 270 days at an estimated cost of Rs. 157.950 million.

Audit observed as under

i. The management of PCO paid remuneration amounting to Rs. 2.457 million as Supervisory Cost to various officers/officials of PCO from the amount provided by BISP for Poverty Scorecard Rollout/Survey.

ii. The Finance Division vide U.O. No. F.2(1)/R.4/2011 dated 03.10.2011 clarified that the officers/officials were only entitled to the Special Allowance @ 20% of their basic pay or honorarium equal to one month’s pay or more than one month’s pay in relaxation of ECC decision with the approval of Chairman, ECC.

Audit is of the view that amount paid to the officers/officials as remuneration/supervisory cost was not admissible.

The management replied that efforts were made to get the payment refunded vide PCO letter No. 1(1)/2010-PCO(BISP) dated 19.03.2012. A few officers/officials of PCO have challenged the decision of the Finance Division in the court of law.

The management has accepted the audit observation.

The PAO was informed on 25.10.2012, but DAC was not held till the finalization of the report.

Audit recommends that responsibility be fixed for the irregularity, besides recovering the amount paid to the officers/officials.

34.4.4 Irregular retention of 13 vehicles and 26 motorcycles and expenditure thereof - Rs. 3.676 million

Para 2 of the Cabinet Division letter No. 6-15/2008.M.II dated 12.06.2008 provided NOC for purchase of the following vehicles:

S. No.	Make	Quantity
1.	1000cc-1400cc Cross Country Vehicle (4x4) foreign assembled	29
2.	1000cc vehicles for Provincial Census Commissioners (BS-20)	5
3.	1000cc vehicles for entitled officers (BS-20)	3
4.	70-125cc motorcycles	26
	Total	**63**

Para 3 of the Cabinet Division letter No. 6-15/2008.M.II dated 12.06.2008 provided that it may be ensured that the vehicles/motorcycles are used for census operations only and are surrendered to the Central Pool of Cars, Cabinet Division on completion of census activities in accordance with Rule 3(4) of the Staff Car Rules, 1980. In any case these vehicles except three Staff Cars for entitled officers (BS-20) may not be used after 31.12.2010 without prior approval of Cabinet Division.

The Vehicles Committee of the Finance Division vide U.O. No. F.4(1)Exp.IV/2007-622 dated 21.06.2008 approved the recommendations of the Cabinet Division. The committee approved the purchase of vehicles subject to the condition that against approved 29 operational vehicles, only nine vehicles, i.e. five foreign assembled and four locally assembled Single Cabin Pick-ups will be purchased from GOP funding, on availability of budget and 20 vehicles shall be obtained from international donors as proposed by the Statistics Division which was also confirmed by the representative of Population Census Organization in the meeting of Vehicles Committee.

The management of Population Census Organization (PCO) purchased 12 vehicles and 26 motorcycles out of GoP funding and also obtained 17 vehicles from international donors. Details are as under:

(Rupees)

S. No.	Make/Model	Qty	Unit Price	Total	Remarks
1.	Toyota Hilux Single Cabin, 3000cc	4	1,558,000	6,232,000	GoP funding
2.	Suzuki Cultus, 1000cc	8	905,000	7,240,000	GoP funding
3.	Honda Motorcycle, CG-125	26	83,400	2,168,400	GoP funding
4.	Prado, 2400cc	9	0	0	Donated by UNFPA
5.	Prado, 2400cc	8	0	0	Donated by DFID
	Total	**55**		**15,640,400**	

Audit observed as under:

i. The management retained 18 vehicles, i.e. 9 vehicles donated by UNFPA and 9 vehicles purchased out of GoP funding and 26 motorcycles beyond 31.12.2010.

ii. The vehicles were not surrendered to the Central Pool of Cars in violation of Cabinet Division instructions.

iii. An expenditure of Rs. 3.676 million was incurred on the retained vehicles during 2011-12. Details are as under:

(Rs. in million)

POL	CNG	Repair	Total
2.893	0.215	0.568	**3.676**

Audit is of the view that the retention of the vehicles beyond 31.12.2010 was irregular and unauthorized.

Audit is also of the view that the expenditure incurred on the retained vehicles resulted in loss to the government.

The management replied that the 1st phase of Census, i.e. House Listing Operation was conducted in April-May, 2011, whereas the main Census was still to be conducted. Therefore, the 18 vehicles were not returned to donor agencies and Cabinet Division.

The management has accepted the observation.

The PAO was informed on 25.10.2012, but DAC was not held till the finalization of the report.

Audit recommends that the matter may be investigated for fixing responsibility, besides handing over the vehicles to the Cabinet Division.

34.4.5 Loss due to purchase of paint by ignoring the lowest bids - Rs. 2.560 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 42(c)(iv) of Public Procurement Rules, 2004 states that a procuring agency shall only engage in direct contracting if the repeat order does not exceed fifteen per cent of the original procurement.

Rule 50 Public Procurement Rules, 2004 defines mis-procurement as any unauthorized breach of Public Procurement Rules.

The management of Population Census Organization (PCO) published tender notice on 28.08.2008 for purchase of 100,000 tins of enamel green paint in ½ liter packing each. Four firms participated and M/s A.Z. Enterprises offered lowest rate @ Rs. 97.45 per tin including 16% GST.

Audit observed as under:

i. The management procured paint @ Rs. 114.84 per tin from M/s Asad Enterprises by ignoring the lowest bid.

ii. Supply order was issued to the firm on 13.01.2009 for purchase of 100,000 tins but additional quantity of 47,200 tins were purchased through repeat order which was more than 47% of the original order.

iii. The excess items purchased, i.e. 47,200 tins were not advertised.

iv. An amount of Rs. 2.559 million was overpaid to the second lowest bidder (147,200 tins x Rs. 17.39 = Rs. 2,559,808).

v. Record of utilization of the paint was neither available nor produced to Audit.

Audit is of the view that the management did not follow the Public Procurement Rules, 2004 which resulted in loss of Rs. 2.560 million to the government.

The management replied that rates of M/s A.Z. Enterprises were lowest, i.e. Rs. 84 per half liter, but their sample was found sub-standard. The bidder also imposed condition that the paint would be supplied in five lots of 20,000 each, which was not accepted by the Tender Committee. Therefore, the committee recommended the procurement of paint from M/s Asad Enterprises, Rawalpindi. It was also mentioned in the Comparative Statement that paint had been selected on quality basis.

The reply was not accepted as the supply order was not issued to the lowest bidder. The management did not respond to the observation of repeat order beyond the prescribed limit and the utilization record of the paint.

The PAO was informed on 25.10.2012, but DAC was not held till the finalization of the report.

Audit recommends that the matter may be inquired and responsibility be fixed for the irregularity.

CHAPTER 35

35 WAFAQI MOHTASIB

35.1 Introduction of Wafaqi Mohtasib

The Wafaqi Mohtasib (Ombudsman) is an independent institution, established under law, to provide speedy relief to the general public in case they have suffered from any 'maladministration' at the hands of any Federal Government Agency.

The Wafaqi Mohtasib's Secretariat is located in Islamabad and has eight regional offices covering all the four provinces of Pakistan. These offices are located at Karachi ,Sukkur , Dera Ismail Khan , Peshawar ,Quetta Lahore, Faisalabad, and Multan.

35.2 Comments on Budget & Accounts (Variance Analysis)

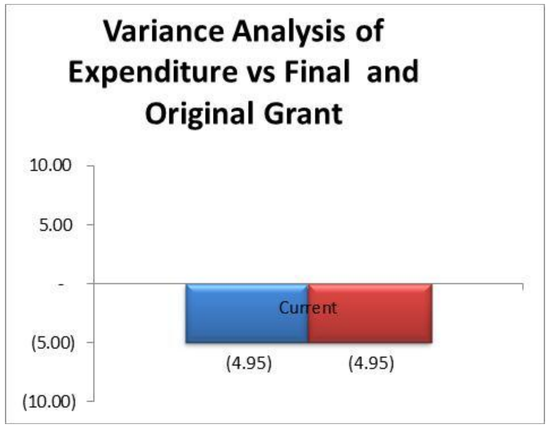
Final budget allocated to the Wafaqi Mohtasib for the financial year 2011-12 was Rs. 273.280 million out of which it utilized Rs. 259.742 million. Detail is as under:

(Rupees)

Grant No	Grant Type	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Final Grant/ Appropriation	Actual Expenditure	Excess/ (Savings)	% age Excess/ (Saving)
K	Charged	273,278,000	2,000	273,280,000	259,742,070	(13,537,930)	(5)

Audit noted that there was an overall saving of Rs. 13.537 million.

According to Para 71 of General Financial Rules (Volume I), while framing budget estimates, the authorities should exercise utmost foresight. Variation between estimated and actual expenditure captures the level of foresight that goes into budget formulation. As shown in the chart below, the saving in current expenditure was 4.95% of original grant.



35.3 Brief comments on the status of compliance with PAC Directives

PAO	Years	No of audit paras	No of Actionable Points	Full Compliance	Not Complied	% of Compliance
Wafaqi Mohtasib	1987-88	0	0	0	0	0
	1988-89	0	0	0	0	0
	1989-90	0	0	0	0	0
	1990-91	0	0	0	0	0
	1991-92	0	0	0	0	0
	1992-93	0	0	0	0	0
	1993-94	0	0	0	0	0
	1994-95	1	1	0	1	0
	1995-96	0	0	0	0	0
	1996-97	0	0	0	0	0
	1997-98	0	0	0	0	0
	1999-00	0	0	0	0	0
	2000-01	0	0	0	0	0
	2001-02	0	0	0	0	0
	2006-07	0	0	0	0	0
Total		**1**	**1**	**0**	**1**	0

35.4 AUDIT PARAS

Irregularity & Non Compliance

35.4.1 Loss due to incorrect calculation of depreciation of vehicles - Rs. 0.676 million

The Federal Government approved the "Compulsory Monetization of Transport Facility for Civil Servants in BS-20 to BS-22" vide Cabinet Division letter No. 6/7/2011-CPC dated 12.12.2011. The Monetization Policy was implemented w.e.f. 01.01.2012.

Clause (iv) of Annexure to Cabinet Division letter No. 6/7/2011-CPC dated 12.12.2011 regarding Compulsory Monetization of Transport Facility for Civil Servants in BS-20 to BS-22, states that keeping in view the existing condition of vehicles, which are extensively used, it has been decided to allow 15% depreciation for each completed year of life of the vehicles. Alternately, the market price of the new car will be taken and depreciated at 20% per annum on reducing balances. Whichever depreciated price is higher shall be adopted as the reserve price.

Clause (v) of Annexure to Cabinet Division letter No. 6/7/2011-CPC dated 12.12.2011 regarding Compulsory Monetization of Transport Facility for Civil Servants in BS-20 to BS-22, states that the depreciated price of the vehicles on the basis of above formula shall be calculated/recommended by the Condemnation/ Replacement Committee already constituted in all Ministries/Divisions/ Departments.

The management of the Wafaqi Mohtasib Secretariat monetized seven vehicles after calculation of the depreciated value by the Condemnation/ Replacement Committee.

Audit observed that reserve price of seven vehicles was calculated by allowing depreciation for the whole year instead of from the date of registration resulting in a loss of Rs. 0.676 million. Details are as under:

(Rupees)

S. No.	Vehicle No. and Model	Make	Date of Registration	Reserve Price by Deptt.	Reserve Price by Audit	Difference
1.	GW 002 (2011)	Toyota Corolla	14.02.2011	1,274,000	1,312,043	38,043
2.	GA 816 (2004)	Toyota Corolla	14.10.2004	267,177	319,685	52,508
3.	GE 092 (2006)	Honda City	02.08.2006	403,308	462,404	59,096
4.	LEG 11-369 (2011)	Toyota Corolla	03.11.2011	1,170,000	1,415,375	245,375
5.	GH 136 (2007)	Suzuki Liana	03.03.2007	376,705	444,667	67,962
6.	GS 624 (2007)	Suzuki Cultus	02.04.2008	324,403	431,130	106,727
7.	GS 625 (2007)	Suzuki Cultus	02.04.2008	324,403	431,130	106,727
			Total	**4,139,996**	**4,816,434**	**676,438**

Audit is of the view that by allowing the depreciation for the whole year the government suffered a loss of Rs. 0.676 million.

The management replied that depreciation of the vehicles was calculated by depreciating the original purchase price @ 15% and market price @ 20% per annum and the depreciation was started from the year of model of the car.

The reply was not accepted because the Cabinet Division allowed 15% depreciation for each completed year of the life of the vehicles. Alternately, the market price of the new car was to be taken and depreciated @ 20% per annum on reducing balance. Whichever depreciated price was higher was to be adopted as the reserve price. The representatives of the Finance Division in the Condemnation/Replacement Committees exercised their discretion to calculate the reserve value of the vehicles, either from the date of purchase or from the date of registration or for the whole year irrespective of the dates of purchase/registration. This erratic policy resulted in loss to the government and undue favor to the beneficiaries.

The PAO was informed on 29.11.2012, but DAC was not held till the finalization of the report.

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

35.4.2 Irregular monetization of official vehicle - Rs. 1.197 million

The Federal Government approved the “Compulsory Monetization of Transport Facility for Civil Servants in BS-20 to BS-22” vide Cabinet Division letter No. 6/7/2011-CPC dated 12.12.2011. The Monetization Policy was implemented with effect from 01.01.2012.

Clause (iv) of Annexure of the Compulsory Monetization of Transport Facility for Civil Servants in BS-20 to BS-22 vide Cabinet Division letter No. 6/7/2011-CPC dated 12.12.2011 states that the officers in possession of official vehicles may be given first option to purchase the allocated cars on depreciated price.

Para 8 of Cabinet Division's U.O. No. F.2/25/2011-CPC, dated 22.06.2012 provides that civil servants (BS-20 to BS-22) are eligible for monetization of staff cars allocated to them on or before 01.01.2012. Any subsequent monetization of staff cars which have now become available at a belated stage will set a bad precedent and likely to be quoted by others, as a subsequent chain of requests.

The management of Wafaqi Mohtasib Secretariat allocated vehicle No. GW 002 Toyota Corolla 1300 CC Model 2011 on 03.01.2012 to Khawaja Muhammad Naeem, Secretary under the Monetization Policy. The officer retired from service on 30.03.2012 and was succeeded by Mr. Ahmed Bakhsh Lehri who assumed charge of Secretary on 02.04.2012.

The management of Wafaqi Mohtasib Secretariat monetized official vehicle No. GX 026, Toyota Corolla, GLI, Model 2011 at a depreciated value of Rs. 1,196,960 to Mr. Ahmed Bakhsh Lehri, Secretary, Wafaqi Mohtasib Secretariat.

Audit observed as under:

i. Mr. Ahmed Bakhsh Lehri assumed charge of the post of Secretary on 02.04.2012.

ii. Vehicle No. GX 026 was not allotted to the officer before 31.12.2011 as he was not on the strength of Wafaqi Mohtasib Secretariat on that date.

iii. Official vehicle No. GW 002, Toyota Corolla, Model 2011 had already been monetized to Khawaja Muhammad Naeem, Secretary, Wafaqi Mohtasib Secretariat on 03.01.2012.

Audit is of the view that the monetization of the vehicle after 31.12.2011 was irregular, unauthorized and not covered under the Monetization Policy.

The management replied that prior to 02.04.2012 Mr. Ahmad Baksh Lehri was Chief Secretary, Government of Baluchistan. The Compulsory Monetization Policy was not applicable to the employees of the Provincial Government, therefore, the officer did not avail the facility of official car on depreciated value. After assuming charge of Secretary, Wafaqi Mohtasib Secretariat he was allocated the vehicle by the Vehicle Condemnation Committee. Further, no cut-off date was mentioned in the Monetization Policy.

The reply was not accepted because under Clause (iv) of Annexure of the Compulsory Monetization of Transport Facility for Civil Servants only those officers could opt for purchase of an official vehicle who were in possession of official vehicles on or before 01.01.2012, which was the cut-off date.

The PAO was informed on 29.11.2012, but DAC was not held till the finalization of the report.

Audit recommends that either the vehicle should be retrieved from the officer or difference between the original price and reserve price, i.e. Rs. 299,240 should be recovered from the officer, besides fixing responsibility for the irregularity.

35.4.3 Irregular and unauthorized continuation of work by the advisors/consultants after expiry of the contract

Establishment Division O.M. No. 4/1/84-R.I dated 02.09.1990 states that officers appointed on contract or serving on re-employment and secondment in the Federal Government continue in their posts after the expiry of their tenure without specific orders of the competent authority. The Ministries/Divisions were requested to adhere to the instructions and not to allow any officer to continue in service beyond the age of superannuation or contractual appointment without the prior approval of the competent authority.

The following Advisors/Consultants were appointed in the Wafaqi Mohtasib Secretariat on contract, which subsequently expired. Details are as under:

S. No.	Name	Designation	BPS	From	To
1.	Mr. Farhat Hussain	Advisor	22	15.11.2010	14.11.2011
2.	Mr. Mansoor Ahmed	Advisor	21	03.03.2010	02.03.2011
3.	Syed Yasin Ahmad	Advisor	21	06.05.2010	05.05.2011
4.	Mr. Ali Akbar Bhurgri	Advisor	21	17.05.2010	16.05.2011
5.	Brig.®AhmedSalim,	Consultant	20	06.12.2010	05.12.2011
6.	Mr. Khalil A.Mirza	Consultant	20	26.09.2010	25.09.2011
7.	Air Commodore ® Khalil ur Rehman Sherani	Consultant	20	01.06.2010	03.05.2011
8.	Mr. M. Ahsan Bashir	Consultant	19	22.11.2010	21.11.2011
9.	Mr. M. Saqib Khan	Consultant	19	15.03.2010	16.03.2011

Audit observed that although the contracts of the Advisors/Consultants had expired, yet they continued to perform their duties.

Audit is of the view that the duties performed without renewal of contracts were irregular and unauthorized.

The management replied that as the Wafaqi Mohtasib was not appointed, therefore, the contracts could not be renewed. A meeting under the Chairmanship of the Secretary was held on 23.11.2011 in which it was decided that the Consultants/Advisors whose contracts had expired, may continue to work. The present status had been brought to the notice of the Prime Minister and President's Secretariat.

The reply was not accepted as performance of duties without valid contracts was irregular and unauthorized.

The PAO was informed on 29.11.2012, but DAC was not held till the finalization of the report.

Audit recommends that necessary administrative action should be taken to correct the irregularity.

CHAPTER 36

36 MINISTRY OF WATER AND POWER

36.1 Introduction of Ministry

The Ministry of Water and Power, besides all policy matters relating to development of these two resources, performs certain specific functions also, such as carrying out strategic and financial planning for the long term master plans in public and private sector. The long term power sector projects submitted by WAPDA and its allied corporations are scrutinized in the Ministry through its attached departments keeping in view the technical and financial viability of such projects. The Ministry of Water and Power also monitors activities in the fields of power generation, transmission and distribution, and performs supervisory and advisory role for smooth operation of power sector. It also coordinates inter-provincial water-sharing issues and activities related to irrigation, drainage, water logging, and monitors the operation of Indus Water Treaty of 1960. The Water and Power Wings are the main sub-units of the Ministry, including office of the Chief Engineering Adviser/Chairman, Federal Flood Commission and Private Power and Infrastructure Board.

The departments/autonomous bodies attached with the Ministry are:

- Alternative Energy Development Board (AEDB)
- Karachi Electric Supply Corporation (KESC)
- National Engineering Services Pakistan (NESPAK)
- National Power Construction Company (NPCC)
- Private Power and Infrastructure Board (PPIB)
- Water and Power Development Authority (WAPDA)
- Federal Flood Commission (FFC)

The following functions have been assigned to the Ministry as per the Rules of Business, 1973:

1. Matters relating to development of water and power resources of the country.
2. Indus Water Treaty, 1960 and Indus Basin Works.

3. (a) Water and Power Development Authority;

   (b) Matters relating to electric utilities.

4. Liaison with international engineering organizations in water and power sectors, such as International Commission on Large Dams, International Commission on Irrigation and Drainage and International Commission on Large Power Systems

5. Federal agencies and institutions for promotion of special studies in water and power sectors

6. (a) Electricity;

   (b) Karachi Electric Supply Corporation and Pakistan Electric Agencies Limited

7. (a) Matters regarding Engineering Council;

   (b) Institute of Engineers, Pakistan

8. National Engineering (Services) Pakistan Limited

9. Administrative control of:

   (a) Tubewell Construction Company;

   (b) National Power Construction Company

10. Indus River System Authority (IRSA)

11. Private Power and Infrastructure Board

The following departments/offices were transferred to the Ministry of Water and Power vide Cabinet Division Notification No. 4-9/2011-Min.1 dated 29.06.2011:

- National Energy Conservation Centre (ENERCON)
- Marine Biological Research Laboratory, Karachi

36.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Water and Power for the financial year 2011-12 was Rs. 36,049.527 million including Supplementary Grant of Rs. 1,552.349 million out of which the Division utilized Rs. 27,225.411 million. Grant-wise detail of current and development expenditure is as under:

(Rupees)

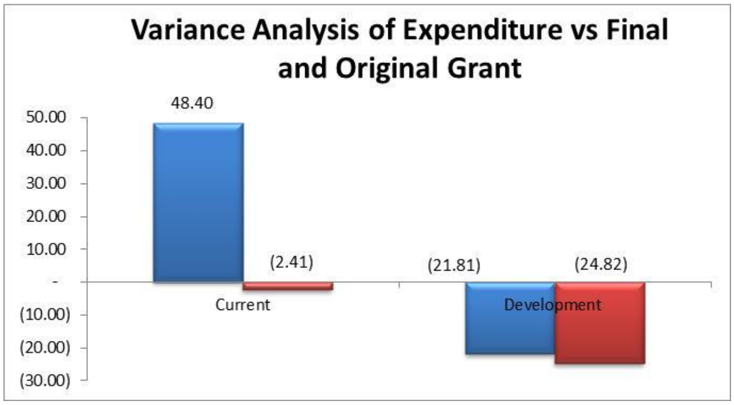
Grant No	Grant Type	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Final Grant/ Appropriation	Actual Expenditure	Excess/ (Savings)	% age Excess/ (Saving)
95	Current	361,138,000	188,012,000	549,150,000	535,932,122	(13,217,878)	(2.41)
127	Development	34,136,040,000	1,364,337,000	35,500,377,000	26,689,479,062	(8,810,897,938)	(24.82)
	Total	**34,497,178,000**	**1,552,349,000**	**36,049,527,000**	**27,225,411,184**	**(8,824,115,816)**	**(24.48)**

Audit noted that there was an overall saving of Rs. 8,824.115 million when compared to final grant.

Supplementary Grants obtained without careful cash forecasting

In order to ensure prudent financial management, Para 13(vii) of System of Financial Control and Budgeting, 2006 states that 'Ministries / Divisions should be able to anticipate budgetary requirements well ahead of the financial year to which the budget relates and obtain the concurrence of the Finance Division. The Finance Division is expected to decline any request for Supplementary Grants except in extraordinary circumstances.' This document further states that 'the funds obtained from Supplementary Grants shall be expended for the purposes for which these have been sanctioned. In current expenditure, demands for Supplementary Grants shall not be made, except in extraordinary circumstances.' During the year, Supplementary Grants of Rs. 1,552.349 million were obtained, which was 4.49% of the Original Budget.

According to Para 71 of General Financial Rules (Volume I), while framing budget estimates, the authorities should exercise utmost foresight. Variation between estimated and actual expenditure captures the level of foresight that goes into budget formulation. As shown in the chart below, the excess in current expenditure was 48.40% of original grant, which came to saving of 2.41% after accounting for supplementary grants. In development expenditure there was saving of 21.81% against original budget which came to saving of 24.82% when supplementary grant is taken into account.



36.3 Brief comments on the status of compliance with PAC Directives

Ministry	Years	No of audit paras	No of Actionable Points	Full Compliance	Not Complied	% of Compliance
Water and Power	1987-88	1	1	1	0	100
	1988-89	0	0	0	0	0
	1989-90	0	0	0	0	0
	1990-91	0	0	0	0	0
	1991-92	0	0	0	0	0
	1992-93	0	0	0	0	0
	1993-94	0	0	0	0	0
	1994-95	1	1	0	1	0
	1995-96	0	0	0	0	0
	1996-97	1	1	0	1	0
	1997-98	0	0	0	0	0
	1999-00	7	7	1	6	14
	2000-01	0	0	0	0	0
	2001-02	0	0	0	0	0
	2005-06	5	5	1	4	20
	2007-08	2	2	0	2	0
	2008-09	0	0	0	0	0
Total		**17**	**17**	**3**	**14**	**18**

36.4 AUDIT PARAS

Non Production of Record

36.4.1 Non-production of record of Discretionary Grants - Rs. 3.000 million

Section 14(2) of Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 states that the officer in-charge of any office or department shall afford all facilities and provide record for audit inspection and comply with requests for information in as complete a form as possible and with all reasonable expedition.

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

The Ministry of Finance vide letter No. D-4275-B/74 dated 13.05.1954 and the Cabinet Division vide letter No. 102/17/78-Min dated 27.07.1978, letter No. 102/24/79-Min dated 18.05.1980 and letter No. 2-2/94-Min-I dated 01.11.1994 have laid down the procedure of disbursement of funds out of Discretionary Grant.

The management of Ministry of Water and Power incurred an expenditure of Rs. 3.000 million from Discretionary Grant for the Federal Minister and Minister for State during 2009-12.

Despite repeated requests the management did not provide the record pertaining to the disbursement of Discretionary Grant.

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

The management did not reply.

The PAO was informed on 29.11.2012, but DAC was not held till the finalization of the report.

Audit recommends that responsibility be fixed for hindering the auditorial functions of the Auditor General of Pakistan.

Annexure-I **Memorandum for Departmental Accounts Committee (MFDAC)**

S. No.	PAO	Name of Department	Para of AIR	Subject	Amount (Million)
1	Benazir Income Support Programme	Headquarters Islamabad	4	Annual progress report not presented to the Council by the Board	0
2	Benazir Income Support Programme		5	Internal Audit Report not presented to the Board and Physical verification of stock and store not carried out	0
3	Benazir Income Support Programme	BISP Balochistan, Quetta	1	Irregular payment of Rs.7.207 million on account of 30% BISP Allowance	7.207
4	Benazir Income Support Programme		2	Irregular and unjustified hiring of Daily Wages staff for DG Office BISP Balochistan - Rs.2.776 million	2.776
5	Benazir Income Support Programme		3	Irregular, unauthorized expenditure of Rs.7.453 million beyond the Financial Powers.	7.453
6	Benazir Income Support Programme		4	Non Reconcilation of Rs.66.464 million with the BISP Islamabad.	66.464
7	Benazir Income Support Programme		5	Recovery of Rs.57812 due to non realization of Government dues as sales Tax & Income Tax	0.057
8	Benazir Income Support Programme		6	Improper maintenance of Cash book	0
9	Benazir Income Support Programme		7	Non compliance of Government Rules regarding Degrees verification of Officers and staff appointed on contract basis.	0
10	Benazir Income Support Programme		8	Recovery of Rs.66052 due to non deduction of income tax on account of Honoraria.	0.066
11	Benazir Income Support Programme		9	Un-authorized expenditure on account of contract appointments.	0
12	Benazir Income Support Programme		10	Record not presented for verification of audit	0
13	Benazir Income Support Programme		11	Internal audit report not provided to Federal as per requirement of Rules/Procedure.	0
14	Benazir Income Support Programme		12	Doubtful/Irregular cash payments to DDO - Rs.2.639 million	2.639
15	Benazir Income Support Programme		13	Irregular expenditure of Rs.405719 on account of Entertainment charges.	0.405
16	Benazir Income Support Programme		14	Recovery of Rs.19370 on account of Mis-use of Government vehicle and improper maintenance of Log Books and other record.	0.019
17	Benazir Income Support Programme		15	Mis-appropriation of Rs.120000 on account of double drawl of transpiratin charges.	0.12
18	Benazir Income Support	BISP,PESHAWAR	1	Embezzlement during disbursement of Cash Grant and Poverty Scorecards	485.858

	Programme			under Benazir Income Support Programme in KPK- Rs. 485.858 million	
19	Benazir Income Support Programme		2	Un-authorized retention of lapsable funds in bank account–Rs. 5.928 million	5.928
20	Benazir Income Support Programme		3	Un-supported payment of Rs. 17.907 million	17.907
21	Benazir Income Support Programme		4	staff without sanctioned posts and approval of competant authority-	0
22	Benazir Income Support Programme		5	Defective maintenance of various records especially non preparation of Cash Books and non maintenance of Dead Stock registers.	0
23	Benazir Income Support Programme		6	Un-authorized cash payment of utility bills and other expenditure through D.D.O. Rs. 1.069 million	1.069
24	Cabinet Division	Main secretariat	5	Non adjustment of grant-in-aid—Rs.103 million.	103.0000
25	Cabinet Division		6	Mis-procurement of toners due to rejection of lowest bid resulting in loss of Rs. 244,400.	0.2440
26	Cabinet Division		7	Mis-procurement of Toners due to non acceptance of lowest rate resulting in loss of-Rs. 397,060	0.3970
27	Cabinet Division		8	Non Declaration of Gifts during the visit abroad by the members of the National Assembly.	0.0000
28	Cabinet Division		11	Irregular appointment of 04 consultants for Abbottabad Commission -Rs. 737,000	0.7370
29	Cabinet Division		12	Irregular and unauthorized withdrawal of honorarium—Rs 0.494 million.	0.4940
30	Cabinet Division		13	Irregular and unauthorized withdrawal of honorarium-Rs 0.411 million.	0.4110
31	Cabinet Division		14	Irregular and unauthorized withdrawal of honorarium – Rs 0.669 million.	0.6690
32	Cabinet Division		15	Excess expenditure on purchase of newspapers and periodicals-Rs.0.211 million.	0.2110
33	Cabinet Division		16	Non availability of assets/stock register of the devolved Ministries/Division /Department and Development Projects.	0.0000
34	Cabinet Division		17	Whereabouts of Three vehicles of defunct Ministries not made known to audit.	0.0000
35	Cabinet Division		18	Irregular hiring the services of clearing agent – Rs. 8.5 million.	8.5000
36	Cabinet Division		19	Doubtful payment of charges on account of handling of import cargo and terminal handling charges—Rs.3.4 million	3.4000
37	Cabinet Division		20	Irregular expenditure on account of repair of vehicles—Rs.2.68 million.	2.6800
38	Cabinet Division		21	Irregular expenditure on hiring of digital camera-- Rs.0.238 million	0.2380
39	Cabinet Division		22	Irregular and unauthorized expenditure on purchase of stationery--Rs.0.918 million	0.9180
40	Cabinet Division		23	Irregular expenditure on Printing of Telephone Directory--Rs.1.32 million.	1.3200
41	Cabinet Division		24	Non-Production of record relating to payment of salaries to Contingent Paid Staff - Rs. 5.196 million	5.1960
42	Cabinet Division		25	Misuse of Official/Operational Vehicles.	0.0000
43	Cabinet Division		26	Unauthorized use of protocol vehicle and recovery of Monetization	0.6710

				Allowance – Rs. 0.671	
44	Cabinet Division	National College of Arts Rwp	2	Non-utilization of project funds – Rs. 38.916 million	38.9160
45	Cabinet Division		3	Unauthorized maintenance of bank accounts and retention of public funds therein	0.0000
46	Cabinet Division		4	Mis-procurement of goods and services – Rs. 15.098 million	15.0980
47	Cabinet Division		6	Non-utilization and generation of funds from Liaquat Memorial Hall due to encroachment of College Land by WASA	0.0000
48	Cabinet Division		7	Recovery on account of Irregular and Unauthorized Award of Overseas Scholarship to a private person-Rs. 897,540/-.	0.8970
49	Cabinet Division		8	Infructuous and Irregular Expenditure on the Department of Theatre beyond the provision of PC-I – Rs. 700,000/-	0.7000
50	Cabinet Division		9	Recovery on account of irregular and unauthorized white wash of Girls Hostel – Rs. 121,869/-.	0.1220
51	Cabinet Division		10	Non Recruitment of the Key Posts.	0.0000
52	Cabinet Division		11	Unauthorized retention of fee share by NCA Lahore- Rs. 3.695 Million	3.6950
53	Cabinet Division	National Electric Power Regulatory Authority	3	Recovery due to Irregular moveover provided to NEPRA employees Rs. 2.484 million.	2.4840
54	Cabinet Division		4	Non-vetting of financial procedure / regulations from the Federal Government / Finance Division.	0.0000
55	Cabinet Division		5	None monitoring of distribution companies (DISCOs) resulting into distribution losses shifted to the consumers- Rs. 193.721 billion.	193.7210
56	Cabinet Division		7	Unauthorized expenditure by allowing excess quantities – Rs 13.693 million	13.6930
57	Cabinet Division		8	Irregular expenditure on professional / consultancy charges – Rs 4.300 million	4.3000
58	Cabinet Division		9	Failure of NEPRA to implement the Performance Standards (Transmission) Rules 2005.	0.0000
59	Cabinet Division		10	Failure of NEPRA to implement the Performance Standards (Generation) Rules 2009.	0.0000
60	Cabinet Division		11	Un-authorized appointment of external auditor without concurrence of Auditor General of Pakistan.	0.0000
61	Cabinet Division		12	Irregular payment on account of encashment of Casual Leave - Rs 4.596 million.	4.5960
62	Cabinet Division	National Institute of Health	7	Recovery On Account Of Irregular Payment Of Allowances And Ta/Da To Director /Ps To Health Minister- Rs.336,670.	0.3370
63	Cabinet Division		8	Loss Due To Procurement Of Water At Higher Rate - Rs. 204,728	0.2050
64	Cabinet Division		9	Irregular Refund Of Security Money To The Supplier Of Sheep - Rs. 334,570	0.3350
65	Cabinet Division		10	Expenditure On Civil Works Without Civil Engineer – Rs. 3.369 Million	3.3690
66	Cabinet Division		11	Internal Check Not Conducted	0.0000
67	Cabinet Division	Department of Communicatin	1	Mis-procurement of buses – Rs. 7.75 million.	7.7500

68	Cabinet Division	Security	2	Non Production of Record relating to Welfare Fund.	0.0000
69	Cabinet Division		3	Non delegation of financial and administrative powers to the project Directors.	0.0000
70	Cabinet Division		4	Technical evaluation of equipments purchased in development project	0.0000
71	Cabinet Division		5	Recovery on account of unauthorized retention of Government accommodation – Rs.172,875	0.1730
72	Cabinet Division		6	Unauthorized drawl of Computer Allowance – Rs. 72,000	0.0720
73	Cabinet Division		8	Internal check not conducted	0.0000
74	Cabinet Division		9	Physical Verification of Stores/Stock not Conducted	0.0000
75	Cabinet Division		10	Less deduction of income tax – Rs.3,976	0.0040
76	Cabinet Division		11	Irregular appointment on Additional Charge Basis – Rs. 20,775/-	0.0200
77	Cabinet Division	Federal Medical & Dental Council	1	Non-depositing of fees received from the students in to Government Treasury – Rs 2.304 million	2.3040
78	Cabinet Division		2	Recovery on account of overpayment of House Rent Allowance – Rs 264,103	264.0000
79	Cabinet Division		3	Irregular appointment of contract and regular staff by FM&DC during ban period.	0.0000
80	Cabinet Division		4	Irregular procurement of physical assets during the ban period Rs 135,285	0.1350
81	Cabinet Division		5	Irregular expenditure on printing – Rs 149,338	0.1490
82	Cabinet Division		7	Irregular expenditure on purchase of stationery – Rs 197,720	0.1980
83	Cabinet Division		8	Irregular issuance of POL and recovery thereof - Rs 52,992	0.0520
84	Cabinet Division		9	Non-Maintenance of Vehicles Movement Register and Log Books – Rs 45,525	0.0450
85	Cabinet Division		10	Non production of record pertaining to Federal Medical and Dental College prior to March, 2012	0.0000
86	Cabinet Division		11	Non production of record pertaining to 03 deputationists.	0.0000
87	Cabinet Division		13	Non-surrendering of anticipated saving – Rs 3.450 million	3.4500
88	Cabinet Division		14	Irregularities in maintenance of cashbook	0.0000
89	Cabinet Division		15	Non-conducting of internal check by the controlling officer	0.0000
90	Cabinet Division		16	Non-conducing of physical verification of stores	0.0000
91	Cabinet Division	National College of Arts, Lahore.	1	Recovery of Rs.0.364 million due to payment of salary on account of leave without pay - Recovery of Rs.0.165 million made during Audit	0.5290
92	Cabinet Division		2	Escess expenditure amounting to Rs.12.211 million over and under the budget grant out of Assignment Account No.1027 during the Financial year 2010-2011	12.2110
93	Cabinet Division		3	Irregular/unauthorized expenditure for Rs.9.8 million due increase in salary of the Contractual Faculty.	9.8000
94	Cabinet Division		4	Irregular/Infructous expenditure for Rs.5.797 million on construction of cafeteria.	5.7970
95	Cabinet Division		5	Irregular expenditure for Rs.3.334 million due to deterioration of furniture for under construction Girls Hostel No.2 at Sanda Road, Lahore.	3.3340

96	Cabinet Division		6	Irregular investment of development Funds Rs.6 million in Defence Saving Certificates and Non surendering of Funds Rs.12 million to Govt. Accounts.	18.0000
97	Cabinet Division		7	Recovery of Rs.1.204 million due to irregular/un-authorized enhancement of Salary with increment of contractual employees	1.2040
98	Cabinet Division		8	Irregular/Un-authorized expenditure amounting to Rs.3.531 million without caling for open tender.	3.5310
99	Cabinet Division		9	Un-Justified expenditure of Rs.17.953 million on account of employment of huge Contingent paid staff.	17.9530
100	Cabinet Division		10	Irregular expenditure amount to Rs.12.472 million on account of part time teachers.	12.4720
101	Cabinet Division		11	Irregular/Un-authorized appointment of Purchase Officer without Sanctioned Post recovery of Rs.1.198 million.	1.1980
102	Cabinet Division		12	Irregular/Un-authorized transfer of funds amounting to Rs.11 million during the Financial year 2011-2012.	11
103	Cabinet Division		13	Recovery of Rs.0.478 million due to suspected fraudulant reimbursement on account of Medical Charges.	0.478
104	Cabinet Division		14	Irregular Expenditure for Rs.0.171 million on account of POL and repair of official vehicle LWF-7043.	0.171
105	Cabinet Division		15	Irregular expenditure for Rs.0.74 million as Law charges without approval of legal Consultants from Law Division.	0.74
106	Cabinet Division		16	Irregular/Un-authorized expenditure amounting to Rs.0.201 million without open competition	0.201
107	Cabinet Division		17	Irregular/un-justified proviing of TSC Space on cheeper rate i.e. Rs.0.250 million per annum witout open competition	0.25
108	Cabinet Division		18	Irregular uneconomic expenditure for Rs.0.187 million on account of purchase of UPS Batteries.	0.187
109	Cabinet Division		19	Irregular expenditure amounting to Rs.0.12 million on account of printing work.	0.12
110	Cabinet Division		20	Loss of 0.601 million due to non deposit of College Tution Fee.	0.601
111	Cabinet Division		21	Loss of Rs.16,840 due to missing of Library Book, Recovery thereof.	0.016
112	Capital Administration and Development	Main secretariat	1	Non obtaining of adjustment account and audited statement Rs-191.5 million	191.5
113	Capital Administration and Development		2	Whereabouts of Fifteen (15) official vehicles of CA&D	0
114	Capital Administration and Development		3	Whereabouts of the assets taken over from the defunct Ministry of Education	0
115	Capital Administration and Development		4	Irregular monetization of vehicles	0
116	Capital Administration and Development		5	Recovery on account of Instruction Allowance Rs- 56,667	0.057

117	Capital Administration and Development		6	Irregular grant of hiring - Rs 47,310	0.047
118	Capital Administration and Development		7	Recovery on account of House Rent Allowance- Rs 106,368	0.106
119	Capital Administration and Development		8	Irregular drawl of Conveyance Allowance and recovery thereof -Rs 32,400	0.032
120	Capital Administration and Development		9	Non conducting of Internal Audit	0
121	Capital Administration and Development		10	Non-conducting of physical verification	0
122	Capital Administration and Development	Special Education & Social Welfare	1	Irregular and unauthorized expenditure on construction of Special Education Centers – Rs.72.755 million	72.755
123	Capital Administration and Development		2	Wasteful expenditure on account of construction of Special Education Centers - Rs. 13.733 million	13.733
124	Capital Administration and Development		3	Non-surrendering of anticipated saving – Rs 7.809 million	7.809
125	Capital Administration and Development		4	Non-surrendering of anticipated saving of development projects – Rs 10.590 million	10.59
126	Capital Administration and Development		5	Irregular payment to National Paralympics Committee and Non-obtaining of adjustment/audit accounts - Rs. 4.10 million	4.1
127	Capital Administration and Development		6	Irregular expenditure on purchase of stationery – Rs 1.297 million	1.297
128	Capital Administration and Development		7	Irregular contract of construction and supervision of Projects awarded to M/s Pakistan Environmental Planning and Architectural Consultants (Pvt) Ltd – Rs 3.064 million	3.064
129	Capital Administration and Development		8	Non-conducting of internal check by the controlling officer	0
130	Capital Administration and Development	Federal College of Education	1	Unauthorized running of evening/second shift and irregular retention/ utilization of Government money	0
131	Capital Administration and Development		2	Unauthorized maintenance of bank accounts and retention of public funds therein-Rs. 14.559 million	14.559
132	Capital Administration and Development		3	Irregular retention of Bus Charges and utilization-Rs.3.084 million	3.084
133	Capital Administration and Development		4	Irregular utilization of receipts - Rs.7.697 million	7.697
134	Capital Administration and Development		5	Non-approval of the fee structure from the Ministry of Finance	0
135	Capital Administration and Development		6	Irregular hiring of contingent paid staff for evening shift - Rs. 0.332 million	0.332
136	Capital Administration and Development		8	Irregular and unauthorized expenditure incurred on repair maintenance of college building-Rs.0.186 million	0.186

137	Capital Administration and Development		9	Irregular and unauthorized expenditure on printing of post cards calendars and others for Rs.0.080 million	0.08
138	Capital Administration and Development	Federal Directorate of Education	1	Unauthorized maintenance of bank accounts and retention of public funds therein – Rs 26.054 million	26.054
139	Capital Administration and Development		3	Irregular and unauthorized payment of cash award - Rs 3.855 million	3.855
140	Capital Administration and Development		4	Irregular procurement of text books from National Book Foundation (NBF) –Rs. 88.527 million which caused loss to Government – Rs. 4.426 million	4.426
141	Capital Administration and Development		5	Irregular use of vehicles by the non-entitled officers and recovery thereof - Rs 2.177 million	2.177
142	Capital Administration and Development		6	Non-surrendering of anticipated saving – Rs 6.873 million	6.873
143	Capital Administration and Development		7	Handling of cash without depositing the security in cash or fidelity bond by the cashier and storekeeper	0
144	Capital Administration and Development		8	Non-conducting of internal check	0
145	Capital Administration and Development	Federal Govt. Comprehensive Higher Secondary School for Boys G-7/2	1	Unauthorized realization of student (s) funds- Rs 4.746 million	4.746
146	Capital Administration and Development		2	Irregular procurement of physical assets during the ban period – Rs 56,000	0.56
147	Capital Administration and Development		3	Irregular and unauthorized transfer of funds from Federal Directorate of Education to FGCHSSB's accounts– Rs 0.180 million	0.18
148	Capital Administration and Development		4	Non-deposit of rent of college hall into Government Treasury– Rs 0.277 million	0.277
149	Capital Administration and Development		5	Non-conducting of internal check by the controlling officer	0
150	Capital Administration and Development	Islamabad Model College for Boys-G-11/1	1	Unauthorized realization of student (s) funds - Rs 12.345 million	12.345
151	Capital Administration and Development		2	Irregular and unauthorized expenditure on accounts of civil works – Rs 1.062 million	1.062
152	Capital Administration and Development		3	Irregular award of college canteen's contract to Mr. Muhammad Taj and recovery thereof – Rs 0.757 million	0.757
153	Capital Administration and Development		4	Irregular and unauthorized transfer of funds from Federal Directorate of Education to IMCB's accounts– Rs 1.019 million	1.019
154	Capital Administration and Development		5	Irregular expenditure on purchase of stationery – Rs 1.315 million	1.315
155	Capital Administration and Development		6	Irregular procurement of physical assets during the ban period - Rs 0.613 million	0.613
156	Capital Administration and Development		7	Irregular procurement of physical assets - Rs 0.388 million	0.388

157	Capital Administration and Development		8	Irregular expenditure on account of repair and maintenance of vehicles – Rs 0.247 million	0.247
158	Capital Administration and Development		9	Non-conducting of internal check by the controlling officer	0
159	Capital Administration and Development	Islamabad Post Graduate College, H-8	2	Irregular realization of funds of 12.409 from the students and utilization of receipts - Rs. 7.449 million	7.449
160	Capital Administration and Development		4	Irregular and unauthorized procurement of physical assets – Rs. 0.940 million	0.94
161	Capital Administration and Development		5	Unauthorized running of morning and evening classes of B.Com for male and female students	0
162	Capital Administration and Development		6	Irregular hiring of services of contract employees without open competition and payment of salaries - Rs. 0.814 million	0.814
163	Capital Administration and Development		7	Unauthorised drawl from student fund and deposited in to commercial bank account maintained in Federal Directorate of Education - Rs. 0.200 million	0.2
164	Capital Administration and Development		8	Irregular transfer of library security on loan basis to unapproved college – Rs.0.200 million.	0.2
165	Capital Administration and Development	Islamabad Model College of Commerce H.8/4	1	Irregular and unauthorized payment made to in-charges of M.Com/B.com/I.Com and others-Rs.-998 million	0.998
166	Capital Administration and Development		2	Irregular and unauthorized payment of lecture fee Rs.6.179 million.	6.179
167	Capital Administration and Development		3	Unauthorized running of evening/second shift and irregular retention / utilization of Government money	0
168	Capital Administration and Development		4	Unauthorized maintenance of bank accounts and retention of public funds therein-Rs.8.68 million	8.68
169	Capital Administration and Development		5	Irregular hiring of services of contract employees without open competition and payment of salaries - Rs. 0.759 million	0.759
170	Capital Administration and Development		6	Non-approval of the fee structure from the Ministry of Finance	0
171	Capital Administration and Development		7	Irregular realization of funds of 26.429 million from the students and utilization of receipts - Rs. 26.430 million	26.43
172	Capital Administration and Development		8	Unauthorized expenditure during the vacant post of the Principal-Rs.8.265 million	8.265
173	Capital Administration and Development		9	Irregular payment of teaching allowance- Rs.0.199 million.	0.199
174	Capital Administration and Development		10	Non-adjustment of miscellaneous contingent advances-Rs.0.106 million	0.106
175	Capital Administration and Development		11	Irregular and unauthorized expenditure on printing-Rs.0.229 million	0.229
176	Capital Administration and Development		12	Irregular payment to Ministerial contingent paid staff - Rs.0.016 million.	0.016

177	Capital Administration and Development		13	Irregular hiring the services of a Doctor and unauthorised payment - Rs.0.075 million	0.075
178	Capital Administration and Development	Islamabad Model College of Commerce, F-10/3	1	Irregular and unauthorized procurement of physical assets – Rs. 0.677 million	0.677
179	Capital Administration and Development		2	Irregular realization of funds of Rs. 19.086 million from the students and utilization of receipts - Rs. 10.073 million	10.073
180	Capital Administration and Development		3	Unauthorized maintenance of bank accounts and retention of public funds -Rs.8.677 million	8.677
181	Capital Administration and Development		4	Non-Production of record - Rs.39-776 million	39.776
182	Capital Administration and Development		5	Irregular payment of teaching allowance- Rs.0.216 million.	0.216
183	Capital Administration and Development		6	Irregular and unauthorized expenditure on printing-Rs.0.289 million	0.289
184	Capital Administration and Development		7	Irregular and unauthorized expenditure incurred on annual service agreement of Computers-Rs.0.222 million	0.222
185	Capital Administration and Development		8	Irregular and unauthorized expenditure incurred on repair and maintenance of college building-Rs.0. 182 million	0.182
186	Capital Administration and Development	Islamabad Model College for Boys, H-9	3	Non recovery of rent of college building presently under the use of National Bank of Pakistan.	0
187	Capital Administration and Development		4	Non-approval of the fee structure from the Ministry of Finance and charging of dues on annual basis.	0
188	Capital Administration and Development		6	Irregular hiring of contingent paid staff for evening shift - Rs. 0.213 million	0.213
189	Capital Administration and Development		7	Unauthorized running of evening/second shift and irregular retention / utilization of Government money	0
190	Capital Administration and Development		8	Irregular and unauthorized procurement of physical assets – Rs. 0.253 million	0.253
191	Capital Administration and Development		9	Irregular transfer of fund from the Student Fund– Rs.0.075 million.	0.075
192	Capital Administration and Development	Islamabad Model College for Boys F-10/3	1	Unauthorized realization of student (s) funds - Rs 39.570 million	39.57
193	Capital Administration and Development		2	Irregular expenditure on purchase of stationery – Rs 3.967 million	3.967
194	Capital Administration and Development		3	Irregular and unauthorized expenditure on accounts of civil works – Rs 2.054 million	2.054
195	Capital Administration and Development		6	Non-deposit of rent of college hall into Government Treasury– Rs 0.604 million	0.604
196	Capital Administration and Development		7	Non-adjustment / Non-recovery of miscellaneous Advances - Rs 0.780 million	0.78
197	Capital Administration		8	Recovery on account of overpayment of pay and allowances and house	0.776

	and Development			hiring - Rs 0.776 million	
198	Capital Administration and Development		9	Non-conducting of internal check by the controlling officer	0
199	Capital Administration and Development	Federal Govt. Higher Secondary School for Boys G.6.2	1	Unauthorized realization of student (s) funds- Rs 6.725 million	6.725
200	Capital Administration and Development		2	Irregular and unauthorized expenditure on accounts of civil works – Rs 0.420 million	0.42
201	Capital Administration and Development		3	Irregular procurement of physical assets during the ban period – Rs 34,000	0.034
202	Capital Administration and Development		4	Non-conducting of internal check by the controlling officer	0
203	Capital Administration and Development	Islamabad Model College for Boys, I-8/3	1	Unauthorized realization of student (s) funds- Rs 23.827 million	23.827
204	Capital Administration and Development		2	Irregular and unauthorized expenditure on accounts of civil works – Rs 0.608 million	0.608
205	Capital Administration and Development		3	Irregular expenditure on account of repair and maintenance of vehicles – Rs 0.673 million	0.673
206	Capital Administration and Development		4	Irregular expenditure on purchase of stationery – Rs 0.944 million	944
207	Capital Administration and Development		6	Irregular expenditure on purchase of physical assets – Rs 0.217 million	0.217
208	Capital Administration and Development		7	Non-surrendering of anticipated saving – Rs 2.724 million	2.724
209	Capital Administration and Development	Islamabad Model College for Boys I-10/1	1	Unauthorized realization of student (s) funds- Rs 19.786 million	19.786
210	Capital Administration and Development		3	Irregular expenditure on purchase of stationery – Rs 1.240 million	1.24
211	Capital Administration and Development		4	Irregular and Unauthorized extension/re-appointment of contract of employee in IMCB-I-10/1, Islamabad.	0
212	Capital Administration and Development		8	Doubtful obtaining of B. Ed degree and Irregular payment of teaching allowance	0
213	Capital Administration and Development		9	Non-conducting of internal check by the controlling officer	0
214	Capital Administration and Development	Islamabad Model College for Girls,I.8/4	3	Irregular expenditure on purchase of stationery – Rs 0.750 million	0.75
215	Capital Administration and Development		4	Irregular advance payment of Electricity and Gas charges – Rs 0.366 million	0.366
216	Capital Administration and Development		5	Non-conducting of internal check by the controlling officer	0
217	Capital Administration and Development	Govt. Poly Technical College for Women, Islamabad	4	Irregular and unauthorized expenditure incurred on repair maintenance of college building-Rs.0.828 million	0.828

218	Capital Administration and Development		5	Unauthorized maintenance of bank accounts and retention of public funds -Rs.4.481 million	4.481
219	Capital Administration and Development		6	Irregular utilization of receipts - Rs. 9.305 million	9.305
220	Capital Administration and Development		8	Irregular and unauthorized procurement of Suzuki Bolan vehicle 800cc – Rs. 0.619 million	0.619
221	Capital Administration and Development		10	Failure to report correct figures of expenditure – Rs. 7.427 million	7.427
222	Capital Administration and Development		11	Non-Production of record - Rs.0.599 million	0.599
223	Capital Administration and Development	Federal Govt. Services Hospital	11	Recovery on account of stipend Rs-0.820 million	0.82
224	Capital Administration and Development		12	Un-justified purchase of medicines through local purchase Rs.22.310million and loss of Rs.2.90 million	2.9
225	Capital Administration and Development		13	Non receipt of earnest money.	0
226	Capital Administration and Development		14	Non conducting test/analysis of medicines.	0
227	Capital Administration and Development	PIMS	10	Uneconomical charges levied on diagnostic test and made it as source of income.	0
228	Controller General of Accounts	Accountant General KPK	1	Un-authorized payment of honorarium to the staff of various departments-Rs.1.162 million	1.162
229	Controller General of Accounts		2	Recovery of un-authorised payment of honorarium to the staff of District Accounts Offices-Rs.3.896 million	3.896
230	Controller General of Accounts		3	Doubtful cash drawl and payment of honorarium-Rs.14.660 million	14.66
231	Controller General of Accounts		4	Unauthorized / Irregular advance payment - Rs.2.788 million.	2.788
232	Controller General of Accounts		5	Un-authorized appointment and payment of salaries to contingent paid staff without sanctioned posts and approval of competent authority-Rs.1.210 million	1.21
233	Controller General of Accounts		6	Unauthorized excess expenditure over and above the authorised allocation to clear the arears of pay and allowances- Rs.102.452 million.	102.452
234	Controller General of Accounts		7	Posting of Accounts Officers and Assistant Accounts Officers on deputation in violation of rules.	0
235	Controller General of Accounts		8	Irregular promotion of Assistant Accounts Officers and Accounts Officers over and above the sanctioned strength in the absence of Deputation Training Leave (DTL) Percentage	0
236	Controller General of Accounts		9	Non-updation of G.P Fund record.	0
237	Controller General of	Controller General of Accounts,	1	Irregular and un-authorized monetization of Vehicle - Rs. 250, 000	0.25

	Accounts	Islamabad			
238	Controller General of Accounts		2	Irregular expenditure on account of payment of salary to contingent paid staff - Rs. 152, 000.	0.152
239	Controller General of Accounts		3	Irregular expenditure on account of repair of vehicle - Rs 192,949	0.192
240	Controller General of Accounts		4	Non retrieval of costly IT equipments from officers.	0
241	Controller General of Accounts		5	Irregular expenditure on account of POL - Rs. 119,523	0.119
242	Controller General of Accounts		6	Un-authorized repair of office building - Rs. 127,700.	0.127
243	Controller General of Accounts		7	Non adjustment of TA advance - Rs. 393,462.	0.393
244	Controller General of Accounts		8	Unauthorized expenditure on account of payment of salaries to daily wage employee out of head "Payment to other for services rendered"-Rs.714, 813.	0.714
245	Controller General of Accounts		9	Irregular expenditure on account of security charges - Rs. 655, 200	0.655
246	Controller General of Accounts		10	Irregular Appointment of Advisor	0
247	Controller General of Accounts		11	Unauthorized use of Staff Cars - Rs. 480, 039	0.48
248	Controller General of Accounts		12	Posting of Accounts Officers on deputation in violation of rules.	0
249	Controller General of Accounts		13	Irregular visits abroad by the officers of CGA without seeking/obtaining approval of the competent authority.	0
250	Controller General of Accounts		14	Irregular promotion of Accounts Officers over and above the sanctioned strength in the absence of Deputation Training Leave (DTL) Percentage	0
251	Controller General of Accounts	AGPR, Islamabad	1	Non-surrendering of Savings-Rs.316.689 Million	0.316
252	Controller General of Accounts		2	Excess expenditure of actual budget allocation Rs. 11.171 million	11.171
253	Controller General of Accounts		3	Irregular drawal of advance Rs. 685,900	0.685
254	Controller General of Accounts		4	Irregular Payment on account of meal charges-Rs.1.548 million	1.548
255	Controller General of Accounts		5	Irregular expenditure on account of engagement of Daily Wage Employees- Rs. 2.554 million	2.554
256	Controller General of Accounts		6	Doubtful drawal of advance for POL-Rs.299,902	0.299
257	Controller General of		7	Mis-classification of Rs.787,871	0.787

	Accounts				
258	Controller General of Accounts		8	Unauthorized expenditure out of ID-1169-MIS budget for AGPR- Rs.467,870	0.467
259	Controller General of Accounts		9	Excess Payment of Over Time Charges Rs.61,500	0.061
260	Controller General of Accounts		10	Unauthorized Payment To Staff Sports And Welfare Association Of AGPR-	0
261	Controller General of Accounts		11	Mis-Classification Of expenditure on account of Leave Encashment Of LPR- Rs.1.717 Million	1.717
262	Controller General of Accounts		12	Irregular/doubtful Drawal on Account of Rent of Residential Building in the name of DDO- Rs.6.961 Million	6.961
263	Controller General of Accounts		13	Unauthorized/recoverable expenditure on account of repair of vehicle and drawal of amount in the name of DDO- Rs.284,607	0.284
264	Controller General of Accounts		14	Non Maintenance of Cash Book By the AGPR of ID-1169-MIS	0
265	Controller General of Accounts		15	Whereabouts of Rs. 91,508 not known	0.091
266	Controller General of Accounts		16	Non-disbursement of Rs.135,420	0.135
267	Controller General of Accounts		17	Un-authorized payment of honorarium Rs.170,250	0.17
268	Controller General of Accounts		18	Un-authorized Drawal Of Advance salary of Daily Wage Employees- Rs.308,133	0.308
269	Controller General of Accounts		19	Doubtful Expenditure of Rs.249,634	0.249
270	Controller General of Accounts		20	Payment without supporting documents-Rs.928,070	0.928
271	Controller General of Accounts		21	Irregular expenditure on account of repair of furniture-Rs.65,972	0.065
272	Controller General of Accounts		22	Irregular Payment of Rs.54,425	0.054
273	Controller General of Accounts		23	Unauthorized expenditure on account of mineral water charges- Rs.115,652	0.115
274	Controller General of Accounts		24	Irregular Expenditure of Rs.81,611	0.081
275	Controller General of Accounts		25	Non Adjustment of TA Advance Rs.120,000	0.12
276	Controller General of Accounts		26	Irregular Purchase Of Physical Assets Rs.367,500	0.367
277	Controller General of Accounts		27	Irregular Payment Of House Rent Ceiling Rs.135,420	0.135

278	Controller General of Accounts		28	Un-Authorized Payment of House Building Advance-Rs.1.814 Million	1.814
279	Controller General of Accounts		29	Doubtful Payment of Telephone Bills-Rs.227,000	0.227
280	Controller General of Accounts		30	Irregular payment on purchase of physical assets-Rs.305,355	0.305
281	Controller General of Accounts		31	Unauthorized Payment on account of Restoration of Electricity of FTO-Rs.131,417	0.131
282	Controller General of Accounts		32	Improper Maintenance of Cash Book	0
283	Controller General of Accounts		33	Irregular Payment of Sui Gas Charges-Rs.2.726 Million	2.726
284	Controller General of Accounts		34	Irregular Drawal of Cash-Rs.72.240 Million	72.24
285	Controller General of Accounts		35	Irregular re-appropriation of funds amounting to Rs.2.598 Million	2.598
286	Controller General of Accounts		36	Irregular Payment of House Rent Ceiling-Rs.928,965	0.928
287	Controller General of Accounts		37	Non-disposal of old vehicles	0
288	Controller General of Accounts		38	Irregular payment of rent of building hired for old record-Rs.5.218 million	5.218
289	Controller General of Accounts		39	Irregular Purchase of Car No. GW-034 (Toyota Corolla)-Rs.1.496 Million	1.496
290	Controller General of Accounts		40	Non deduction of Income Tax from National Police Foundation-Rs.0.190 million	0.19
291	Controller General of Accounts		41	Unauthorized Payment Of Honoraria to persons who were not employees of AGPR-Rs.3.739 Million.	3.739
292	Controller General of Accounts		42	Non Deduction Of Income Tax from Honorarium-Rs.1.479 Million	1.479
293	Controller General of Accounts		43	Irregular Expenditure On Vehicle Not Included In the List-Rs.357,923	0.357
294	Controller General of Accounts		44	Irregular expenditure on account of conveyance charges-Rs.1.086 million	1.086
295	Controller General of Accounts		45	Whereabouts of expenditure on account of rent of residential accommodation not known-Rs.2.393 million	2.93
296	Controller General of Accounts		46	Un-authorized Expenditure Incurred on Residential Building 1.935 Million	1.935
297	Controller General of Accounts		47	Un-authorized Excess Posts of Account Officers and Expenditure Incurred Thereon Rs.12.729 million	12.729
298	Controller General of		48	Suspected mis-appropriation -Rs. 4.961 million	4.961

	Accounts				
299	Controller General of Accounts		49	Non conducting of internal check	0
300	Controller General of Accounts		50	Non-conducting of physical verification	0
301	Election Commission of Pakistan	Main Sectt.	6	Non-planning for annual procurements – Rs. 5.661 million	5.661
302	Election Commission of Pakistan	Main Sectt.	7	Irregular expenditure on trainings – Rs. 1.075 million	1.075
303	Election Commission of Pakistan	Main Sectt.	12	Unauthorized expenditure on Mobile Facility – Rs. 0.138 million	0.138
304	Election Commission of Pakistan	Main Sectt.	13	Irregular expenditure on purchase of plot – Rs. 5.750 million	5.75
305	Election Commission of Pakistan	Main Sectt.	14	Unauthorized expenditure on entertainment – Rs. 0.499 million	0.499
306	Election Commission of Pakistan	Provincial Election Commissioner, KPK	1	Improper maintenance of movement register	0
307	Election Commission of Pakistan		2	Excess consumption of POL amouting to Rs.43822	0.043
308	Election Commission of Pakistan		3	Un-justified huge expenditure on Gas charges amounting to Rs.344070	0.344
309	Election Commission of Pakistan		4	Non-obtaining of APR for Rs.100000	0.1
310	Election Commission of Pakistan		5	Recoverable amount of Rs.73400 on account of un-authorized payment of conveyance allowance	0.073
311	Election Commission of Pakistan		6	Loss of Rs.705160 to Govt. due to non-deduction of sales tax	0.705
312	Election Commission of Pakistan	Provincial Election Commissioner, Balochistan, Quetta	1	Expenditure beyound the budget grant amounting to Rs.18190	0.018
313	Election Commission of Pakistan		2	Irregular expenditure of Rs.3470000 on account of purchase of vehicles	3.47
314	Election Commission of Pakistan		3	improper maintenance of stock register and physical verification of stock/ store not conducted.	0
315	Election Commission of Pakistan		4	Intenal audit not carried out.	0
316	Election Commission of Pakistan		5	Irregular expenditure of Rs.2.780 million on account of POL and CNG	2.78
317	Election Commission of Pakistan		6	Non Auction of condumned store items as per Govt. instructions.	0
318	Election Commission of Pakistan		7	Austeritry measures implementation status.	0

319	Election Commission of Pakistan	Provincial Election Commissioner, Balochistan, Lahore.	1	Irregular expenditure on account of phot copies of Electoral Rolls-2011 of Rs.13,361,653	13.361
320	Election Commission of Pakistan		2	Irregular payment without receiving material for Rs.5,315,000	5.315
321	Election Commission of Pakistan		3	Non-imposing of penalty on late supplies recovery thereof amounting to Rs.847,983	0.847
322	Election Commission of Pakistan		4	Irregular expenditure without advertisement for making health competition amounting to Rs.1,831,000	1.831
323	Election Commission of Pakistan		5	Irregular expenditure on account of repair of vehicle worth Rs.287,070	0.287
324	Election Commission of Pakistan		6	Irregular un-authorised payment of honorarium to the tune of Rs.40,000 (B) Non deduction of income tax for Rs.105,510	0.145
325	Election Commission of Pakistan		7	Non submission of vouched account to Provincial headquarter for Rs.39587000	39.587
326	Election Commission of Pakistan		8	Irregular expenditure without any justification for Rs.75000	0.075
327	Election Commission of Pakistan		9	Irregular payment of conveyance charges for late sitting recovery of Rs.47700	0.047
328	Election Commission of Pakistan		10	Non-deduction of income tax and sales tax at source for Rs.37725	0.037
329	Election Commission of Pakistan		11	Doubtful expenditure on account of transportation of goods for Rs.14500	0.014
330	Establishment Division	Management Services Wing	1	Irregular expenditure on account of launching ceremonies of National Internship Program (NIP)- Rs 20.202 million	20.202
331	Establishment Division		2	Non-surrender of vehicles after monetization and irregular expenditure of Rs 326,722 on POL & repair	0.326
332	Establishment Division		3	Irregular charging of depreciation, loss of- Rs 90,264	0.09
333	Establishment Division		10	Internal Check not conducted	0
334	Establishment Division		11	Physical verification of stores and stock not carried out	0
335	Federal Judicial Academy Islamabad	Federal Judicial Academy Islamabad	4	Non-deduction of Income Tax from resource persons- Rs. 87,427	0.87
336	Federal Judicial Academy Islamabad		5	Non-establishment of Academy Fund	0
337	Federal Judicial Academy Islamabad		6	Non-framing of Academy's Service and Financial Rules	0
338	Federal Judicial Academy Islamabad		7	Role of Federal Judicial Academy	0
339	Federal Judicial Academy Islamabad		8	Improper maintenance of Appropriation Control Register	0
340	Federal Judicial Academy Islamabad		9	Whereabouts of Receipt Books not known	0

341	Federal Judicial Academy Islamabad		10	Internal check not carried out	0
342	Federal Judicial Academy Islamabad		11	Physical verification of store and stock not conducted	0
343	Federal Shariat Court	Federal Shariat Court (main secretariat)	1	Irregular expenditure on account of machinery and equipment/furniture & fixture, loss of –Rs 680,370	0.68037
344	Federal Shariat Court		2	Irregular expenditure on account of furniture & fixture -Rs 495,000	0.495
345	Federal Shariat Court		3	Overpayment on account on account of purchase of Hardware- Rs 158,569	0.158569
346	Federal Shariat Court		4	Irregular monetization of transport facility	0
347	Federal Shariat Court		5	Recovery on account of airfare -Rs 280,000	0.28
348	Federal Shariat Court		6	Recovery on account of airfare- Rs 120,000	0.12
349	Federal Shariat Court		7	Irregular expenditure on account of foreign visits- Rs 1.501 million	1.501
350	Federal Shariat Court		8	Non deduction of income tax on gross amount, loss of- Rs 50,006	0.050006
351	Federal Shariat Court		9	Irregular expenditure on account of fuel of electric generator- Rs126,300	0.1263
352	Federal Shariat Court		10	Non deduction of 5% tax on monetization allowance- Rs 94,208	0.94208
353	Federal Shariat Court		11	Irregular expenditure on account of POL- Rs 358,825	0.358825
354	Federal Shariat Court	Federal Sharit Court	1	Irregular expenditure on account of machinery and equipment/furniture & fixture, loss of –Rs 680,370	0.68037
355	Federal Shariat Court		2	Irregular expenditure on account of furniture & fixture -Rs 495,000	0.495
356	Federal Shariat Court		3	Overpayment on account on account of purchase of Hardware- Rs 158,569	0.158569
357	Federal Shariat Court		4	Irregular monetization of transport facility	0
358	Federal Shariat Court		5	Recovery on account of airfare -Rs 280,000	0.28
359	Federal Shariat Court		6	Recovery on account of airfare- Rs 120,000	0.12
360	Federal Shariat Court		7	Irregular expenditure on account of foreign visits- Rs 1.501 million	1.501
361	Federal Shariat Court		8	Non deduction of income tax on gross amount, loss of- Rs 50,006	0.050006
362	Federal Shariat Court		9	Irregular expenditure on account of fuel of electric generator- Rs126,300	0.1263
363	Federal Shariat Court		10	Non deduction of 5% tax on monetization allowance- Rs 94,208	0.094208
364	Federal Tax Ombudsman	Headquarters Islamabad	2	Irregular expenditure on appointment of advisers/experts–Rs. 36.68 million	36.68
365	Federal Tax Ombudsman		3	Non-deduction of pension from the salary of the incumbents of the post of Federal Tax Ombudsman	0
366	Federal Tax Ombudsman		5	Unauthorized retention and maintenance of five (05) vehicles and incurring expenditure of Rs. 4.35 million	4.35
367	Federal Tax Ombudsman		6	Mis-procurement of furniture and fixture - Rs.1.505 million	1.505
368	Federal Tax Ombudsman		7	Irregular contract with internet provider expenditure of Rs.505,000	0.505
369	Federal Tax Ombudsman		8	Unauthorized expenditure on account of entertainment – Rs. 240,140	0.243
370	Federal Tax Ombudsman		9	Unauthorized expenditure on account of purchase of gifts Rs.154, 050	0.154

371	Federal Tax Ombudsman		10	Non-surrender of Rs. 1.263 million	1.263
372	Federal Tax Ombudsman		11	Unauthorized use of staff car recovery of Rs109, 267	0.109
373	Federal Tax Ombudsman		12	Delay in execution of project titled “enhancing countrywide outreach up Gradation and computerization of FTO Office	0
374	Federal Tax Ombudsman		13	Non appointment of Project Director	0
375	Federal Tax Ombudsman		14	Mis-procurement of plant and machinery and computer equipment - Rs.5.195 million	5.195
376	Federal Tax Ombudsman		15	Non preparation and submission of annual reports for the years 2009 and 2011	0
377	Federal Tax Ombudsman		16	Non-conducting of physical verification of store/stocks for the period 2006-07 to 2011-2012	0
378	Federal Tax Ombudsman		17	Internal Check for the period 2006-07 to 2011-2012 not conducted	0
379	Federal Tax Ombudsman	Federal Tax Ombudsman, Karachi.	1	Un-authorized payment on account of hiring of office Accommodation on higher rate amounting to Rs.11.085 million	11.085
380	Federal Tax Ombudsman		2	Excess expenditure of Rs.2.238 million during Financial period 2006-12	2.238
381	Federal Tax Ombudsman		3	Non-surrender of saving amounting to Rs.4.141 million	4.141
382	Federal Tax Ombudsman		4	Un-authorized expenditure on account of casual telephone connection amounting to Rs.19581	0.019
383	Federal Tax Ombudsman		5	Un-authorized expenditure on account of provision of residential telephone facility amounting to Rs.80715	0.08
384	Federal Tax Ombudsman		6	Recovery of Rs.15944 on account of provision of Mobile Phone Facility	0.015
385	Federal Tax Ombudsman		7	Non disposal of newspapers amounting to Rs.157,597	0.157
386	Federal Tax Ombudsman		8	Service book	0
387	Federal Tax Ombudsman		9	fixation of pay on eve revision of pay scale	0
388	Federal Tax Ombudsman		10	Nomination form (GP Fund, Pension etc)	0
389	Federal Tax Ombudsman		11	verification of 10/25 years of qualifying service	0
390	Federal Tax Ombudsman		12	Leave account	0
391	Federal Tax		13	Improper maintenance of G.P Fund register of Class IV staff.	0

	Ombudsman				
392	Federal Tax Ombudsman		14	Unauthorized payment on account of POL charges for Rs.207391	0.207
393	Federal Tax Ombudsman		15	Un-authorized expenditure on account of Repair of vehicles for Rs.112938	0.112
394	Federal Tax Ombudsman		16	Non confirmation of deposition of GST by the Supplier amounting to Rs.40579	0.041
395	Federal Tax Ombudsman		17	Internal Check/Audit	0
396	Federal Tax Ombudsman		18	Physical verification of stores.	0
397	Federal Tax Ombudsman	Federal Tax Ombudsman, Lahore	1	Irregular payment of remuneration to advisors loss to government Rs.2.235 million per year	2.235
398	Federal Tax Ombudsman		2	Irregular expenditure on contingencies due to defective delegation of powers - Rs.15.121 million	15.121
399	Federal Tax Ombudsman		3	Non-surrendering of anticipated savings - Rs.1.216 million	1.216
400	Federal Tax Ombudsman		4	Non-submission of purchase documents/mortage dedds in respect of long term advances drawn - Rs.1.634	1.634
401	Federal Tax Ombudsman		5	Doubtful expenditure Rs. 0.147	0.147
402	Federal Tax Ombudsman		6	Amount drawn from government account without any procurement Rs.0.054 million	0.054
403	Federal Tax Ombudsman		7	Purchase books and up-dation not entered in relevant accession registers - Rs.0.030 million	0.03
404	Federal Tax Ombudsman		8	Non filing of vacant posts.	0
405	Federal Tax Ombudsman		9	Internal check against irregularities, waste and fraud not conducted.	0
406	Federally Administered Tribal Areas (FATA)	Non-Timber Forest Produce, Bannu, FATA	1	Non-Deposit of sale proceeds of Bee Boxes of Rs. 215,000 ADP	0.021
407	Federally Administered Tribal Areas (FATA)		2	Non-reconciliation of receipts of Rs. 80,000	0.08
408	Federally Administered Tribal Areas (FATA)		3	Non-maintenance of accounting / utilization record of vehicles	0
409	Federally Administered Tribal Areas (FATA)		4	Physical Verification of Stores Stock not Carried Out	0
410	Federally Administered Tribal Areas (FATA)	Non-Timber Forest Produce Headquarters, FATA Peshawar	1	Excess Expenditure of against the allocated budget Rs. 2,871,759 ADP	2.871
411	Federally Administered Tribal Areas (FATA)		2	Less Recovery of Income Tax from employees Rs. 17,542	0.017

412	Federally Administered Tribal Areas (FATA)		3	Non-Deposit of sale proceeds of Bee Boxes of Rs. 302,500 ADP	0.302
413	Federally Administered Tribal Areas (FATA)		4	Non-reconciliation of receipts of Rs. 908,000	0.9
414	Federally Administered Tribal Areas (FATA)		5	Non-maintenance of accounting / utilization record of vehicles	0
415	Federally Administered Tribal Areas (FATA)		6	Physical Verification of Stores Stock not Carried Out	0
416	Federally Administered Tribal Areas (FATA)		7	Loss due to non-auction of condemned / off road vehicles ADP	0.541
417	Federally Administered Tribal Areas (FATA)	Conservator of Forest,Circle Office, FATA	1	Suspected expenditure of Rs. 541,00 on purchase of computer	0.054
418	Federally Administered Tribal Areas (FATA)		2	Loss of Rs. 17,550 due to non recovery of income tax and sale tax	0.017
419	Federally Administered Tribal Areas (FATA)		3	Physical Verification of Stores Stock not Carried Out	0
420	Federally Administered Tribal Areas (FATA)	Divisional Forest Officer,Khyber Agency FATA	1	Less Recovery of Income Tax from employees Rs. 11,965	0.011
421	Federally Administered Tribal Areas (FATA)		2	Less Recovery of Income Tax from suppliers Rs. 47,573	0.047
422	Federally Administered Tribal Areas (FATA)		3	Un-authorized expenditure on carriage of plants of Rs. 27,788	0.027
423	Federally Administered Tribal Areas (FATA)		4	Physical Verification of Stores Stock not Carried Out	0
424	Federally Administered Tribal Areas (FATA)	Divisional Forest Officer,Mohmand Agency FATA	1	Excess Expenditure of against the allocated budget Rs. 1,577,513	1.577
425	Federally Administered Tribal Areas (FATA)		2	Less Recovery of Income Tax from employees Rs. 35,297	0.035
426	Federally Administered Tribal Areas (FATA)		3	Un-authorized expenditure on repair of POL on vehicles Rs. 5,500	0.005
427	Federally Administered Tribal Areas (FATA)		4	Physical Verification of Stores Stock not Carried Out	0
428	Federally Administered Tribal Areas (FATA)	Divisional Forest Officer,Bajaur Agency FATA	1	Less Recovery of Income Tax from employees Rs. 40,859	0.04
429	Federally Administered Tribal Areas (FATA)		2	Less Recovery of Income Tax from suppliers Rs. 18,438	0.018
430	Federally Administered Tribal Areas (FATA)		3	Un-authorized expenditure on purchase of plants of Rs. 80,000	0.08
431	Federally Administered Tribal Areas (FATA)		4	Un-authorized expenditure on repair of POL on vehicles Rs. 45,048	0.045
432	Federally Administered		5	Physical Verification of Stores Stock not Carried Out	0

	Tribal Areas (FATA)				
433	Federally Administered Tribal Areas (FATA)	Divisional Forest Officer,Kurram Agency FATA	1	Excess Expenditure of against the allocated budget Rs. 4,580,490	0.45
434	Federally Administered Tribal Areas (FATA)		2	Less Recovery of Income Tax from employees Rs. 52,644	0.052
435	Federally Administered Tribal Areas (FATA)		3	Less Recovery of Income Tax from suppliers Rs. 24,703	0.024
436	Federally Administered Tribal Areas (FATA)		4	Physical Verification of Stores Stock not Carried Out	0
437	Federally Administered Tribal Areas (FATA)		5	Loss due to non-auction of condemd / off road vehicles ADP	0
438	Federally Administered Tribal Areas (FATA)	Divisional Forest Officer,North Waziristan Agency / FR Bannu FATA	1	Less Recovery of Income Tax from employees Rs. 38,758	0.038
439	Federally Administered Tribal Areas (FATA)		2	Less Recovery of Income Tax from suppliers Rs. 7,051	0.007
440	Federally Administered Tribal Areas (FATA)		3	Physical Verification of Stores Stock not Carried Out	0
441	Federally Administered Tribal Areas (FATA)		4	Loss due to non-auction of condemd / off road vehicles ADP	0
442	Federally Administered Tribal Areas (FATA)	Divisional Forest Officer,Orakzai Agency FATA	1	Excess Expenditure of against the allocated budget Rs. 945,253	0.945
443	Federally Administered Tribal Areas (FATA)		2	Less Recovery of Income Tax from suppliers Rs. 8,149	0.008
444	Federally Administered Tribal Areas (FATA)		3	Physical Verification of Stores Stock not Carried Out	0
445	Federally Administered Tribal Areas (FATA)		4	Loss due to non-auction of condemd / off road vehicles ADP	0
446	Federally Administered Tribal Areas (FATA)	Kurram Militia ,Parachinar	1	Unauthorized running of Regimental Fund and deduction from the salaries of Employees – Rs. 26.028 million	26.028
447	Federally Administered Tribal Areas (FATA)		2	Irregular expenditure incurred on liveries – Rs. 27.271 million	27.271
448	Federally Administered Tribal Areas (FATA)		3	Non-disclosure of the identity of the Contractor	0
449	Federally Administered Tribal Areas (FATA)		4	Payments of salaries excess than strength held – Rs. 1.471 million	1.471
450	Federally Administered Tribal Areas (FATA)		5	Unauthorized payment of IS duty allowance to the employees not on IS duty	0
451	Federally Administered Tribal Areas (FATA)		6	Excess Expenditure than allocated budget – Rs. 157.506 million	157.506
452	Federally Administered Tribal Areas (FATA)		7	Internal check against irregularities, waste and fraud not conducted	0

453	Federally Administered Tribal Areas (FATA)		8	Physical Verification of Stores Stock not Carried Out	0
454	Federally Administered Tribal Areas (FATA)		1	Non-production of record	0
455	Federally Administered Tribal Areas (FATA)	Political Agent ,South Waziristan Agency Tank	1	Non-production of record	0
456	Federally Administered Tribal Areas (FATA)		2	Irregular payment of House Rent at enhanced rates –Rs. 4.500 million	4.5
457	Federally Administered Tribal Areas (FATA)		4	Financial Loss due to unnecessary advance withdrawal – Rs. 1.050 million	1.05
458	Federally Administered Tribal Areas (FATA)		5	Payment of scholarship to students of closed colleges – Rs. 10.947 million	10.947
459	Federally Administered Tribal Areas (FATA)		6	Unauthorized retention of un-disbursed balance on account of scholarship – Rs. 394,694	0.394
460	Federally Administered Tribal Areas (FATA)		7	Payee's receipts against the payments of scholarships were not available – Rs. 1.415 million	1.415
461	Federally Administered Tribal Areas (FATA)		8	Non-production of retention and disbursement record of funds received from FATA Secretariat Rs. 1641.300	1641.3
462	Federally Administered Tribal Areas (FATA)	Director of Education FATA Peshawar	1	Irregular expenditure of Rs 88.098 million incurred on payment Of teaching allowance.	88.098
463	Federally Administered Tribal Areas (FATA)		2	Wasteful expenditure of Rs 2180688/- incurred pay and allowances of subject specialists	2.18
464	Federally Administered Tribal Areas (FATA)		3	Irregular expenditure of Rs 925000/-incurred on P.O.L charges of govt. vehicles	0.92
465	Federally Administered Tribal Areas (FATA)		4	Excess expenditure of Rs 4905981/-	4.9
466	Federally Administered Tribal Areas (FATA)		5	Non-surrender savings of Rs 5656667/-	5.656
467	Federally Administered Tribal Areas (FATA)		6	Non-recovery of G.P.Fund advance of Rs 324000/-	0.324
468	Federally Administered Tribal Areas (FATA)		7	Non-implementation of monetization policy	0
469	Federally Administered Tribal Areas (FATA)		8	Internal audit	0
470	Federally Administered Tribal Areas (FATA)	Director of Live Stock and Dairy Development FATA Peshawar	1	Irregular excess expenditure of Rs 24781803.	24.78
471	Federally Administered Tribal Areas (FATA)		2	Irregular purchase of medicines of Rs 7178740/-without the approval of the purchase committee	7.17
472	Federally Administered Tribal Areas (FATA)		3	Blockage of Govt. funds of Rs 7178740/-	7.17
473	Federally Administered		4	Un-economical purchase of medicines worth Rs 7178740/-	7.17

	Tribal Areas (FATA)				
474	Federally Administered Tribal Areas (FATA)		5	Loss of Rs 1973650/-due to non collection of chit fee	1.97
475	Federally Administered Tribal Areas (FATA)		6	Irregular payment of Rs 2160000/-to FATA students on account of scholarship	2.16
476	Federally Administered Tribal Areas (FATA)		7	Non-obtaining acquaintance rolls in support of payment of Rs 698811/-	0.69
477	Federally Administered Tribal Areas (FATA)		8	Non obtaining actual payees receipt in support of payment of Rs.500000/-	0.5
478	Federally Administered Tribal Areas (FATA)		9	Non completion of logbooks.	0
479	Federally Administered Tribal Areas (FATA)		10	Non-recovery of G.P Fund advances of Rs 136000/-	0.013
480	Federally Administered Tribal Areas (FATA)		11	Non-accountal of medicines worth Rs 99900/- in stock register	0.099
481	Federally Administered Tribal Areas (FATA)		12	Non-obtaining actual payee's receipt in support of payment of Rs 80000/-	0.08
482	Federally Administered Tribal Areas (FATA)		13	Non-recovery of income tax of Rs 79954/-	0.079
483	Federally Administered Tribal Areas (FATA)		14	Non-achievement of targets and non-utilization of funds provided in PC-1 for 2011-12	0
484	Federally Administered Tribal Areas (FATA)		15	Non-production of expenditure statement for the financial year 2011-12	0
485	Federally Administered Tribal Areas (FATA)	Secretary Finance FATA Peshawar	1	Irregular and unauthorized payment of honoraria of Rs 2882949/- to employees equal to two and three months pay.	0.28
486	Federally Administered Tribal Areas (FATA)		2	Irregular purchase and retention of two No. vehicles costing Rs 1724000/-	0.17
487	Federally Administered Tribal Areas (FATA)		3	Irregular expenditure of Rs 1522310/-incurred on payment of special allowance and utility allowance	1.52
488	Federally Administered Tribal Areas (FATA)		4	Un-authorized payment of hotel chares of Rs 365214/-without production of hotel chares receipts	0.36
489	Federally Administered Tribal Areas (FATA)		5	Un-economical expenditure of Rs 179525/-	0.17
490	Federally Administered Tribal Areas (FATA)		6	Non-recovery of house building advance of Rs 1248000/-	1.24
491	Federally Administered Tribal Areas (FATA)		7	Un-economical expenditure of Rs 426288/-incurred on the purchase of stationery	0.426
492	Federally Administered Tribal Areas (FATA)		8	Non-production of auditable record	0
493	Federally Administered Tribal Areas (FATA)		9	Non-reconciliation of figures of developmental grant of with A.G.P.R	0

494	Federally Administered Tribal Areas (FATA)		10	Irregular expenditure of Rs 793381/-incurred on POL charges	0.79
495	Federally Administered Tribal Areas (FATA)		11	Un-justified payment of Rs 432000/-on accounts of pay of drivers	0.43
496	Federally Administered Tribal Areas (FATA)		12	Irregular and unauthorized expenditure of Rs 2350000/-regarding appointment of contract employees	2.35
497	Federally Administered Tribal Areas (FATA)		13	Irregular payment of Rs 46079/- on account of medical charges	0.046
498	Federally Administered Tribal Areas (FATA)		14	Doubtful expenditure of Rs 261944/- on account of POL and repair of vehicles	0.26
499	Federally Administered Tribal Areas (FATA)		15	Overpayment of Rs 288464/-on account of project allowance and deputation allowance	0.28
500	Federally Administered Tribal Areas (FATA)		16	Difference of Rs 44.672 million n the release and utilization of developmental fund.	44.672
501	Federally Administered Tribal Areas (FATA)		17	Non-implementation of monetization policy	0
502	Federally Administered Tribal Areas (FATA)	Sheep Development Officer FR Peshawar and FR Kohat	1	Irregular purchase of medicines of Rs 1447350/-with out approval of the purchase committee.	1.44
503	Federally Administered Tribal Areas (FATA)		2	Un-economical purchase of medicines worth Rs 1447350/-	1.44
504	Federally Administered Tribal Areas (FATA)		3	Irregular payment of fix pay of Rs.3696327/- to project employees.	3.69
505	Federally Administered Tribal Areas (FATA)		4	Loss of Rs.121040/- due to non collection of chit fee.	0.12
506	Federally Administered Tribal Areas (FATA)		5	Irregular expenditure of Rs.150000/- incurred on the purchase of plain paper copier	0.15
507	Federally Administered Tribal Areas (FATA)		6	Blockage of Govt funds of Rs.69995/-	0.069
508	Federally Administered Tribal Areas (FATA)		7	Overpayment of Rs.44760/- on account of conveyance allowance.	0.044
509	Federally Administered Tribal Areas (FATA)		8	Overpayment of Rs.36080/- on account of conveyance allowance.	0.036
510	Federally Administered Tribal Areas (FATA)	Executive Engineer Building Division North Waziristan Agency at Miranshah	1	Unauthorized expenditure of Rs 264.974 Million with out obtaining technical sanction	264.974
511	Federally Administered Tribal Areas (FATA)		2	Irregular expenditure of Rs 4.326 Million incurred on the execution of works without sanctioning of contract agreements.	4.326
512	Higher Education Commission	Higher Education Commission, Islamabad	5	Non deduction of conveyance allowance from the users availing Transport Facility and recovery thereon – Rs. 529,440	0.52944
513	Higher Education Commission		6	Irregular and unauthorized expenditure on repair of vehicles – Rs. 376,823	0.376823
514	Higher Education		7	Irregular/Unauthorized provision of 01 official vehicle to other department	0.18261

	Commission			and recovery of-Rs 182,610	
515	Higher Education Commission		8	Irregular and unauthorized retention of 34 vehicles as on general duty	0
516	Higher Education Commission		9	Non adjustment of outstanding Sports Advance – Rs. 8.984 million	8.984
517	Higher Education Commission		10	Non adjustment of Contingent advances to staff – Rs. 1.547 million	1.547
518	Higher Education Commission		11	Non obtaining of Audited Statement/Adjustment Accounts of last quarter - Rs. 6.951 billion	6.951
519	Higher Education Commission		12	Internal Check not conducted	0
520	Higher Education Commission	Quaid-e-Azam University, Islamabad	6	Non-adjustment of advance – Rs. 1.2 million	1.2
521	Higher Education Commission		14	Illegal encroachment of QAU land	0
522	Higher Education Commission		15	Irregular payment of POL	0
523	Higher Education Commission	Allama Iqbal Open University, Islamabad	5	Irregular payment of Rs. 28.581(M) to University Staff as Second Shift Allowance.	28.581
524	Higher Education Commission		6	Non-transparent award of Contract amounting to Rs.200.281 million for Construction of Academic Complex.	200.281
525	Higher Education Commission		7	Recovery of liquidated damages worth Rs. 2.977 million on account of late supply of printing Papers.	2.977
526	Higher Education Commission	Director NCE In Physical Chemistry Peshawar	1	Non surrender of savings of Rs.19484287.88/-	1.9484288
527	Higher Education Commission		2	Variation in the closing balance of cashbook and bank pass book as on 30.06.2012 worth Rs.1552565.88	1.552566
528	Higher Education Commission		3	Overpayment due allowing conveyance allowance at higher rates amounting to Rs.312960/-	0.31296
529	Higher Education Commission		4	Overpayment due to allowing medical allowance than the prescribed limit revised by Govt amounting to Rs.122556/-.	0.122556
530	Higher Education Commission		5	Loss to Govt due to purchase of equipment resulting loss of Rs.644000/-	0.666
531	Higher Education Commission		6	Misclassification of expenditure of Rs.187681/-	0.187681
532	Higher Education Commission		7	Unauthorized purchase of vehicle amounting to Rs.13500000/-	13.5
533	Higher Education Commission		8	Unauthorized purchase of 1300 CC Staff Car Valuing Rs.1350000/-	1.35
534	Higher Education Commission		9	Loss due to purchase of expensive vehicle amounting to Rs.140000/-	0.14

535	Higher Education Commission		10	Uneconomical expenditure of Rs.191750/-	0.19175
536	Higher Education Commission	Centre for Studies In South Asian Studies, Lahore	1	Non recovery of dues/fees from students Rs.1.500 million	1.5
537	Higher Education Commission		2	Unauthentic expenditure on account of repair and maintenance of Centre's building Rs.1.839 million	1.839
538	Higher Education Commission		3	Irregular expenditure on account of printing of books & journals Rs 1.186 million.	1.186
539	Higher Education Commission		4	Unjustified transfer of heavy amounts to pension account Rs.2.400 million.	2.4
540	Higher Education Commission		5	Un-due retention of lapsable funds Rs.1.909 million.	1.909
541	Higher Education Commission		6	Irregular investment of centre's funds in non-transparent manner Rs.12.300 million.	12.3
542	Higher Education Commission		7	Unauthorized retention of Centre's Fund in PLS Account Rs.0.602 million	0.602
543	Higher Education Commission		8	Improper maintenance of accounts-- non-closing of cash book	0
544	Higher Education Commission		9	Internal check against irregularities, waste and fraud not conducted.	0
545	Higher Education Commission	Area Study Centre (Central Asia), University of 29Peshawar (ASC)	1	Non-production of sanctioned strength of staff in support of expenditure of Rs 36.885 million.	36.885
546	Higher Education Commission		2	Crediting of Rs 10464660/- to Pension Account.	10.46466
547	Higher Education Commission		3	Non-surrender of savings/unspent balances of Rs 6360283/-.	6.360283
548	Higher Education Commission		4	Irregular deposit of Rs 6000000/- in the pension account	6
549	Higher Education Commission		5	Loss of Rs 835441/- due to payment of medical allowance to officers at enhanced rate	0.835441
550	Higher Education Commission		6	Loss of Rs 779772/- to govt. due to payment of medical allowance to employees in BPS-1 to 15 at enhanced rates.	0.779772
551	Higher Education Commission		7	Unauthorized payment of Rs 470640/- on account of telephone allowance.	0.47064
552	Higher Education Commission		8	Loss of Rs 377460/- to govt. due to unauthorized drawal of fuel charges.	0.37746
553	Higher Education Commission		9	Irregular and uneconomical purchase of computers costing Rs 287557/-.	0.287557
554	Higher Education Commission		10	Unauthorized expenditure of Rs 260585/- incurred on POL charges.	0.260585
555	Higher Education		11	Unauthorized drawl of orderly allowance of Rs 137916/-.	0.137916

	Commission				
556	Higher Education Commission		12	in support of appointment of staff members.	0
557	Higher Education Commission		13	Non-implementation of monetization policy.	0
558	Higher Education Commission		14	Internal check.	0
559	Higher Education Commission		15	Physical verification	0
560	Industries Division	Main Secretariat	1	Irregular expenditure on account of purchases of Buses and Rikshaws-Rs 189.616 million	189.616
561	Industries Division		2	Irregular bidding for sale of condemned vehicles	0
562	Industries Division		3	Irregular grant of Current Charge and Recovery of Rs.26,763	0.026763
563	Industries Division		7	Recovery from the officers against the excess use of petrol/CNG-Rs 117,653	0.117653
564	Industries Division		9	Non compliance of the Internal Audit Report for the year 2010-11	0
565	Industries Division	Pakistan Industrial Technical Assistance Centre (PITAC) Lahore	1	Un-justified retention of Employees Provident Fund contribution Rs.8.361 million.	8.361
566	Industries Division		2	Un-authorised expenditure on account of Hajj Rs.0.982 million	0.982
567	Industries Division		3	Irregular/unjustified expenditure on account of law charges Rs.1.644 million.	1.644
568	Industries Division		4	Irregular expenditure on account of contingent paid staff Rs.1.583 million.	1.583
569	Industries Division		5	Irregular transfer of funds from pension account to PITAC general account amount involved Rs.6.439 million	6.439
570	Industries Division		6	Irregular expenditure on account of hiring of vehicles Rs.0.345 million.	0.345
571	Industries Division		7	Un-justified transfer of funds from assignment account to motor cycle and house building advance account Rs.1.421 million	1.421
572	Industries Division		8	Irregular training /courses beyond mandate and receipt of Rs.27.742 million	27.742
573	Industries Division		9	Irregular /unauthorized booking of less expenditure out of receipt account Rs.7.408 million	7.408
574	Industries Division		10	Un-authentic expenditure on account of re-imbursement of medical charges Rs.4.930 million	4.93
575	Industries Division		11	Irregular transfer of funds from assignment account to receipt account Rs.2.348 million.	2.348
576	Industries Division		12	Irregular involvement and retention of heavy cash with cashier. Average per day Rs.1.775 million	1.775
577	Industries Division		13	Non recovery Rs. 0.023 million	0.023
578	Industries Division		14	Non changing the autonomous status of PITAC into Govt. attached department under the Ruling Of Supreme Court Of Pakistan.	0
579	Industries Division		15	Non filling of vacant posts in PITAC (a) Illegal occupation of PITAC	0

				land by the Government of Punjab measuring 04 acres. (b) Non payment of rent to PITAC by Central Testing Laboratories.	
580	Industries Division		16	Internal check against irregularities, waste and fraud not conducted.	0
581	Inter-Provincial Coordination Division	Main Secretariat	4	Blockage of public funds Rs. 360,550	0.36
582	Inter-Provincial Coordination Division		5	Extra provision of Durable Goods to senior Joint Secretary Rs. 23,190	0.23
583	Inter-Provincial Coordination Division		6	Non curtailment of 20% expenditure against austerity measures Rs. 769,584	0.769
584	Inter-Provincial Coordination Division		7	Irregular/unauthorized payments made in favor of DDO Rs. 1.454 million	1.454
585	Inter-Provincial Coordination Division		8	Suspected expenditure on account of Entertainment Rs. 1.879 million.	1.879
586	Inter-Provincial Coordination Division		9	Internal Check not conducted	0
587	Inter-Provincial Coordination Division		10	Physical Verification of Stores not conducted	0
588	Inter-Provincial Coordination Division	EXPANDED PROGRAMME ON IMMUNIZATION, ISLAMABAD	11	Non auction of 06 off road vehicles parked at EPI premises.	0
589	Inter-Provincial Coordination Division		12	Non obtaining of Audited Statement/Adjustment Accounts Rs. 438.956 million	0.438
590	Inter-Provincial Coordination Division		13	Non surrender of un spent balance amounting to Rs. 10.207 million.	10.207
591	Inter-Provincial Coordination Division		14	Non compliance of previous AIRs	0
592	Inter-Provincial Coordination Division		15	Physical Verification of Stores not conducted	0
593	Inter-Provincial Coordination Division		16	Internal Check against waste/fraud not conducted	0
594	Ministry of Climate Change	National Disaster Mamangement Authority	1	Cash book for the financial year 2010-11 and 2011-12 not maintained	0
595	Ministry of Climate Change		5	National Disaster Response Force not established	0
596	Ministry of Climate Change		6	Irregular and unauthorized procurement from National Disaster Management Fund - Rs. 2,649.045 million	2649.045
597	Ministry of Climate Change		7	Financial Statements of NDMF not prepared	0
598	Ministry of Climate Change		8	Internal Audit Arrangement of NDMF not in place	0
599	Ministry of Climate Change		9	Stock registers of NDMF not prepared and physical stock taking not carried out	0

600	Ministry of Climate Change		10	Un-reconciled position of receipts and payments and non preparation of NDMF bank account reconciliation	0
601	Ministry of Climate Change		11	Books of accounts and supporting details of receipts and payments not maintained	0
602	Ministry of Climate Change		12	National Plan on disaster management not prepared	0
603	Ministry of Climate Change		13	Guidelines for preparing disaster management plans not laid down by the National Authority	0
604	Ministry of Climate Change		14	Guidelines and directions regarding measures to be taken in response to any threatening disaster situation or disaster not laid down by the National Authority	0
605	Ministry of Climate Change		15	Non-promotion of general education and awareness in relation to disaster management by the National Authority	0
606	Ministry of Climate Change		16	Non-performance of functions by the National Commission	0
607	Ministry of Climate Change		17	Detailed budget estimates of NDMA not prepared	0
608	Ministry of Climate Change		18	10 luxury vehicles donated by USAID/IOM without concurrence of EAD	0
609	Ministry of Climate Change		19	Irregular payment of vehicle insurance premium –Rs. 784,292	0.784
610	Ministry of Climate Change		20	Irregular transfer of two Toyota Land Cruiser Parado to the Ministry of Climate Change and unauthorized use of vehicle	0
611	Ministry of Commerce	Main Secretariat	3	Irregular/unauthorized 50% advance payment to Lahore University of Management Sciences (LUMS) - Rs. 1.121 million	1.121
612	Ministry of Commerce		4	Irregular/unauthorized deputation in respect of Mr. Irfan Aslam, Assistant to National Disaster Management Authority (NDMA)	0
613	Ministry of Commerce		5	Recovery of Income Tax @ 5% on account of office rent - Rs. 0.180 million	0.18
614	Ministry of Commerce		6	Posting of Officers / Officials on deputation in violation of Government Orders / Rules / Procedure	0
615	Ministry of Commerce		7	Irregular payment amounting to Rs. 358,960 on account of purchase of stationary.	0.358
616	Ministry of Commerce		8	Irregular/unauthorized appointment of Naib Qasids as Drivers	0
617	Ministry of Commerce		9	Un-authorized use of 2 additional vehicles by the Federal Minister & Minister of State and Recovery amounting to Rs. 639,430.	0.639
618	Ministry of Commerce	D.G Trade Organization	1	Loss to public exchequer due to over calculation of depreciation of vehicle - Rs. 14,807	0.014
619	Ministry of Commerce		2	Irregular/unauthorized payments made in favor of Drawing and Disbursing Officer Rs. 0.507 million	0.507
620	Ministry of Commerce		3	Non surrender of un spent balance amounting to Rs. 10.403 million	10.403

621	Ministry of Commerce		4	Non-auction of un-serviceable store items	0
622	Ministry of Commerce		5	Physical Verification of Stores not conducted	0
623	Ministry of Commerce		6	Internal Check against waste/fraud not conducted	0
624	Ministry of Commerce	National Tarrrif Commission	2	Irregular payment on account of tour abroad - Rs. 7.313 million	7.313
625	Ministry of Commerce		3	Irregular payment on account of Honorarium to the staff other than National Tariff Commission - Rs. 0.230 million	0.23
626	Ministry of Commerce		4	Irregular/unauthorized retention and non reconciliation of public funds with FTO of -Rs. 0.858 million	0.858
627	Ministry of Commerce		5	Non auction of 01 off road motorcycle parked at National Tariff Commission premises.	0
628	Ministry of Commerce		6	Irregular/unauthorized payments made in favor of Drawing and Disbursing Officer- Rs. 3.410 million	3.41
629	Ministry of Commerce		7	Non recovery of 6 mobile sets from officers on retirement- Rs. 40,500	0.041
630	Ministry of Commerce		8	Irregular and unauthorized retention of 2 additional vehicles as general duty vehicles	0
631	Ministry of Commerce		9	Physical Verification of Stores not conducted	0
632	Ministry of Commerce		10	Internal Check against waste/fraud not conducted	0
633	Ministry of Commerce	Director General Trade Development Authority, Lahore	1	Un-justified expenditure on Pakistan hand knotted carpet exhibition Rs.6.813 million	6.813
634	Ministry of Commerce		2	Irregular expenditure due to non vetting of financial Rules, Regulations and Accounting Procedures - Rs.54.130 million	54.13
635	Ministry of Commerce		3	Un-authorized investment Rs.43 million.	43
636	Ministry of Commerce		4	Un-justified transfer of funds to EMDF, account Rs.3.097 million	3.097
637	Ministry of Commerce		5	Non-acknowledgement of amount sent to Head office Karachi during 2010-12 - Rs.1.799 million	1.799
638	Ministry of Commerce		6	Recovery on account of excess expenditure on residential telephone with Assistant Protocol Officer - Rs.0.035 illion	0.035
639	Ministry of Commerce		7	Non-maintenance of Register of Advances and non adjustment of advances provided for TA/DA contingencies Rs.1.347 million	1.347
640	Ministry of Commerce		8	Recovery from Mr. Muhammad Ali, D.G, Rs.0.321 million	0.321
641	Ministry of Commerce		9	Irregular purchase of stationery without advertisement during 2010-12 Rs.1.078 million	1.078
642	Ministry of Commerce		10	Un-justified expenditure on account of pay of Cluster Agents Rs.4.539 million	4.539
643	Ministry of Commerce		11	Non-surrendering of un spent balances Rs.3.229 million	3.229
644	Ministry of Commerce		12	Irregular expenditure on account of appointment without sanctioned posts recovery thereof Rs.12.889 million	12.889
645	Ministry of Commerce		13	Non finalization of the accounts of remitences received from Headquarater Karachi, Rs.14.759	14.759
646	Ministry of Commerce		14	Recovery on account on TA/DA advances Rs.0.190	0.19
647	Ministry of Commerce		15	Non deduction of income tax on payment of honorarium Rs.0.052 million	0.052

648	Ministry of Commerce	Director General Trade Development Authority, Peshawar	1	Irregular expenditure Rs.7064654	7.064
649	Ministry of Commerce		2	Irregular expenditure of Rs.825412 in excess of budget grant	0.825
650	Ministry of Commerce		3	Loss of Rs.398240 to Govt. due to un-authorized drawl of house rent allowance and non deduction of 5% rent.	0.398
651	Ministry of Commerce		4	Unauthorized expenditure of Rs.633449 on purchase of POL	0.633
652	Ministry of Commerce		5	Irregular expenditure of Rs.33859	0.033
653	Ministry of Commerce		6	Doubtful expenditure of Rs.50000	0.05
654	Ministry of Commerce	Director General Trade Development Authority, Peshawar	1	Irregular expenditure of Rs.624160 on account of repair work of office building under head of account A-133	0.624
655	Ministry of Commerce		2	Irregularities/shortcomings pointed out in cash book	0
656	Ministry of Commerce		3	Un-authorized/un-justified expenditure of Rs.101290 on account of Gas charges under head A-03301	0.101
657	Ministry of Commerce		4	Internal audit was not carried out	0
658	Ministry of Commerce		5	Irregular/un-authorized expenditure of million rupees on account of rent of office building and advance rent without accessment.	0
659	Ministry of Commerce		6	Irregular expenditure of Rs.1926533 on account of purchase of furniture, compouter and electric equipment.	1.926
660	Ministry of Commerce		7	Non-confirmation/realization of Govt. dues amounting to Rs.275247 on Geneal Sales tax paid to firm on account of purchase of various stores items	0.275
661	Ministry of Defence	Main Secretariat	4	Irregular allotment of vehicle to Chief Finance and Accounts Officer under Monetization of Vehicle for Rs. 444,573	0.444573
662	Ministry of Defence		9	Unauthorized Use of Telephone and Expenditure of Rs. 86,476	0.086476
663	Ministry of Defence		10	Non-payment of compensation to 60 families of deceased passengers - Rs. 30 million	30
664	Ministry of Defence		11	Non-conducting of physical verification of store/stocks for the period 2011-12	0
665	Ministry of Defence		12	Internal Check for the period 2010-11& 2011-2012 not conducted	0
666	Ministry of Defence	Headquarter Airports Security Force, Karachi	1	Irregular & uneconomical expenditure of Rs. 21.360 million on purchase of Hold Baggage X-Ray Machine resulted into loss of Rs. 0.360 million to public exchequer	0.36
667	Ministry of Defence		2	Undue favor to the suppliers on purchase of uniform items - Rs. 10.804 million	10.804
668	Ministry of Defence		3	Irregular expenditure on purchase of CCTV System Rs. 9.436 million and wasteful expenditure on repair of CCTV System-Rs. 1.250 million	10.686
669	Ministry of Defence		4	Irregular & uneconomical expenditure on repair of machinery & equipments-Rs. 9.321 million	9.321
670	Ministry of Defence		5	Irregular sanction of expenditure beyond financial powers-Rs. 2.964 million	2.964
671	Ministry of Defence		6	Ill-planned & irregular procurement of Winter Jackets costing Rs. 2.698 million	2.698

672	Ministry of Defence		7	Irregular expenditure on repair of office building beyond financial powers Rs. 1.241 million	1.241
673	Ministry of Defence		8	Non-recovery of House Rent Allowance & 5% House Rent Rs. 1.227 million	1.227
674	Ministry of Defence		9	Irregular & uneconomical purchases due to suspected pooling of contractors-Rs. 3.147 million	3.147
675	Ministry of Defence		10	Imprudent & unjustified procurement of Hold Baggage X-Ray Machines	0
676	Ministry of Defence		11	Irregular purchase of medicines without considering the Prices of Drugs / Medicines quoted by Druggist / Suppliers as per Drugs Act, 1976 - Rs. 0.749 million	0.749
677	Ministry of Defence		12	Loss to public exchequer due to less deduction of Income Tax & non-payment of Sales Tax-Rs. 0.507 million	0.507
678	Ministry of Defence		13	Irregular and unauthorized retention of forty five vehicles without authorization from the Cabinet Division	0
679	Ministry of Defence		14	Internal audit was not carried out	0
680	Ministry of Defence		15	Physical Verification of Stores not carried out	0
681	Ministry of Defence	Airports Security Force, (AIIAP) Lahore	1	Non Adjustment Of TA/DA Advances Amounting To Rs.2.118,000/-	2.118
682	Ministry of Defence		2	Excess Expenditure Of Rs.54,760,673/- Over The Sanctioned	54.760673
683	Ministry of Defence		3	Un-Due Favour Extended To Only One Contractor M/S Mueed Khan Amount Involved Rs.2,165,091/-	2.165091
684	Ministry of Defence		4	Irregular Payment Of House Requisition For Rs.418,680/-	0.41868
685	Ministry of Defence		5	Un-Authentic And Un-Justified Expenditure Of Rs.149,995/- On Purchase Of Medicines	0.149995
686	Ministry of Defence		6	Irregular Payment Of Rs.126,500/- On Account Of Sui Gas Charges	0.1265
687	Ministry of Defence		7	Irregular Mode of Payment to Contractor For Rs.332,145/	0.332145
688	Ministry of Defence		8	Irregular Expenditure Amounting To Rs.130,058 Made In Split Up Manner	0.130058
689	Ministry of Defence		9	Un-Due Retention Of 3 Vehicles Not Used For Considerable Period	0
690	Ministry of Defence	Airports Security Force, Peshawar	1	Improper maintenance of logbook/running register.	0
691	Ministry of Defence		2	Non recovery of interest on motorcycle advance.	0
692	Ministry of Defence		3	Physical verification.	0
693	Ministry of Defence		4	Internal Check.	0
694	Ministry of Defence		5	General.	0
695	Ministry of Defence	Airports Security Force, Quetta	1	Non adjustment of Rs. 82,000 /- against ta / da advances	0.82
696	Ministry of Defence		2	Irregular expenditure of Rs.14,411 million over the budget allocation	14411
697	Ministry of Defence		3	Internal audit not carried out as requirement of rules/procedure.	0
698	Ministry of Defence Production	Main Secretariat Islamabad	8	Non-surrender of official vehicles	0
699	Ministry of Defence Production		9	Non –reconciliation of deposited Challans – Rs 2,648,193	2.648193
700	Ministry of Defence		10	Un-authorized use of staff car and Recovery – Rs 280,071	0.280071

	Production				
701	Ministry of Defence Production		11	Irregular placing of 07 vehicles on General/Protocol Duty	0
702	Ministry of Defence Production		12	Un-authorized used of vehicles of attached departments	0
703	Ministry of Defence Production		13	Un-authentic expenditure on POL & Repair of transport – 6.015 million	6.015
704	Ministry of Defence Production		14	Un-authorized expenditure on attached vehicles on POL and Repair Rs 428,259	0.428259
705	Ministry of Defence Production		15	Irregular Purchase of physical assets – 4.285 million	4.285
706	Ministry of Defence Production		16	Irregular payment of medical claims – Rs.106,584	0.106584
707	Ministry of Defence Production		17	Recovery of Conveyance Allowance – Rs 23,560	0.02356
708	Ministry of Defence Production		18	Non-Recovery from pay - Rs 4,765	0.004765
709	Ministry of Defence Production		19	Use of staff car by un-authorized officers/officials	0
710	Ministry of Defence Production		20	Irregular allocation of Driver	0
711	Ministry of Defence Production		22	Non-deduction of normal rent @ 5%	0
712	Ministry of Defence Production		23	Irregular withdrawal of transfer grant – Rs 47,940	0.04794
713	Ministry of Finance	Main Sectt.	1	Irregular expenditure on trainings – Rs. 0.576 million	0.576
714	Ministry of Finance		7	Unauthorized expenditure on hiring of bus – Rs. 0.754 million	0.754
715	Ministry of Finance		8	Unauthorized expenditure on entertainment – Rs. 1.017 million	1.017
716	Ministry of Finance		9	Irregular expenditure on entertainment – Rs. 9.486 million	9.486
717	Ministry of Finance		10	Overpayment of Foreign Daily Allowance – Rs. 0.327	0.327
718	Ministry of Housing and Works	Main Secretariat	1	Doubtful expenditure on account of entertainment Rs. 687,051	0.687051
719	Ministry of Housing and Works		2	Irregular expenditure on stationery/stock items without stock entry -Rs. 2.541 million	2.541
720	Ministry of Housing and Works		3	Non-maintenance of record of repair and maintenance of-Rs. 1.606 million	1.606
721	Ministry of Housing and Works		6	Unauthorized sale/allotment of vehicle of other department under Monetization Policy	0
722	Ministry of Information and Broadcasting	Main Secretariat	1	Non submission of post visit reports – Rs. 2.334 million.	2.334
723	Ministry of Information		2	Irregular grant of Deputation Allowance and Recovery - Rs.17,032	0.017032

	and Broadcasting				
724	Ministry of Information and Broadcasting		3	Recovery from the officers against the excess use of petrol – Rs 86,021	0.086021
725	Ministry of Information and Broadcasting		4	Non-obtaining of audited statement - Rs 6.722 million	6.722
726	Ministry of Information and Broadcasting		5	Recovery of conveyance allowance of Rs 101,680	0.10168
727	Ministry of Information and Broadcasting	Regional Information Office, PID Karachi	1	Irregular appointment on current charge basis as:	0.0936
728	Ministry of Information and Broadcasting		2	1-director general pid (pr) karachi.	10.157
729	Ministry of Information and Broadcasting		3	2-irregular payment ofadditional remuneration for Rs.93,600	2.124469
730	Ministry of Information and Broadcasting		4	Excess expenditure of Rs. 10.157 million during financial	10.157
731	Ministry of Information and Broadcasting		5	Non- surrender of saving amounting to Rs. 2.046 million 1- Recovery on account of over payment of salary Rs.53469/- 2 Non-adjustment of TA/DA to Rs.25,000/-	0.02
732	Ministry of Information and Broadcasting		6	Un-disbursement of pay & allowance / non-deposition to government account of Rs.16, 914	0.005499
733	Ministry of Information and Broadcasting		7	Irregular expenditure on account of provision of mobile phone facility. For Rs. 33118.	0.033118
734	Ministry of Information and Broadcasting		8	Irregular expenditure on account of internet charges amounting to Rs.24000/-.	0.024
735	Ministry of Information and Broadcasting		9	Non- disposal of off_road vehicles of pid karachi	0
736	Ministry of Information and Broadcasting		10	Irregular expenditure on account of telephone,due to non authorization amounting to Rs.0.955 million	0.955
737	Ministry of Information and Broadcasting	Regional Information Office, PID Lahore	1	Irregular/unauthorized excess payment million under head rent of office building amounting to of Rs.0.495	0.495
738	Ministry of Information and Broadcasting		2	Recovery on account of overpayment of pay & allowances due to irregular/unauthorized appointment as assistant and promotion in bps-16 Rs.0.220 million	0.022
739	Ministry of Information and Broadcasting		3	Doubtful drawal due to purchase of store/stock amounting to Rs.0.626 million	0.626
740	Ministry of Information and Broadcasting		4	Double employment and irregular payment of pay & allowances amounting to Rs.0.629 million	0.629
741	Ministry of Information and Broadcasting		5	Irregular/unauthorized utilization of government vehicles by the non-entitled officer, recovery amounting to Rs 0.268 million.	0.268
742	Ministry of Information and Broadcasting		6	Doubtful expenditure on account of purchase of pol and repair charges of yamaha motor cycle amounting to Rs.0.327 million	0.327

743	Ministry of Information and Broadcasting		7	Doubtful expenditure on account of repair of vehicles amounting to Rs.0.565 million	0.565
744	Ministry of Information and Broadcasting		8	Recovery due to irregular/unauthorized use of government vehicle by the Director amounting to Rs.0.428 million	0.428
745	Ministry of Information and Broadcasting		9	Doubtful purchase of newspapers due to withdrawal of cash by the DDO amounting to Rs.0.318 million	0.318
746	Ministry of Information and Broadcasting		10	Irregular/unauthorized creation of liability due to irregular appointment of drivers against leave vacancies for Rs.0.237 million	0.237
747	Ministry of Information and Broadcasting		11	Recovery due to mis-use of government vehicles amounting to Rs.1.069 million	1.069
748	Ministry of Information and Broadcasting		12	Excess drawal of p.o.l. for office vehicles amounting to Rs.0.134 million	0.134
749	Ministry of Information and Broadcasting		13	Difference of Rs.0.244 million between expenditure statement and budget control register improper maintenance of accounts record	0.244
750	Ministry of Information and Broadcasting		14	Unsecured long term advances for Rs.2.108 millions	2.108
751	Ministry of Information and Broadcasting		15	Irregular and unauthorized expenditure on account of rent of residential accommodation without assessment by PAK PWD and joint estate officer for Rs.1.374 million	1.374
752	Ministry of Information and Broadcasting		16	Recovery due to installation of residential telephone at the residence of non-entitled officers amounting to Rs.105 million	105
753	Ministry of Information and Broadcasting		17	Doubtful deposit of sale proceeds of obsolete stores in the government treasury loss to government for thousands of rupees	0
754	Ministry of Information and Broadcasting		18	Recovery due to irregular/un-authorized installation of residential phone at the residence of deputy director admin/drawing and disbursing officer without the approval of cabinet division and concealment of record by pid authorities amounting to Rs. 4231/-	0.004231
755	Ministry of Information and Broadcasting		19	Irregular/unauthorized creation of liabilities which caused excess expenditure over and above the budget allocation amounting to Rs.0.126 million	0.126
756	Ministry of Information and Broadcasting		20	Irregular expenditure through split up only to avoid to obtain the sanction of higher authority amounting to Rs.0.037 million	0.037
757	Ministry of Information and Broadcasting		21	Recovery due to change of meter reading of office vehicle no. LRR - 3555 amounting to Rs.0.035 million	0.035
758	Ministry of Information and Broadcasting		22	Non recovery of government dues for Rs. o.035 million	0.035
759	Ministry of Information and Broadcasting		23	Non recovery of interest occurred on motorcycle advance amounting to Rs.0.010 million	0.01
760	Ministry of Information and Broadcasting		24	Loss to Government owing to payment of surcharge to LESCO amounting to Rs.0.026 million	0.026
761	Ministry of Information		25	Irregular/un-authorized expenditure incurred during ban amounting to	0.044

	and Broadcasting			Rs.0.044 million	
762	Ministry of Information and Broadcasting		26	Irregular / unauthorized drawal of advance payment without the approval of finance division amounting to Rs.0.049 million	0.049
763	Ministry of Information and Broadcasting		27	Irregular expenditure on account of internet connection amounting to Rs.0.013 million	0.013
764	Ministry of Information and Broadcasting		28	Non-reconciliation of departmental figures with AGPR sub office Lahore	0
765	Ministry of Information and Broadcasting		29	Non-production of record	0
766	Ministry of Information and Broadcasting		30	Recovery due to excess use of office telephone amounting to Rs.0.013 million	0.013
767	Ministry of Interior	Excise and Taxation Department, Islamabad	3	Irregular drawing of Pay and Allowances after posting/transfers	0
768	Ministry of Interior		4	Irregular / misclassified expenditure – Rs. 74,606	0.074
769	Ministry of Interior		5	Excess of expenditure over and above the budget – Rs. 6,677,674	6.67
770	Ministry of Interior		6	Irregular expenditure on uniforms – Rs. 50,000	0.05
771	Ministry of Interior		8	Non-conducting of physical verification of stores/stocks	0
772	Ministry of Interior	DIRECTOR FEDERAL INVESTIGATION AGENCY, BALOCHISTAN	1	Non compliance of govt. Rules regarding degrees verification of officers and staff appointed on contract basis	0
773	Ministry of Interior		2	Recovery of rs. 130,746/- on account of daily allowance	0.13
774	Ministry of Interior		3	Irregular payment of salary to 2 two deputationists beyond the period of three years	0
775	Ministry of Interior		4	Non auction of government vehicles	0
776	Ministry of Interior		5	Internal audit not carried out as per requirement of rules/procedure.	0
777	Ministry of Interior		6	Non maintenance of log books of the vehicles	0
778	Ministry of Interior	Director F.I.A Peshawar	1	Funds position	0
779	Ministry of Interior		2	Irregular excess expenditure of Rs.14945397/	14.945
780	Ministry of Interior		3	Non recovery of advances of Rs.628400/-	0.62
781	Ministry of Interior		4	Internal Check.	0
782	Ministry of Interior		5	Physical verification.	0
783	Ministry of Interior	F.I.A Karachi	1	Irregugular expenditure on repair & purchase of POL due to the un-authorized retention of 37 vehicles and 17 motorcycles -Rs7.496 million	7.496
784	Ministry of Interior		2	irregular payment of house hiring Rs.0.594 million	596
785	Ministry of Interior		3	Irregular payment of arrears on account of telephone charges Rs.0.646 million	646
786	Ministry of Interior		4	un-secured advances on purchase of house& motor cycle Rs.1.794 million	1.794
787	Ministry of Interior		5	Irregular payment made through cash instead of crossed cheque,acknowledgement was also not obtained Rs0.420 million	0.42
788	Ministry of Interior		6	Irrgular expenditure on purchase of stationary items Rs.0.386 million	0.386
789	Ministry of Interior		7	Misclassification of expenditure Rs0.101 million	0.101
790	Ministry of Interior		8	Irregular expenditure on purchase of POL for Diesel Generator	0
791	Ministry of Interior		9	Irregular expenditure on repair of office furniture Rs 0.090 million	0.09

792	Ministry of Interior		10	Internal Audit not conducted	0
793	Ministry of Interior		11	Physical verification not carried out	0
794	Ministry of Interior	F.I.A Lahore	1	Irregular expenditure on repair of transport Rs1,829 million	1829
795	Ministry of Interior		2	Non clearing of liability on acconts of electricity charges Rs3.200 million	3.2
796	Ministry of Interior		3	Irregular expenditure on accounts of purchase of physical assests during ban Rs.0.135 million	0.135
797	Ministry of Interior		4	Irregular expenditure on printing and publication Rs.0.299 million	0.299
798	Ministry of Interior		5	Irregular payment on accounts of rent of residentioal building Rs0.020 million	0.02
799	Ministry of Interior		6	Internal check against irregularities,wastage and fraud not conducted.	0
800	Ministry of Law, Justice and Parliamentary Affairs	Access to Justice Program	3	Irregular expenditure on account of mobile phone facility-Rs. 86,251	0.086
801	Ministry of Law, Justice and Parliamentary Affairs		4	Irregular payment of Science and Technology Allowance-Rs, 96,474	0.096
802	Ministry of Law, Justice and Parliamentary Affairs		5	Non adjustment of gain due to exchange rate differential-Rs. 5.198 million	5.198
803	Ministry of Law, Justice and Parliamentary Affairs		6	Non adjustment of foreign aid direct disbursed by ADB-Rs.15.093 million.	15.093
804	Ministry of Law, Justice and Parliamentary Affairs		7	Private use of Govt. Vehicles & Non-recovery of Rs. 2.039 Millions.	2.039
805	Ministry of Law, Justice and Parliamentary Affairs		8	Irregular expenditure of on account appointment of Contingent Paid Staff Rs.119,000.	0.119
806	Ministry of Law, Justice and Parliamentary Affairs		9	Non existence of costly item received from M/s Sustainable Development Consultants (Pvt) Limited (SDC)	0
807	Ministry of Law, Justice and Parliamentary Affairs		10	Irregular expenditure on account of repair of office building-Rs.137, 992	0.137
808	Ministry of Law, Justice and Parliamentary Affairs		11	Recovery from M/s Progressive International (Pvt) Ltd.-Rs8.768 million	8.768
809	Ministry of Law, Justice and Parliamentary Affairs		12	Non obtaining of adjustment accounts from CDA, PWD and other agencies-Rs.1, 107.837	1.107
810	Ministry of Law, Justice		13	Irregular expenditure of on account out of pocket-Rs. 400,000	0.4

	and Parliamentary Affairs				
811	Ministry of Law, Justice and Parliamentary Affairs		14	Non-conducting of monitoring and evaluation of the program activities.	0
812	Ministry of Law, Justice and Parliamentary Affairs		15	Non formulation of budget and accounting system for implementation agencies.	0
813	Ministry of Law, Justice and Parliamentary Affairs		16	Delay in execution of access to justice program	0
814	Ministry of Law, Justice and Parliamentary Affairs		17	Non preparation of PC-I for operation of PMU after close of Technical Assistance Loan.	0
815	Ministry of Law, Justice and Parliamentary Affairs		18	Unauthorized expenditure on strengthening of institutional capacity of District Bar n Association, Islamabad-Rs. 800,000	0.8
816	Ministry of Law, Justice and Parliamentary Affairs		19	Unauthorized expenditure acquisition of land for Lawyers' chamber-Rs.109.00 million.	109
817	Ministry of Law, Justice and Parliamentary Affairs		20	Irregular and UN- authorized payment of Additional Charge Allowance to officers of Access to Justice Program, Islamabad.	0
818	Ministry of Law, Justice and Parliamentary Affairs		21	Non-reporting of accidental losses and irregular expenditure on maintenance of vehicle-Rs. 149,086.	0.14
819	Ministry of Law, Justice and Parliamentary Affairs		22	Internal check not conducted.	0
820	Ministry of Law, Justice and Parliamentary Affairs	Access to Justice Development Fund	1	Unauthorized retention of heavy balances in two bank accounts without fixing Working Balance limits - Rs. 258.129 million.	258.129
821	Ministry of Law, Justice and Parliamentary Affairs		2	Non-operation of four windows and non-utilization of budgeted/interest amount and its unauthorized retention/ investment - Rs. 886.059 million.	886.059
822	Ministry of Law, Justice and Parliamentary Affairs		3	Misuse of operational grant -Rs. 58.000 million.	58
823	Ministry of Law, Justice and Parliamentary Affairs		4	Less credit of interest amount of investment -Rs. 5.636 million.	5.636
824	Ministry of Law, Justice		5	Investment of Endowment Fund amount in lesser return options of	0

	and Parliamentary Affairs			Treasury Bills and also in one bank.	
825	Ministry of Law, Justice and Parliamentary Affairs		6	Non-obtaining of audited/adjustment accounts of Budgetary Share released to Provincial High Courts amounting to Rs. 104.485 million.	104.485
826	Ministry of Law, Justice and Parliamentary Affairs		7	Failure of NGOs to fulfill contractual obligations to complete the assignment during contract period and wastage of Rs.9.910 million.	9.91
827	Ministry of Law, Justice and Parliamentary Affairs		8	Non-achievement of targets due to slow utilization of budgetary grants and non-operation of four windows.	0
828	Ministry of Law, Justice and Parliamentary Affairs	Ministry of Law, Justice and Parliamentary Affairs (Main)	1	Recovery from reinstated contract employees on account of over payment of salaries-Rs. 17.285 million.	17.285
829	Ministry of Law, Justice and Parliamentary Affairs		2	Irregular Appointments on Contract Basis.	0
830	Ministry of Law, Justice and Parliamentary Affairs		3	Un-authorized payment to Provincial Bar Associations-Rs.116.500 million.	116.5
831	Ministry of Law, Justice and Parliamentary Affairs		5	Audited accounts of payment of grants-in-aid to Bar Councils not obtained-Rs.16.600 million.	16.6
832	Ministry of Law, Justice and Parliamentary Affairs		6	Un-Authorized grant of Additional Charge to Senior Joint Secretary.	0
833	Ministry of Law, Justice and Parliamentary Affairs		7	Un-authorized provision of staff car to advisor beyond his entitlement.	0
834	Ministry of Law, Justice and Parliamentary Affairs		8	Recovery on account of additional use of vehicle by the federal Minister-Rs.255,594.	0.255
835	Ministry of Law, Justice and Parliamentary Affairs		9	Non-adjustment of TA/DA advance Rs.243,395.	0.243
836	Ministry of Law, Justice and Parliamentary Affairs		10	Recovery on account of excess payment of TA to a Parliamentary Secretary- Rs.31,200.	0.031
837	Ministry of Law, Justice and Parliamentary Affairs		11	Unauthorized cash payment to others for services rendered Rs.227,850/-	0.227
838	Ministry of Law, Justice		12	Foreign and other Journals not entered in Accession Register -Rs.1.348/-	1.348

	and Parliamentary Affairs			million.	
839	Ministry of Law, Justice and Parliamentary Affairs		13	Non-production of utilization record of releases -Rs.1.5 million.	1.5
840	Ministry of Law, Justice and Parliamentary Affairs		14	Recovery on account of excess payment of entertainment charges-Rs.37,863.	0.037
841	Ministry of Law, Justice and Parliamentary Affairs		15	Non-Preparation of a Year Book in respect of Ministry of Law, Justice and Parliamentary Affairs for the year 2010-11.	0
842	Ministry of Law, Justice and Parliamentary Affairs		16	Non-obtaining of payee receipts and non reconciliation of contributions paid to the International Organizations -Rs. 8.606 million.	8.606
843	Ministry of Law, Justice and Parliamentary Affairs		17	Internal Check /Internal Audit not conducted.	0
844	Ministry of Narcotics Control	Anti Narcotics Force, Regional Office, Peshawar	1	Recovery of electricity and Gas charges amount to Rs, 156000/-	0.156
845	Ministry of Narcotics Control		2	Improper Maintenance of Log Books / Movement registers irregular expenditure of Rs. 8.834 Million.	8.834
846	Ministry of Narcotics Control		3	Less of Rs.384000/- due to non crediting Rent of shops in Government Account.	0.384
847	Ministry of Narcotics Control		4	Irregular Expenditure of News Paper Rs. 59930/-	0.05993
848	Ministry of Narcotics Control		5	Unjustified Expenditure on POL Rs. 400168/-	0.400168
849	Ministry of Narcotics Control		6	Unjustified Expenditure on NAS Vehicle Token Fee Rs. 185500/-	0.1855
850	Ministry of Narcotics Control		7	Unauthorized Excess Expenditure than grant Amounting to Rs. 37515375/-	37.515375
851	Ministry of Narcotics Control		8	Recoverable amount of Rs. 254384/- on account of POL / CNG for Unauthorized Vehicle	0.254384
852	Ministry of Narcotics Control		9	Unauthorized Payment of HRA Rs.167400/-	0.1674
853	Ministry of Narcotics Control		10	Loss to Govt Due to non deduction of Income Tax and sales Tax amounting to Rs. 335769/-	0.335769
854	Ministry of Narcotics Control		11	Non recovery of electricity and Gas Charges from Shops amounting to Rs.216000/-	0.216
855	Ministry of Narcotics Control		12	Non-accounted of store items in stock register valuing Rs. 159590/-	0.15959

856	Ministry of Narcotics Control		13	Non reconciliation of receipts amounting to Rs. 5.192 Million	5.192
857	Ministry of Narcotics Control		14	Un-necessary Retention of Govt Receipt Rs. 5.192 Million	5.192
858	Ministry of Narcotics Control		15	Irregular Expenditure of Rs. 1.257 Million	1.257
859	Ministry of Narcotics Control	Anti Narcotics Force, Regional Office, Karachi	1	Record for the purchase of ten Sniffer Dogs not available - Rs. 2 million	2
860	Ministry of Narcotics Control		2	Irregular expenditure on Law Charges without approval of the Law Division-Rs. 4.253 million	4.253
861	Ministry of Narcotics Control		3	Sanction of expenditure on rent of office building beyond the financial powers - Rs. 0.836 million	0.836
862	Ministry of Narcotics Control		4	Loss due to less deduction of income tax-Rs. 0.499 million	0.499
863	Ministry of Narcotics Control		5	Irregular payment of house hiring amounting to Rs. 0.262 million & recovery of Rs. 0.086 million	0.348
864	Ministry of Narcotics Control		6	Irregular expenditure due to retention of sixty eight vehicles without authorization from the Cabinet Division-Rs. 7.080 million	7.08
865	Ministry of Narcotics Control		7	Irregular expenditure on purchase of POL for Diesel Generator - Rs. 0.637 million	0.637
866	Ministry of Narcotics Control		8	Irregular payment of House Hiring paid for station other than the place of posting-Rs. 0.357 million	0.357
867	Ministry of Narcotics Control		9	Irregular expenditure to clear liabilities of previous years-Rs. 1.337 million	1.337
868	Ministry of Narcotics Control		10	Irregular expenditure on contingent paid staff without approval of Finance Division - Rs. 84,000/-	0.084
869	Ministry of Narcotics Control		11	Internal audit was not carried out	0
870	Ministry of Narcotics Control		12	Physical Verification of Stores not carried out	0
871	Ministry of Narcotics Control	Anti-Narcotics Force, Regional Office, Quetta	1	Irregular expenditure of Rs: 30.000 million over the budget allocation	30
872	Ministry of Narcotics Control		2	Un-authorized retention / expenditure of Rs. 2.268 million witthout approval of ministry of finance	2.268
873	Ministry of Narcotics Control		3	Irregular expenditure of Rs. 1.84 million on account of law charges and unauthorize enhancement of retaineRship fee	1.84
874	Ministry of Narcotics Control		4	Non-production of record pertaining to command fund/ anf welfair fund/operational fund despite several requests.	0
875	Ministry of Narcotics Control		5	Doubtful expenditure of Rs 999833/- on account of purchase of miscellaneous items	0.999833
876	Ministry of Narcotics		6	Un-authorized cash payment of Rs.1.179 million against the utility	1.179

	Control			charges	
877	Ministry of Narcotics Control		7	Irregular splitting of Rs. 15.095/- incurred on account of pol	15.095
878	Ministry of Narcotics Control		8	Unauthorized expenditure of Rs. 17.724 million due to unauthorized retention and maintenance of 108 vehicles without the approval of cabinet division	17.724
879	Ministry of Narcotics Control		9	Recovery of Rs.365,560/- due to unauthorized payment of conveyance allowance	0.36556
880	Ministry of Narcotics Control		10	Irregular expenditure of Rs.465,300/- reward money due to non-obtaining of acknowledgement receipt and recovery of Rs. 27918/- due to non-deduction of income tax	0.4653
881	Ministry of Narcotics Control		11	Non production of record of Rs. 5.097 million on account of (drug demand reduction)ddr section & (injecting drug useRs) idus	5.097
882	Ministry of Narcotics Control		12	Non-appointment of controlling officer for certification of secret service expenditure amounting to Rs.200,000/-	0.2
883	Ministry of Narcotics Control		13	Irregular expenditure of Rs.399922/- on account of uniform & clothing	0.399922
884	Ministry of Narcotics Control		14	Internal audit not carried out as requirement of rules/procedure.	0
885	Ministry of Narcotics Control		15	Non-production of log books of vehicles pertaining to sub offices of rd anf, balochistan	0
886	Ministry of Narcotics Control		16	Non confirmation/ realization of government dues amounting to Rs.412014/- as sales tax paid to firms on account purchase of misc items	0.412014
887	Ministry of Narcotics Control		17	Irregular expenditure on repair of furniture & machinery amounting to Rs. 379,180/-	0.37918
888	Ministry of Narcotics Control		18	Non-disposal of old news papeRs / waste paper amounting to Rs.60,000/ and non accoutal of books Rs.37,364/-	0.097364
889	Ministry of Narcotics Control		19	Irregular expenditure of Rs.4.003 as cash payment through drawing & disbuRsing officer (ddo)	4.003
890	Ministry of Narcotics Control		20	Non-surrendering of rent of building amounting to Rs.100188/-	0.100188
891	Ministry of Narcotics Control		21	Improper maintenance of cash book	0
892	Ministry of Narcotics Control		22	Non compliance of govt. Rules regarding degrees verification of officeRs and staff appointed on contract basis	0
893	Ministry of Narcotics Control		23	Un-authorized retention of building & irregulr expenditure on account of building rent Rs.0.255 million.	0.255
894	Ministry of Narcotics Control		24	Improper maintenance of log books of m.a.t.r.c vehicles and irregular expediture incurred on account of pol & repair Rs.198,474/-	0.198474
895	Ministry of Narcotics Control	Anti-Narcotics Force, Regional Office, Lahore	1	Loss due to non disposed off confiscated vehicle of million of Rupees.	0

896	Ministry of Narcotics Control		2	Irregular / uneconomic expenditure on account of stationary Rs.0.480 million	0.48
897	Ministry of Narcotics Control		3	Irregular / doubtful purchase of livery cloth for Rs.0.189 million.	0.189
898	Ministry of Narcotics Control		4	Irregular expenditure on account of internet connection amounting to Rs.0.084 million	0.084
899	Ministry of Narcotics Control		5	Recovery On Account Of Payment of House Hiring Rs.0.048 million	0.048
900	Ministry of Narcotics Control		6	Loss to Government Due To Theft of Honda Motorcycle-125 Worth Rs.0.045 million	0.045
901	Ministry of Narcotics Control		7	Quotation not called amounting to Rs.0.045 million.	0.045
902	Ministry of Narcotics Control		8	Irregular/unauthorized rather extra expenditure on account of pol and repair of divisional control room vehicles amounting to Rs.0.918 million.	0.918
903	Ministry of Narcotics Control		9	Irregular/unauthorized expenditure amounting to Rs.0.570 million.	0.57
904	Ministry of Narcotics Control		10	Irregular expenditure without any provision in the approved pc-I amounting to Rs.0.207 million.	0.207
905	Ministry of Narcotics Control		11	Improper maintenance of cash book by the project authority.	0
906	Ministry of Narcotics Control		12	Over payment on account of entertainment charges amounting to Rs.0.046.	0.046
907	Ministry of Narcotics Control		13	Non maintenance of service books.	0
908	Ministry of National Harmony	Assistant Adminsitrator Evacuee Trust Properties, Sukkur	1	Irregular expenditure on festival of Sadhu Bela Shrine, Sukkur- Rs.1.00 (m)	1
909	Ministry of National Harmony		2	Non recovery of Rent Rs.656512 from office of Excise Taxation Officer, Shikarpur housed in ETP propery since long	0.656
910	Ministry of National Harmony		3	Irregular expenditure on rent of office building Rs.0.275 milion	0.275
911	Ministry of National Harmony		4	Irregular expenditure on purchase of POL and repair of government vehicle of Rs.877,572	0.877
912	Ministry of National Harmony		5	Irregular payment of House Building Advance Rs.277,507 without approval of competent authority.	0.277
913	Ministry of National Harmony		6	Irregular expenditure on repair and purchase of furniture without delegation of powers Rs.117,400	0.117
914	Ministry of National Harmony		7	Savings not surrendered to government Rs.1.332 million	1.332
915	Ministry of National Harmony		8	Loss of million of rupees due to non-compliance of Federal Government Order regarding enhancement of rent.	0
916	Ministry of National		9	Irregular expenditure on purchase of Generator Rs.34,740	0.034

	Harmony				
917	Ministry of National Harmony		10	Irregular retention of Jeep No. GA-6753 without driver.	0
918	Ministry of National Harmony		11	Physical verfication of the store not carried out during 2009-12	0
919	Ministry of National Harmony		12	Recovery of TA/DA advance paid to Mr.Saeed Ahmed Qureshi, Asstt. Adminstrator of Rs.59,000	0.059
920	Ministry of National Harmony		13	Internal check against irregularities, waste and fraud	0
921	Ministry of National Harmony	Assistant Adminsitrator Evacuee Trust Properties, Hyderabad	1	Irregular payment of pay and allowances to excess employees beyond sanctioned strength of ETP, Hyderabad of Rs.5.361 million	5.361
922	Ministry of National Harmony		2	Loss of million of rupees due to non-compliance of Federal Government Order regarding enhancement of rent.	0
923	Ministry of National Harmony		3	Irregular recovery of rent of units/sub-units and lease money of land through Manual Bills of Rs.1.50 million.	1.5
924	Ministry of National Harmony		4	Savings not surrendered to government Rs.0.818 million	0.818
925	Ministry of National Harmony		5	Irregular expenditure on purchase and repair of furniture without delegation of powers of Rs.84,930	0.084
926	Ministry of National Harmony		6	Non-accountal of stationery and Misc. items - Rs0.168	0.168
927	Ministry of National Harmony		7	Irregular appointment of Security Guards without training and weapons and wasteful expenditure on Pay and Allowances of Rs.1.453	1.453
928	Ministry of National Harmony		8	Irregular payment on cash instead of cross cheque of Rs.0.383 million	0.383
929	Ministry of National Harmony		9	Un-secured advances on purchase of House of Rs.1.649 million	1.649
930	Ministry of National Harmony		10	Recovery of Rent of Rs.20.899 million from Tenants/Occupants of Evacuee Trust Property, Hyderabad Region.	20.899
931	Ministry of National Harmony		11	Internal check against irregularities, waste and fraud	0
932	Ministry of National Harmony		12	Physical verification of the store not carried out during 2007-12	0
933	Ministry of National Harmony	Deputy Adminsitrator Evacuee Trust Properties, Karachi	1	Non realization of rent from Defaulters - Rs.91.626 million	91.626
934	Ministry of National Harmony		2	Un-authorized encroachment of ETP Land measuring 722 Acre 25 Guntha\	0
935	Ministry of National Harmony		3	Excess of expenditure over the budget Grant Rs.5.073 million	5.073
936	Ministry of National Harmony		4	Non surrender of unspent balance to ETP Board Lahore - Rs.1.321 milion	1.321

937	Ministry of National Harmony		5	Irregular reports on demand and recovery data of rent of Evacuee Properties	0
938	Ministry of National Harmony		6	Irregular reports on demand and recovery data of rent of Evacuee Properties	0
939	Ministry of National Harmony		7	Non-production of record of Misc. receipts - Rs.24.388 million	24.388
940	Ministry of National Harmony		8	Loss due to abnormal delay in finalization of appeals submitted by the occupants against the increase in monthly rent.	0
941	Ministry of National Harmony		9	Irregular & Unauthorized expenditure without sanctioning power Rs.0.609 million	0.609
942	Ministry of National Harmony		10	Delay in vacation of property declared dangerous by the Karachi Building Control Authority & ETPB	0
943	Ministry of National Harmony		11	Irregular & unauthorized payment of EID Allowance to Staff - Rs.0.519 m	0.519
944	Ministry of National Harmony		12	Irregular and unjustified payment of educational stipend of Welfare Fund - Rs.0.425 million	0.425
945	Ministry of National Harmony		13	Irregular & unauthorized expenditure of Law Charges - Rs.1.289 million	1.289
946	Ministry of National Harmony		14	Non deposite of income tax deducted at source Rs.35,790	0.035
947	Ministry of National Harmony		15	Loss of government money due to less deduction of Income Tax from payments of Lawyers recovery thereof - Rs.8,578	0.008
948	Ministry of National Harmony		16	Non deposite of Zakat Deducted at source from Non-refundable E.P Fund advance - Rs.6,000	0.006
949	Ministry of National Harmony		17	Recovery of unadjusted TA/DA advance - Rs.0.120 million	0.12
950	Ministry of National Harmony		18	Recovery of unadjusted contingent advance - Rs.18000	0.018
951	Ministry of National Harmony		19	Recovery due to non-production of GST paid invoice Rs.12,761	0.012
952	Ministry of National Harmony		20	Un-secured House Building & Motor Cycle advances Rs.5.640	5.64
953	Ministry of National Harmony		21	Irregular & Un-authorized appointment of Staff & Working of 07 seven personal in excess of sanctioned post.	0
954	Ministry of National Harmony		22	Irregular expenditure due to cash payments istead of cross cheque - Rs.62,048	0.062
955	Ministry of National Harmony		23	Late deposit of receipts - Rs.40,200	0.04
956	Ministry of National Harmony		24	Irregular payment without supported documents - Rs.0.477 million	0.477
957	Ministry of National		25	Irregular expenditure on repair of vehicle/transport - Rs.58,010	0.058

	Harmony				
958	Ministry of National Harmony		26	Irregular expenditure on repair of machinery an equipment, and furniture & fixture - Rs.25,200	0.025
959	Ministry of National Harmony		27	Misclassification of accounts - Rs.5,000	0.005
960	Ministry of National Harmony		28	Irregular, unequal & unjuustified payment of marriage grant and funeral charges - 415,000	0.415
961	Ministry of National Harmony		29	Irregular payment of family pension	0
962	Ministry of National Harmony		30	Non-disposal of Old news papers purchaed during the period 2007-12	0
963	Ministry of National Harmony		31	Discrepencies noticed in the maintenance of cash book	0
964	Ministry of National Harmony		32	Non-observance of rules and fulfillment of codal formalities.	0
965	Ministry of National Harmony		33	Non-production of auditable record	0
966	Ministry of National Harmony		34	Non-production of security deposits/Fidlity bond	0
967	Ministry of National Harmony		35	Physical verification of store articles not done	0
968	Ministry of National Harmony		36	Internal check not carried out	0
969	Ministry of National Harmony	Adminsitrator Evacuee Trust Properties,South Zone, Karachi	1	Un-necessary blockage of funds - Rs.6.870 million	0
970	Ministry of National Harmony		2	Excess of expenditure over the budget Grant Rs.3.059 million	3.059
971	Ministry of National Harmony		3	Non-surrender of savings - Rs.0.602 million	0.602
972	Ministry of National Harmony		4	Irregular purchase of diesel generator 12 KVA amounting to Rs.507,500 resulted into loss due to non-deduction of GST recovery thereof - Rs.81,200	0.0588
973	Ministry of National Harmony		5	Irregular execution of work costing Rs.3.961 million	3.961
974	Ministry of National Harmony		6	Irregular expenditue on repiar/renovation of Administrator Office, Karachi - Rs.1.228 million	1.228
975	Ministry of National Harmony		7	UN-justified change in scope of work repair/replacement of Gurpat Mandir, Siro Ghat Hyderabad excess expenditure of Rs.694,051	0.694
976	Ministry of National Harmony		8	Irregular expenditure on repair & maintenance of Mandir & School - Rs.2.406 million	2.406
977	Ministry of National		9	Irregular & Un-authorized expenditure without allocation of funds in	0.208

	Harmony			budget grant - Rs.0.208 million	
978	Ministry of National Harmony		10	Irregular & Un-authorized withdrawl of funds as temporary advance - Rs.0.830 million	0.83
979	Ministry of National Harmony		11	Irregular payment of house rent ceiling - Rs.5.574 million	5.574
980	Ministry of National Harmony		12	Irregular & un-authorized payment of Eid Allowance to staff & Police Squad - Rs.0.609 million	0.609
981	Ministry of National Harmony		13	Irregular & un-authorized expenditure on hiring of Police Squad - Rs.2.722 million	2.722
982	Ministry of National Harmony		14	Irregular & un-authorized expenditure of Law charges without invoices/ vouchers - Rs.0.313 million	0.313
983	Ministry of National Harmony		15	Irregular & unauthorized appointment of staff & payment of pay and allowances - Rs.0.564 million	0.564
984	Ministry of National Harmony		16	Unsecured house building advances of Rs.3.407 million	3.407
985	Ministry of National Harmony		17	Irregular payments without supported documents - Rs.2.272 million	2.272
986	Ministry of National Harmony		18	Recovery of double payment of Lugage charges - Rs.21,504	0.021
987	Ministry of National Harmony		19	Recovery of stamps duty - Rs.9,903	0.009
988	Ministry of National Harmony		20	Recovery due to non-production of GST paid invoice Rs.43,024	0.043
989	Ministry of National Harmony		21	Recovery due to non-deduction of income tax Rs.18,209	0.018
990	Ministry of National Harmony		22	Irregular and un-authorized payment on hiring of private vehicles(s) - Rs.8510	0.008
991	Ministry of National Harmony		23	Recovery of unadjsuted contingent advance - Rs.0.368 million	0.368
992	Ministry of National Harmony		24	Recovery of unadjusted TA/DA advance - Rs.0.160 million	0.16
993	Ministry of National Harmony		25	Irregular expenditure due to cash payments istead of cross cheque - Rs.52,600	0.052
994	Ministry of National Harmony		26	Irregular expenditure on repair of machinery an equipment, and furniture & fixture - Rs.0.101 million	0.101
995	Ministry of National Harmony		27	Irregular expenditure due to non-maintenance of service postage stamps Register - Rs.75,554	0.075
996	Ministry of National Harmony		28	Non-maintenance of Log book of diesel generator.	0
997	Ministry of National Harmony		29	Non-disposal of Old news papers purchaed during the period 2007-12	0

998	Ministry of National Harmony		30	Discrepencies noticed in the maintenance of cash book	0
999	Ministry of National Harmony		31	Non observance of Rules and fulfillment of codal formalites	0
1000	Ministry of National Harmony		32	Irregular expenditue due to non-maintenance of stationery stock register, register of consumable & non-consumable items/dead stock register	0
1001	Ministry of National Harmony		33	Non-production of security deposits/Fidlity bond	0
1002	Ministry of National Harmony		34	Non-production of auditable record	0
1003	Ministry of National Harmony		35	Physical verification of store articles not done	0
1004	Ministry of National Harmony		36	Internal check not carried out	0
1005	Ministry of National Heritage and Integration	Quaid-e-Azam Academy, Karachi	1	Non-determination of Status of Quaid-I-Azam Academy and incurrence of expenditure without approved financial rules	0
1006	Ministry of National Heritage and Integration		2	Instead of depositing in Government Treasury, Quaid-I-Azam Academy has retained Rs. 30.957 million	30.957
1007	Ministry of National Heritage and Integration		4	Mis-procurement on purchase of 20 KVA Diesel Generator Set - Rs. 0.650 million	0.65
1008	Ministry of National Heritage and Integration		5	Irregular expenditure on purchase of POL for Diesel Generator - Rs. 0.438 million	0.438
1009	Ministry of National Heritage and Integration		6	Un-secured advances on purchase of house & motor cycles – Rs. 0.847 million	0.847
1010	Ministry of National Heritage and Integration		7	Irregular and unauthorized expenditure on account of repair and renovation of office building - Rs. 0.290 million	0.29
1011	Ministry of National Heritage and Integration		8	Irregular sanction of TA/DA beyond financial powers - Rs. 0.143 million	0.143
1012	Ministry of National Heritage and Integration		9	Recovery due to misuse of official vehicles - Rs. 0.331 million	0.331
1013	Ministry of National Heritage and Integration		13	Recovery due to over payment of rent of residential accommodation beyond the prescribed ceiling of covered area - Rs. 0.070 million	0.07
1014	Ministry of National Heritage and Integration		14	Non-recovery of excess expenditure on residential telephone - Rs. 0.023 million	0.023
1015	Ministry of National Heritage and Integration		15	Unauthorized expenditure incurred on insurance charges - Rs. 0.053 million	0.053
1016	Ministry of Petrolum And Natural Resources	Geological Survey of Pakistan (Southern Zone) Karachi	1	Unauthorized sanction of contingent advances amounting to Rs. 223,000/- and non- adjustment of Rs. 113,000/-	0.33
1017	Ministry of Petrolum And Natural Resources		2	Irregular payment of house hiring amounting to Rs. 235,482/-	0.35
1018	Ministry of Petrolum		3	Un-secured advances on purchase of house & motor cycles – Rs. 2.647	2.647

	And Natural Resources			million	
1019	Ministry of Petrolum And Natural Resources		4	Irregular expenditure on purchase of POL - Rs. 93,030/-	0.093
1020	Ministry of Petrolum And Natural Resources		5	Mis-classification of expenditure amounting to Rs. 74,387/-	0.074
1021	Ministry of Petrolum And Natural Resources		6	Savings not surrendered to Government - Rs. 323,587/-	0.0323
1022	Ministry of Petrolum And Natural Resources		7	Expenditure on TA/DA without approved tour program - Rs. 0.205 million	0.205
1023	Ministry of Petrolum And Natural Resources		8	Unauthorized expenditure due to misuse of vehicle GP-6503 & LSC 259 amounting to Rs. 162,610/-	0.016
1024	Ministry of Petrolum And Natural Resources		9	Non disposal of “Off Road” vehicles and un-authorized retention of 33 vehicles without authorization from the Cabinet Division	0
1025	Ministry of Petrolum And Natural Resources		10	Irregular payment of house hiring on the basis of Power of Attorney relevant documents not available-Rs. 0.206 million	0.206
1026	Ministry of Petrolum And Natural Resources		11	Irregular payment of house hiring-Rs. 0.192 million	0.192
1027	Ministry of Petrolum And Natural Resources		12	Irregular expenditure on payment of liabilities of previous year - Rs. 53,619/-	0.053
1028	Ministry of Petrolum And Natural Resources		13	Non-adjustment / non-recovery of TA/DA advances - Rs. 27,935/-	0.027
1029	Ministry of Petrolum And Natural Resources		14	Internal audit was not carried out	0
1030	Ministry of Ports & Shipping	DIRECTOR GENERAL, PORTS & SHIPPING, KARACHI	1	EXCESS OF EXPENDITURE OVER AND ABOVE THE BUDGET ALLOCATION – Rs. 3.732 MILLION	3.732
1031	Ministry of Ports & Shipping		2	NON SURRENDER OF SAVINGS - Rs. 0.142 MILLION	0.142
1032	Ministry of Ports & Shipping		3	UNAUTHORIZED PLACEMENT AND RETENTION OF VEHICLE GP-9336	0
1033	Ministry of Ports & Shipping		4	IRREGULAR, UN-AUTHORIZE, & UNECONOMICAL USE AND RETENTION OF 05 VEHICLES AGAINST 03 DRIVERS	0
1034	Ministry of Ports & Shipping		5	IRREGULAR PAYMENT OF HOUSE RENT CEILING - Rs. 2.721 MILLION	2.721
1035	Ministry of Ports & Shipping		6	RECOVERY OF IRREGULAR & UNAUTHORIZED PAYMENT OF POL PURCHASED FOR VEHICLES NOT THE PROPERTY OF D.G. PORTS & SHIPPING, KARACHI – Rs. 0.151 MILLION	0.151
1036	Ministry of Ports & Shipping		7	LOSS OF GOVERNMENT MONEY DUE TO NON-DISPOSAL OF CONDEMNED VEHICLE	0
1037	Ministry of Ports & Shipping		8	IRREGULAR, UNAUTHORIZED & UNECONOMICAL INSTALLATIONS OF 15 FIXED LINE TELEPHONES & RECOVERY OF Rs. 0.538 MILLION	0.538

1038	Ministry of Ports & Shipping		9	RECOVERY OF TELEPHONE CHARGES – Rs. 33,783/-	0.033
1039	Ministry of Ports & Shipping		10	RECOVERY OF IRREGULAR AND UNAUTHORIZED PAYMENT OF DEPUTATION ALLOWANCE – Rs.0.020 MILLION & NON-REPATRIATION TO PARENT DEPARTMENT	0.02
1040	Ministry of Ports & Shipping		11	IRREGULAR EXPENDITURE ON DOMESTIC TRAININGS AT OWN REQUEST. RECOVERY THEREOF - Rs. 40,500/-	0.04
1041	Ministry of Ports & Shipping		12	IRREGULAR AND UNAUTHORIZED PAYMENT OF TA/DA -Rs. 0.248 MILLION	0.248
1042	Ministry of Ports & Shipping		13	LIABILITIES OF PREVIOUS YEARS MET OUT FROM BUDGET GRANT OF NEXT FINANCIAL YEAR – RS.0.521 MILLION	0.521
1043	Ministry of Ports & Shipping		14	MISCLASSIFICATION OF ACCOUNTS - Rs.54,934/-	0.054
1044	Ministry of Ports & Shipping		15	IRREGULAR PAYMENTS OF ENTERTAINMENT CHARGES - Rs. 49,291/-	0.049
1045	Ministry of Ports & Shipping		16	RECOVERY DUE TO NON-PRODUCTION OF GST PAID INVOICE - Rs. 12,810/-	0.012
1046	Ministry of Ports & Shipping		17	OVER PAYMENT DUE TO NON DEDUCTION OF INCOME TAX & GENERAL SALES TAX FROM UNREGISTERED SUPPLIERS RECOVERY THEREOF – Rs. 5,684/-	0.058
1047	Ministry of Ports & Shipping		18	IRREGULAR EXPENDITURE DUE TO CASH PAYMENTS INSTEAD OF CROSS CHEQUE - Rs. 88,254/-	0.88
1048	Ministry of Ports & Shipping		19	DISCREPANCIES NOTICED IN THE MAINTENANCE OF CASH BOOK & SURRENDER OF PETTY CASH – Rs. 20,000/-	0.2
1049	Ministry of Ports & Shipping	Estate Department Karachi Port Trust, Karachi	4	Iregular & unauthorized retention of public revenue (Municipal Taxes)-Rs.156,435 million	156435
1050	Ministry of Ports & Shipping		5	Loss due to non-realization of subletting fee Rs.1,368 million.	1368
1051	Ministry of Ports & Shipping		8	Loss due to disproportionate rent charged from M/s Habib Bank Ltd.Rs.696,428/-	0.696
1052	Ministry of Ports & Shipping		9	Irregular payment of overtime allowance Rs.5.546 million.	5.546
1053	Ministry of Ports & Shipping		12	Internal audit was not carried out	0
1054	Ministry of Ports & Shipping	DIRECTORATE OF SEAMEN'S WELFARE,KARACHI	1	Loss of millions of rupees due to non enhancement of rent of shops	0
1055	Ministry of Ports & Shipping		2	Non revision of hostel charges and non realization of hostel rent since november, 2011 - loss of government revenue	0
1056	Ministry of Ports & Shipping		3	Irregular investment in saving certificates - Rs. 4.50 million	4.5
1057	Ministry of Ports &		4	Non-realization of rent from shops - recovery of Rs. 0.722 million	0.722

	Shipping				
1058	Ministry of Ports & Shipping		6	Irregular sanction of expenditure by unauthorized officer - Rs. 0.184 million	0.184
1059	Ministry of Ports & Shipping	Port security Force (PSF),KPT	1	Irregular appointment due to non observance of reginal quota and recovery on accounts of payment of Pay & allowance thereon - Rs.5.654 million	5.654
1060	Ministry of Ports & Shipping		2	Irregular/unauthorized provision of 3 vehicles to non entitled officers and recovery of Rs1.339 million thereof	1.339
1061	Ministry of Ports & Shipping		3	Internal check not conducted	0
1062	Ministry of Ports & Shipping		4	Physical verification of Stores not conducted	0
1063	Ministry of Ports & Shipping		6	Irregular/unauthorized provision of vehicle no.GA-8711 to non entitled officer and recovery of Rs.385,180 thereof	0.385
1064	Ministry of Ports & Shipping	Chief Mehanical and Electrical Engineer Department ,Karachi	1	Purchase of 50 No.s single Cabin Pickups for sind police of Rs.87.150 million and irregular and unauthorized expenditure of Rs.9.437 million on canopy of vehicles	9.437
1065	Ministry of Ports & Shipping		2	Irregular expenditure on insurance premium of vehicles of Rs.1.648 million	1.648
1066	Ministry of Ports & Shipping		3	Irregular sale out of GLI car No AUQ-372 Toyota Corolla to secretary, Ministry of Ports & shipping ,Islamabad	0
1067	Ministry of Ports & Shipping		4	Irregular and unauthorized action of kpt reguarding the monetization policy of transport for civil BPS-22	0
1068	Ministry of Ports & Shipping		5	Non-recovery of Rs.956.326/- from Ex-chairman kpt and Rs.556,295/- from Ex-Secretary M/o Ports & shipping Islamabad reguarding cost of vehicles sold out on the basis of monitization of transport facility policy	0.556
1069	Ministry of Ports & Shipping		6	Non-compliance of installation of Hydraulic Barriers Million. Recovery of LD charges amounting to Rs.140,000/-	0.14
1070	Ministry of Ports & Shipping		7	Non compliance of Dry Dock under construction since last three years resulted loss to kpt-and non production of relevent record	0
1071	Ministry of Ports & Shipping		8	Irregular appointment of staff in violation of rules & regulations	0
1072	Ministry of Ports & Shipping		9	Irregular appointment and regularization of captain (retired) Izhar Hussain Baig as Dredger Engineer in BPS-19 in CM&EE ,kpt karachi	0
1073	Ministry of Ports & Shipping		10	Irregular appointment and fixation of pay in r/o Shahid Zaidi as Dredger Captain in BPS-19	0
1074	Ministry of Ports & Shipping		11	irregular promotion from Jr.Clerk B-5 to Asstt Ex.Engineer B-17	0
1075	Ministry of Ports & Shipping		12	Irregular & unauthorized payment education allwance	0
1076	Ministry of Ports &		13	Payment of Rs.900,000/- on accounts of special house rent allowance	0.9

	Shipping				
1077	Ministry of Ports & Shipping		14	Irregular expenditure without advertisement on PPRA website Rs.5.289 million	5.289
1078	Ministry of Ports & Shipping		15	Blockage of government revenue due to non-auction of 26 Nos. condemmed vehicles	0
1079	Ministry of Ports & Shipping		16	Physicals verification of storearticles not done	0
1080	Ministry of Ports & Shipping		17	Internal check not carried out	0
1081	Ministry of Ports & Shipping	Planning and Development Division, Karachi Port Trust (KPT)	1	Undue favor to contractor of the project "Food court" on B.O.T basis resulted into non recovery of outstanding of Rs.72.536 million	72.536
1082	Ministry of Ports & Shipping		2	Wasteful expenditure of Rs.56.238 million on detailed designing of cargo village and industrial park	56.536
1083	Ministry of Ports & Shipping		3	Non-retention of money from contract cost for recovery of sales tax refund amount Rs.351.684 million	351.684
1084	Ministry of Ports & Shipping		4	Non-Completion of project in stipulated time period and excess of expenditure than approval cost -Rs11.076 million	11.076
1085	Ministry of Ports & Shipping		5	Violation of PPRA rule and excess payment of consultancy than approved cost Rs.5.123 million	5.123
1086	Ministry of Ports & Shipping		6	Irregular expenditure of Rs.674.073 million on procurment of 02X10 Ton tugs 01 dredge tender due to negligence of kpt management and non serious attitude of KS&EW -recovery of liquidity damages Rs.15.86 million	689.933
1087	Ministry of Ports & Shipping		7	Loss of money due to poor planning entittled " Reconstruction of berths 10-14 on East wharves at port of Karachi-Rs2.048 million	2.048
1088	Ministry of Ports & Shipping		8	Suspicious budget/financial statement due to payment of debts and loan intrest Rs.87.700 million	87.7
1089	Ministry of Ports & Shipping		9	Non acquisition of assests after completion of project entitled "Reconstruction of Berths 10-14 on EASt wharves at port of karachi" costing 40,774,759/-	40.774
1090	Ministry of Ports & Shipping		10	Irregular and uneconomical expenditure of overtime of staff Rs.6.802 million	6.802
1091	Ministry of Ports & Shipping		11	Irregular and unauthorized payment of computer allownace Rs.52,800/-	0.0152
1092	Ministry of Ports & Shipping		12	Irregular and unauthorized payment of special allownace	0
1093	Ministry of Ports & Shipping		13	Improper maintenance of consumable & non-consumeable/dead stock registers	0
1094	Ministry of Ports & Shipping		14	Non production of hiring record/files	0
1095	Ministry of Ports &		15	Non production of auditable record	0

	Shipping				
1096	Ministry of Ports & Shipping		16	Internal check not carried out	0
1097	Ministry of Ports & Shipping		17	Physical verification of store articles not done	0
1098	Ministry of Postal Services	Main Secretariat	4	Recovery for over payment of Pay and allowances to an absconder employee R. 67,600	0.676
1099	Ministry of Postal Services		5	Recovery of overpaid TA/DA to a Sr. J.S, on foreign tour-amounting to Rs. 120,415	0.120415
1100	Ministry of Postal Services		6	Doubtful/unauthorised repair work of an accidented vehicle – Rs.318,267.ii) Mis appropriation on account of POL expences Rs. 105,482.	0.105482
1101	Ministry of Postal Services		7	Mis appropriation of tender fee –Rs. 60,706.	0.060706
1102	Ministry of Postal Services		8	Loss due negligence and mis handling of Generator and where about of costly UPS not available - Rs. 840,000+ Rs. 864,258.	1.704258
1103	Ministry of Postal Services		9	Defective maintenance of various record especially presentation of incomplete and unsigned Cash Book for audit scrutiny and mis handling of Imprest Money of Rs. 50,000.	0.05
1104	Ministry of Postal Services		10	Non Preparation of Year Books in respect of Ministry of Postal Services for the years 2010-11 and 2011-12.	0
1105	Ministry of Postal Services		11	Un-authorized / fraudulent withdrawl of Public Moneys by an office Assistant –Rs. 3.586 million	3.586
1106	Ministry of Postal Services		12	Non-conducting of Physical Verification of store/stocks	0
1107	Ministry of Postal Services		13	IRREGULAR AND DOUBTFUL EXPENDITURE OF Rs. 3.886 MILLION.	3.886
1108	Ministry of Postal Services		14	Misclassification of expenditure -Rs.0.695 million.	0.695
1109	Ministry of Postal Services		15	Theft of official vehicle-- Rs.0.525 million.	0.525
1110	Ministry of Postal Services		16	Irregular expenditure incurred by splitting up Rs.1.159 million.	1.159
1111	Ministry of Postal Services		17	Loss of legal charges Rs.0.025 million.	0.025
1112	Ministry of Postal Services		18	Irregular expenditure on Entertainment Charges –Rs.2.142 Million	2.142
1113	Ministry of Science & Technology	Technical Services Centre (PSQCA), Lahore	1	Excess expenditure of Rs.1.117 million over and above the budget grant	1.117
1114	Ministry of Science & Technology		2	Waseful expenditure Rs.2.25 million due to non accreditation of the technical services Centre (TSC), PSQCA, Lahore	2.25

1115	Ministry of Science & Technology		3	Irregular/Un-authorized appointment of Junior Engineer, documentation (BPS-17) on contract basis, recovery of Rs.0.654 million thereof	0.654
1116	Ministry of Science & Technology		4	Irregular expenditure for Rs.0.756 million due to un-authorized re-employment without approval of Prime Minister of Pakistan	0.756
1117	Ministry of Science & Technology		5	Irregular/un-authorized expenditure for Rs.2.060 million on civil works without maintenance of measurement books	2.06
1118	Ministry of Science & Technology		6	Irregular/uneconomic expenditure for Rs.0.265 million on account of chemicals	0.265
1119	Ministry of Science & Technology		7	Recovery of Rs.0.108 million on account testing fee.	0.108
1120	Ministry of Science & Technology		8	Irregular expenditure Rs.0.244 million on account of purchase of video tapes without any requirement.	0.244
1121	Ministry of Science & Technology		9	Irregular/un-justified proviing of TSC Space on cheeper rate i.e. Rs.0.50 million per annum witout open competition and execution of efective deed of lease.	0.05
1122	Ministry of Science & Technology		10	Irregular expenditure amounting to Rs.44000 on account of internal connection	0.044
1123	Ministry of Science & Technology		11	Irregular purchase of chemical costing Rs.6080 without requirement.	0.006
1124	Ministry of Science & Technology		12	Internal audit not conducted.	0
1125	Ministry of Science & Technology	Quality Control Center, (PSQCA)	1	Expenditure amounting to Rs.1.603 million over and the budget grant out of current account No.1390-2 during the financial year 2009-10 to 2011-12	1.603
1126	Ministry of Science & Technology		2	Irregular withdrawal of house hiring Rs.2,417 million by the allottees of rented houses.	2.417
1127	Ministry of Science & Technology		3	Loss of million of rupees due to un-authorized upgradation of posts without the approval of Prime Minister.	0
1128	Ministry of Science & Technology		4	Irregular/un-authorized expenditure amounting to Rs.0.532 million on the purchase of chemicals without any open competition.	0.532
1129	Ministry of Science & Technology		5	Irregular/un-auhtorized advance payment amounting to Rs..125 million without calling open tender and sanction of the competent authority.	0.125
1130	Ministry of Science & Technology		6	Doubtful purchase of stor/stock amounting to Rs.2.242 million.	2.242
1131	Ministry of Science & Technology		7	Irregular/un-authorized expenditure amounting to Rs..144 million made duirng ban .	0.144
1132	Ministry of Science & Technology		8	Doubtful expenditure amounting to Rs.666 million owing to non-maintenance of consumption record of chemicals.	0.666
1133	Ministry of Science & Technology		9	Improper maintenance of cash book (receipt) by Quality Control Centre, Lahore.	0
1134	Ministry of Science &		10	Irregular expenditure amounting to Rs.72000 on account of Internet	0.072

	Technology			Connection.	
1135	Ministry of Science & Technology		11	Non-Deduction of Income Tax amounting to Rs.5169 recovery thereof.	0.005
1136	Ministry of Science & Technology		12	Recovery of Rs.8000 on account of Mobile Telephone.	0.008
1137	Ministry of Science & Technology		13	Non-maintenance of Budget Control Register.	0
1138	Ministry of Science & Technology		14	Internal audit not conducted.	0
1139	Ministry of Science & Technology	Standard Development Centre, Lahore.	1	Loss to Government for Rs.62.68 millions due to non recovery of marking Fee from the Ghee Units.	62.68
1140	Ministry of Science & Technology		2	Excess expenditure of Rs.1.084 million over and above the budget grant	1.084
1141	Ministry of Science & Technology		3	Improper maintenance of cash book Receipt/Income amounting to Rs.29.737 million not entered in the Cash Book.	29.737
1142	Ministry of Science & Technology		4	Irregular/unauthorized payment of monthly salaries amounting to Rs.2.313 million out of funds of Technical Services Centre (TSC)	2.313
1143	Ministry of Science & Technology		5	Loss to Government due to non/late recovery of Marking Fees and Late payment charges.	0
1144	Ministry of Science & Technology		6	Loss to Government due to un-authorized up gradation and Irregular payment of salaries beyond the original pay scales.	0
1145	Ministry of Science & Technology		7	Doubtful purchase of store/stock amounting to Rs..833 milion	0.833
1146	Ministry of Science & Technology		8	Recovery of Rs.0.338 million due to use of office vehicles by Deputy Director.	0.338
1147	Ministry of Science & Technology		9	Non-maintenance of Budget Control Register.	0
1148	Ministry of Science & Technology		10	Irregular/un-authorized use of office vehicles beyound the municipal limit without the approval of competent authority recovery of Rs.0.161 million	0.161
1149	Ministry of Science & Technology		11	Non production of record	0
1150	Ministry of Science & Technology		12	Irregular/un-authorized expenditure amounting to Rs.0.116 million incurred during ban.	0.116
1151	Ministry of Science & Technology		13	Irregular/un-authorized expenditure amounting to Rs.0.254 million incurred on courier services.	0.254
1152	Ministry of Science & Technology		14	Inspections by the Inspectors under Rule 23 of Pakistan Conformity Assessment Rule- 2011	0
1153	Ministry of Science & Technology		15	Recovery of Rs.13445 due to use of office vehicles by Deputy Director/Director	0.013
1154	Ministry of Science & Technology		16	Non Registration of firm manufacturers/producing units under the provision of Quality Control Act-VI of 1996.	0

1155	Ministry of Science & Technology		17	Irregular expenditure amounting to Rs.44000 on account of internal connection	0.044
1156	Ministry of Science & Technology		18	Recovery of Rs.26000 on account of Mobile Telephone	0.026
1157	Ministry of Science & Technology		19	Internal audit not conducted.	0
1158	Ministry of Science & Technology	Leather Research Centre, Karachi.	1	Irregular expenditure amounting to Rs.1.464 million on account of hiring of Daily wages employees	1.464
1159	Ministry of Science & Technology		2	Irregular transfer of amounting Rs.2.155 million from Adhoc receipt account to non-development account.	2.155
1160	Ministry of Science & Technology		3	Temporary advances of Rs.0.504 million to the officers for various purchase/ work order.	0.504
1161	Ministry of Science & Technology		4	Irregular payment of Rs.1.262 million on account of pay and allowances in respected of two senior administration officers working against one sanctioned post.	1.262
1162	Ministry of Science & Technology		5	Expenditure incurred amounting to Rs.2.018 million without budget allocation.	2.018
1163	Ministry of Science & Technology		6	Expenditure incurred amounting to Rs.0.327 million over and above the budget allocation	0.327
1164	Ministry of Science & Technology		7	Non-implementation of monetization policy	0
1165	Ministry of Science & Technology		8	Irregular working of Senior Accounts Officer (BS-18) without sanctioned post in Leather Research Centre, (PCSIR), Karachi.	0
1166	Ministry of Science & Technology		9	Un-justified expenditure of Rs.0236 million on account of Wather Tanker charges.	0.236
1167	Ministry of Science & Technology		10	Internal check not done	0
1168	Ministry of Science & Technology		11	Physical verification of store not carried out.	0
1169	Ministry of Science & Technology	Pakistan Standards & Quality Control Authority, Karachi	1	Defective procedure of maintenance of record and system of payments.	0
1170	Ministry of Science & Technology		2	Irreguarl invest of Rs.100 million	100
1171	Ministry of Science & Technology		3	Irregular/unauthorized allotment of residential accommoadtion/rent hiring facility provided to the staff of PSQCA Hyderabad recovery thereof. Rs..401 million	0.401
1172	Ministry of Science & Technology		4	Irregular expenditure of Rs.1.927 million on purchase of machinery and equipments and furniture and fixture, split up to avoid tender.	1.927
1173	Ministry of Science & Technology		5	irregular/Unauthorized expenditure of Rs.0.597 million on account of hiring of private Securiy Guards.	0.597
1174	Ministry of Science &		6	Irregular purchase of vehilces amounting to Rs.7.554 million	7.554

	Technology				
1175	Ministry of Science & Technology		7	Irregular expenditure amounting to Rs.8.629 million on account of POL and repair of vehilces due to non maintenance of record and vehicle allotment to non entitled officer	8.629
1176	Ministry of Science & Technology		8	unauthorized expenditure on the provision of vehicle to (Parliamentary Secy S & T)	0
1177	Ministry of Science & Technology		9	Irregular and unjustified payment of Rs.1.384 million on account of Insurance of vehicle	1.384
1178	Ministry of Science & Technology		10	Irregular expenditure without Financial power amounting to Rs.1.255 million	1.255
1179	Ministry of Science & Technology		11	irregular / unjustifed payment Rs.0.216 million on account of prepaid mobile phone chards	0.216
1180	Ministry of Science & Technology		12	Loss to Govt. money amounting to Rs.0.811 million on account of rent of office building	0.811
1181	Ministry of Science & Technology		13	Irregular expenditure amounting to Rs.0.757 million on account of residential accommodation recovery thereof.	0.757
1182	Ministry of Science & Technology		14	Un secured advances of Rs.9.997 million on account of HBA, Motor Car and Motor cycle.	9.997
1183	Ministry of Science & Technology		15	Irregular expenditure of Rs.31.125 million on account of medical reimbursement and payment made without supporting vouchers and fullfiling codal formalities.	31.125
1184	Ministry of Science & Technology		16	Un-authorized payment of Rs.2.560 million on account of law charges to Legal Advisors/Advocates	2.56
1185	Ministry of Science & Technology		17	Irregular/un justified up gradation of JCO, Junior Computer Operators. Recovery thereof 0.147 million	0.147
1186	Ministry of Science & Technology		18	Mis-classification of expenditure amounting to Rs.78990	0.078
1187	Ministry of Science & Technology		19	Non-maintenance of record of consumption of costly chemicals amounting to Rs.1.107 million on testing of samples	1.107
1188	Ministry of Science & Technology		20	Expenditure incurred into piecemeal amounting to Rs.0.275 million to avoid calling of tender	1.107
1189	Ministry of Science & Technology		21	Expenditure incurred into piecemeal amounting to Rs.0.200 million to avoid calling of quotations	0.2
1190	Ministry of Science & Technology		22	Physical verification not conducted.	0
1191	Ministry of Science & Technology		23	Non-recovery of marking fee due amounting to Rs.183.252 million from Licencee Organization under compulsory comformity accessment	183.252
1192	Ministry of Science & Technology		24	Non-production of record	0
1193	Ministry of Science & Technology	National Institute of Oceanography, Karachi	1	Irregular payment of contingent advances amounting to Rs.1.934 million for various purchase/work order without financial power	1.934

1194	Ministry of Science & Technology		2	Irregular payment of house hiring amounting to Rs.10.023 million	10.023
1195	Ministry of Science & Technology		3	Recovery of Rs.0.389 million due to irregular payment of housing subsidy bachelor employees in violation of Accommodation Rules 2002	0.389
1196	Ministry of Science & Technology		4	Irregular/un-authorized payment to five technical members on account of TA/DA and Air ticket charges amounting to Rs.0..389 million for visit of china	0.389
1197	Ministry of Science & Technology		5	Irregular payment of Rs.1.057 million on account of medical re-imbursement	1.057
1198	Ministry of Science & Technology		6	Irregular/un-authorized payment amounting to Rs.0.100 million on account of Cash Award	0.1
1199	Ministry of Science & Technology		7	Information relating to monetization of transport facility for Civil Servants BS-20 to BS-22	0
1200	Ministry of Science & Technology		8	Irregular expenditure of Rs.0.101 million on hiring of vehicles	0.101
1201	Ministry of Science & Technology		9	Recovery of Rs.0.289 million due to mis-use of Govt. vehicles	0.289
1202	Ministry of Science & Technology		10	Irregular expenditur of Rs.0.461 million on purchase of misc. items.	0.461
1203	Ministry of Science & Technology		11	Irregular expenditure amounting to Rs.0.631 million on account of previous year liabilities .	0.631
1204	Ministry of Science & Technology		12	Un-justified expenditure of Rs.0.381 million on account of water tanker charges	0.381
1205	Ministry of Science & Technology		13	Information relating to research based activities.	0
1206	Ministry of Science & Technology		14	Irregular expenditure of Rs.0.577 million on purchase of diesel for Generator	0.577
1207	Ministry of Science & Technology		15	Irregular payment amounting to Rs.107509 on account of Daily charges recovery thereof.	0.107
1208	Ministry of Science & Technology		16	Intenal check not done.	0
1209	Ministry of Science & Technology		17	Physical verification of store not carried out.	0
1210	Ministry of Water and Power	Main Secretariat	2	Irregular expenditure on account of entertainment without proper record-Rs 3.569 million	3.569
1211	Ministry of Water and Power		3	Irregular/excess expenditure on account of repair and maintenance of office building-Rs 1.293 million	1.293
1212	Ministry of Water and Power		4	Doubtful expenditure on account of purchase of stationery items-Rs 95,190	0.95
1213	Ministry of Water and Power		5	Non-production of record of Discretionary Grants of Minister and Minister of State for Water and Power-Rs 3.000 million	3

1214	Ministry of Water and Power		6	Physical verification of store and stock not conducted	0
1215	Ministry of Water and Power		7	Internal Check not carried out	0
1216	Ministry of Water and Power	Pakistan Commissioner for Indus water ,Lahore	1	Likely wastful expenditure for Rs.356 million due to an imprudent decision for moving of kishenganga hydroelectric plant case in the court of arbitration after the pessage of considerable period of more than 15 years	356
1217	Ministry of Water and Power		2	Excess payment of pak rupees 15.964 million to the legal experts over and above the approved rates	15.964
1218	Ministry of Water and Power		3	Loss to the government account for Rs.2.85 million due to non deduction of income tax from legal consultants	2.85
1219	Ministry of Water and Power		4	Irregular/uneconomic expenditure for Rs 33.640 million in violation of public procurment rules	33.64
1220	Ministry of Water and Power		5	Irregular/un-authorized advance payment amounting to Rs.2.200 million with out the sanction of the compitent authority	2.2
1221	Ministry of Water and Power		6	Irregular/un-authorized expenditure amounting to Rs.1.381 million on account of hiring helicopter with out any compitetion	1.381
1222	Ministry of Water and Power		7	Over payment of Rs.0.113 million on account of dinner for foreign deligation	0.113
1223	Ministry of Water and Power		8	Irregular/Unauthorized expenditure sanctioned beyond delegation of powers amounting to Rs0.326 million	0.326
1224	Ministry of Water and Power		9	non adjustment of T.A advance amounting to Rs.0.150 million	0.15
1225	Ministry of Water and Power		10	Irregular expenditure amounting to Rs0.050 million	0.05
1226	Ministry of Water and Power		11	Irregular expenditure amounting to Rs0.642 million	0.642
1227	Ministry of Water and Power		12	Internal audit not conducted	0
1228	National Commission for Human Development	NATIONAL COMMISSION FOR HUMAN DEVELOPMENT, ISLAMABAD	1	Irregular transfer of funds from Assignment account to commercial bank account - Rs. 4,300 million	4300
1229	National Commission for Human Development		2	Non obtaining of Audited Statement/Adjustment Accounts amount of Rs. 10.036 million	10.036
1230	National Commission for Human Development		3	Irregular appointment and payment of pay and allowances to the officers serving in NCHD on deputation - Rs. 31,588,420	31.588
1231	National Commission for Human Development		4	Irregular and unauthorized provision of official vehicle to non entitled officers	0

1232	National Commission for Human Development		5	Irregular provision of 2 vehicles to PM Secretariat and Minister of State for Education	0
1233	National Commission for Human Development		6	Irregular and unauthorized expenditure amounting to Rs. 69,000 on account of purchase of mobile sets	0.69
1234	National Commission for Human Development		7	Irregular and unauthorized retention of 7 vehicles as on general duty	0
1235	National Commission for Human Development		8	Irregular expenditure without tender and payment in advance - Rs. 470,150	0.47
1236	National Commission for Human Development		9	Irregular and unauthorized expenditure amounting to Rs. 3,605,370 paid to Chartered Accountant firm as Audit Fee	3.6
1237	National Commission for Human Development		10	Blockage of Public Funds amounting to Rs. 2.380 million	2.38
1238	National Commission for Human Development		11	Non recovery of on account of missing assets - Rs. 996,769.	0.99
1239	National Commission for Human Development		12	Rush of expenditure in June amounting to Rs. 6.873 million	6.873
1240	National Commission for Human Development		13	Non auction of un-serviceable store items amounting to Rs. 1.107 million	1.107
1241	National Commission for Human Development		14	Non auction of off road vehicles	0
1242	National Commission for Human Development		15	Non obtaining of Audited Statement/Adjustment Accounts of Rs. 105.411 million	1.05
1243	National Commission for Human Development		16	Non surrender of anticipated savings amounting to Rs. 53.443 million	53.44
1244	National Commission for Human Development		17	Non Compliance of previous AIRs	0
1245	National Commission for Human Development		18	Non conducting of Physical Verification of assets - Rs. 2.762 million	2.762

1246	National Commission for Human Development		19	Internal Check not conducted	0
1247	President Secretariat (Personal)	Main Secretariat	1	Mis-procurement of goods and services-Rs. 11.935 million and irregular payment to supplier-Rs.95,545.	12
1248	President Secretariat (Personal)		2	Non implementation of decision of cabinet committee regarding entourage of President.	0
1249	President Secretariat (Personal)		3	Un-authorized provision of vehicle to Private Person-Rs.6.455 million.	6.455
1250	President Secretariat (Personal)		4	Un-authorized provision of additional vehicle to Secretary General to the President beyond entitlement– Rs.3.32 million.	3.32
1251	President Secretariat (Personal)		5	Non Maintenance of Movement Registers and Non Registration of Staff Cars.	0
1252	President Secretariat (Personal)		6	Less deduction of Income Tax.	0
1253	President Secretariat (Personal)		7	Internal check not conducted.	0
1254	President Secretariat (Personal)		8	Whereabouts of two vehicles not made known to audit.	0
1255	President Secretariat (Personal)		9	Recovery On Account Of Misuse Of Government Vehicles – Rs. 66,918.	0.066
1256	President Secretariat (Personal)		10	Non Disposal Of 28 Old Tyres.	0
1257	President Secretariat (Personal)		11	Physical Verification Of Stores/Stock Not Conducted.	0
1258	President Secretariat (Public)	Public	1	Irregular appointment of consultant and over payment of pay and allowances-Rs.17.383 million	17.383
1259	President Secretariat (Public)		2	Irregular and un-authorized provision of Vehicles and Drivers to Officers of BS-20 in contravention to the Transport Monetization Policy	0
1260	President Secretariat (Public)		3	Irregular Re-employment on Contract Basis after Superannuation against Judgment of the Supreme Court	0
1261	President Secretariat (Public)		4	Recovery from entitled officers on account of excess use of POL - Rs.66,011/	0.066
1262	President Secretariat (Public)		5	Irregular reimbursement of Hotel Charges-Rs.285,026	0.285
1263	President Secretariat (Public)		6	Unauthorized and Unjustified maintenance of heavy fleet of Staff Cars for Escort and Protocol Duties	0
1264	President Secretariat (Public)		7	Non Production of Record	0
1265	President Secretariat (Public)		8	Internal Check not conducted	0

1266	Prime Minister Secretariat (Internal)	Internal	1	Irregular expenditure from suspense account- Rs 2.107 million	2.107
1267	Prime Minister Secretariat (Internal)		2	Whereabouts of Rs 156,000 not made known to Audit	0.069
1268	Prime Minister Secretariat (Internal)		3	Irregular retention on account of Ex-gratia- Rs 69,120	0
1269	Prime Minister Secretariat (Internal)		4	Irregular and unauthorized retention of government money- Rs 4.047 million	4.047
1270	Prime Minister Secretariat (Internal)		5	Irregular expenditure of Rs 735,986 on account of airfare	0.735
1271	Prime Minister Secretariat (Internal)		6	Non deduction of income tax, loss of Rs 716,438	0.716
1272	Prime Minister Secretariat (Internal)		7	Non recovery of outstanding dues –Rs 523,891	0.523
1273	Prime Minister Secretariat (Internal)		8	Non refund of Petroleum Development Levy from PSO	0
1274	Prime Minister Secretariat (Internal)		9	Non conducting of physical verification of stores/stocks	0
1275	Prime Minister Secretariat (Internal)	Prime Minister Inspection Commission	1	Irregular expenditure on insurance of motor vehicles – Rs.0.666 million	0.666
1276	Prime Minister Secretariat (Internal)		2	Irregular expenditure on appointment of Consultants/Co-opted members– Rs. 6.018 million	6.018
1277	Prime Minister Secretariat (Internal)		3	Irregular and unauthorized procurement of physical assets and splitting of expenditure to avoid open tenders– Rs. 0.330 million	0.33
1278	Prime Minister Secretariat (Internal)		4	Recovery on account of use of vehicles over and above the entitlement Irregular purchase of 1800 CC vehicle for the Chairman PMIC – Rs.2.193 million	2.193
1279	Prime Minister Secretariat (Internal)		5	Recovery on account of difference in calculation of monetization value- Rs. 0.033 million	0.033
1280	Prime Minister Secretariat (Internal)		6	Non-Conducting of Internal checks	0
1281	Prime Minister Secretariat (Public)	National Commission for Govt. Reforms	1	Irregular grant of allowances, recovery of- Rs 996,999	0.996
1282	Prime Minister Secretariat (Public)		3	Incomplete movement register and unsigned entries in movement register- Rs 199,368	0.199
1283	Prime Minister Secretariat (Public)		4	Non-Convening of Steering Committee meetings	0
1284	Prime Minister Secretariat (Public)		5	Non-deduction of normal rent @ 5%, Recovery of- Rs. 325,200	0.325
1285	Prime Minister Secretariat (Public)		6	Irregular expenditure on accidented vehicle – Rs.116,418	0.116

1286	Prime Minister Secretariat (Public)	Board of Investment	1	Recovery on account of non-payment of monthly installments by the officers of Board of Investment from January, 2012 to June,2012 due to Monetization of Transport Facility-Rs 600,000	0.6
1287	Prime Minister Secretariat (Public)		2	Recovery from the officers of Board of Investment from January, 2012 to June,2012 on account of retaining of services of BOI drivers under Monetization of Transport Facility- Rs 180,000	0.18
1288	Prime Minister Secretariat (Public)		3	Irrelevant expenditure on advertisement -Rs 5.022 million	5.022
1289	Prime Minister Secretariat (Public)		4	Expenditure on printing material without maintaining proper record of receipt and issue-Rs 9.849 million	9.849
1290	Prime Minister Secretariat (Public)		5	Blockage of funds on account of purchase of conference bags- Rs 70,702	0.071
1291	Prime Minister Secretariat (Public)		6	Non-holding of meetings of the Board as per requirement of the Ordinance	0
1292	Prime Minister Secretariat (Public)		7	Non-establishment of BOI Fund	0
1293	Prime Minister Secretariat (Public)		8	Non-production of record	0
1294	Prime Minister Secretariat (Public)		9	Retention of three unserviceable vehicles	0
1295	Prime Minister Secretariat (Public)		10	Non-conducting of physical verification of store and stock	0
1296	Prime Minister Secretariat (Public)		11	Internal check not carried out	0
1297	Prime Minister Secretariat (Public)	Board of Invest, Karachi	1	Un-authorized payment on account of hiring of office Accommodation on higher rate and payment of maintenance charges for Rs.14.025 million	14.025
1298	Prime Minister Secretariat (Public)		2	Irregular expenidture on account appointment of Mr.Nadeem Akhtar Chandio, Project Coordinator amounting to Rs.3.289 million	3.289
1299	Prime Minister Secretariat (Public)		3	Irregular allocation of staff car under policy for monetization of transport	0
1300	Prime Minister Secretariat (Public)		4	recovery of Rs.50000 on account of Instalment of purchase of staff car	0.05
1301	Prime Minister Secretariat (Public)		5	Recovery of Rs.20000 on account of driver facility charges	0.02
1302	Prime Minister Secretariat (Public)		6	Loss due to auction of items less than proposed price for Rs.40850	0.04
1303	Prime Minister Secretariat (Public)		7	Un-authorized expenditure on account of POL, Non production of movement register and log Book Rs.27492	0.027
1304	Prime Minister Secretariat (Public)		8	Un-authorized expenditure on account of hired vehicle power not delegated amounting to Rs.101000	0.101
1305	Prime Minister		9	Delayed processing in auction of government vehicles	0

	Secretariat (Public)				
1306	Prime Minister Secretariat (Public)		10	Less deposit of sale proceed into Govt. account for Rs.40120	0.04
1307	Prime Minister Secretariat (Public)		11	Non recovery of interest account on motor cycle advance	0
1308	Prime Minister Secretariat (Public)		12	Excess expenditure of Rs.5.093 million during financial period 2010-12	5.093
1309	Prime Minister Secretariat (Public)		13	Non-surrender of saving amounting to Rs.3.189 million	3.189
1310	Prime Minister Secretariat (Public)		14	Irregular expenditure on account of stationery items for Rs.247069	0.247
1311	Prime Minister Secretariat (Public)		15	Extra ordinary delay in compliance of Assistance package for families of Govt. employees who died during service.	0
1312	Prime Minister Secretariat (Public)		16	Service book	0
1313	Prime Minister Secretariat (Public)		17	fixation of pay on eve revision of pay scale	0
1314	Prime Minister Secretariat (Public)		18	Nomination form (GP Fund, Pension etc)	0
1315	Prime Minister Secretariat (Public)		19	verification of 10/25 years of qualifying service	0
1316	Prime Minister Secretariat (Public)		20	Leave account	0
1317	Prime Minister Secretariat (Public)		21	Irregular expenditure on account of purchase of news papers amounting to Rs.94368	0.094
1318	Prime Minister Secretariat (Public)		22	Recovery of Rs.12000 on account of provision of mobile phone facility	0.012
1319	Prime Minister Secretariat (Public)		23	Intenal check /Audit.	0
1320	Prime Minister Secretariat (Public)		24	Physical verification of stores.	0
1321	Religious Affairs Division		2	Deduction of withholding tax by Banks – Rs. 1.258 million	1.258
1322	Religious Affairs Division		5	Non-deposit of sale proceeds of auctioned vehicles into government treasury – Rs. 0.752 million	0.752
1323	Religious Affairs Division	Main Secretariat	7	Unauthorized expenditure on purchase of gifts – Rs. 3.159 million	3.159
1324	Religious Affairs Division		8	Unauthorized expenditure on entertainment – Rs. 1.437 million	1.437
1325	Religious Affairs Division		9	Non-production of record of vaccine purchased during Hajj 2011	0

1326	Religious Affairs Division		10	Non-production of record of Discretionary Grant – Rs. 0.960 million	0.96
1327	Religious Affairs Division		11	Non-obtaining of payee's acknowledgement receipt – Rs. 16.157 million	16.157
1328	Religious Affairs Division		12	Unauthorized retention of 29 vehicles without fixation of authorization from Vehicle Committee	0
1329	Religious Affairs Division		13	Internal Check and Physical Verification not conducted	0
1330	Wafaqi Mohtasib Secretariat		4	Non-return of laptop by the ex-Secretary-Rs.172,764	0.172
1331	Wafaqi Mohtasib Secretariat		5	Non-deduction of advance tax on auction of vehicles – Rs.53,607	0.053
1332	Wafaqi Mohtasib Secretariat		6	Recovery on account of irregular allocation of drivers with advisors whose contracts were expired – Rs.439,215	0.439
1333	Wafaqi Mohtasib Secretariat	WAFAQI MOHTASIB (OMBUDSMAN)'S SECRETARIAT, ISLAMABAD	7	Less deduction of income tax – Rs.2,391	0.002
1334	Wafaqi Mohtasib Secretariat		8	Internal check not conducted	0
1335	Wafaqi Mohtasib Secretariat		9	Recovery on account of un-authorized use of government vehicle - Rs.25,548	0.025
Total					**193,782.386**

Annexure-II **1.2.2** Irregular and unauthorized re-appropriations of funds into banned heads of accounts - Rs. 32.034 million

Re-appropriation Order No.	FROM		
	Object Code	Head of Account	Amount (Rs.)
2	A03301	Gas	201,000
2	A03302	Water	132,000
2	A03303	Electricity	430,000
2	A03304	Hot and Cold Weather Charges	73,000
2	A03805	Travelling Allowance	342,000
2	A13001	Repair of Transport	115,000
2	A13101	Repair of Machinery and Equipment	4,000
2	A13201	Repair of Furniture and Fixture	90,000
4	A03805	Travelling Allowance	48,000
5	A13001	Repair of Transport	30,000
6	A03301	Gas	10,000
6	A03304	Hot and Cold Weather Charges	26,000
6	A03805	Travelling Allowance	120,000
6	A09601	Purchase of Plant & Machinery	1,583,000
6	A09701	Purchase of Furniture & Fixture	2,009,000
6	A13001	Repair of Transport	50,000
6	A13201	Repair of Furniture and Fixture	50,000
7	A03301	Gas	267,000
7	A03302	Water	47,000
7	A03303	Electricity	652,000
7	A03304	Hot and Cold Weather Charges	8,000
7	A03805	Travelling Allowance	352,000
7	A03901	Stationery	83,000
7	A03905	Newspapers, Periodicals and Books	112,000
7	A06301	Entertainments & Gifts	81,000
8	A03303	Electricity	920,000
8	A09501	Purchase of Transport	5,200,000
8	A09601	Purchase of Plant & Machinery	108,000
8	A09701	Purchase of Furniture & Fixture	175,000
8	A13001	Repair of Transport	305,000
8	A13101	Repair of Machinery and Equipment	5,000
8	A13201	Repair of Furniture and Fixture	68,000
9	A03301	Gas	8,000
9	A03302	Water	8,000
9	A03303	Electricity	129,000
9	A03805	Travelling Allowance	78,000
9	A06301	Entertainments & Gifts	2,000
9	A09203	Purchase of I.T. Equipment	500,000
9	A03907	Advertising & Publicity	108,000
		Total	**14,529,000**

Re-appropriation Order No.	TO		
	Object Code	Head of Account	Amount (Rs.)
1	A03805	Travelling Allowance	150,000
1	A13101	Repair of Machinery & Equipment	150,000
2	A03301	Gas	50,000
2	A03302	Water	85,000
2	A03303	Electricity	1,705,000
2	A03805	Travelling Allowance	746,000
2	A03901	Stationery	248,000
2	A13001	Repair of Transport	256,000
2	A13101	Repair of Machinery and Equipment	411,000
2	A13201	Repair of Furniture and Fixture	50,000
4	A03805	Travelling Allowance	48,000
5	A03301	Gas	299,000
5	A03302	Water	204,000
5	A03303	Electricity	3,340,000
5	A03805	Travelling Allowance	48,000
5	A03901	Stationery	705,000
5	A13001	Repair of Transport	30,000
5	A13001	Transport	240,000
5	A13101	Machinery and Equipment	364,000
5	A13201	Furniture and Fixture	81,000
6	A03302	Water	75,000
6	A03303	Electricity	1,120,000
6	A03805	Travelling Allowance	153,000
6	A03901	Stationery	70,000
6	A09601	Purchase of Plant & Machinery	1,583,000
6	A09701	Purchase of Furniture & Fixture	2,009,000
6	A13001	Repair of Transport	15,000
6	A13101	Machinery and Equipment	112,000
6	A13201	Repair of Furniture and Fixture	19,000
8	A03301	Gas	35,000
8	A03302	Water	70,000
8	A03303	Electricity	2,091,000
9	A03301	Gas	17,000
9	A06301	Entertainments & Gifts	4,000
9	A09201	Purchase of Hardware	500,000
9	A09601	Purchase of Plant & Machinery	246,000
9	A09701	Purchase of Furniture & Fixture	5,000
9	A13101	Machinery and Equipment	121,000
9	A13201	Furniture and Fixture	50,000
		Total	**17,505,000**

Annexure-III **14.4.2** Disparity in salaries of Federal Government Employees

S. No.	Pay Scales	F B R	Health	Supreme Court	Police	NH & MP	President Secretariat	F S T	P I M S	I B	A N F	Other FGS
1	BPS-02	17,502	19,008	31,143	23,400	22,250	15,807	26,868	18,903			11,563
2	BPS-05		20,264	31,421	28,819	29,936			20,264	23,889	29,953	12,465
3	BPS-11	37,074	38,926	47,935		32,553	25,665		42,568	35,274	46,195	12,584
4	BPS-12	21,281	25,277	43,910	36,422		23,020			28,473		15,719
5	BPS-14		25,332	43,982	40,048	43,259	24,814	40,780	27,519	31,828	24,022	21,636
6	BPS-16	35,678	32,755	52,060	45,192	46,463	27,915	43,035		37,097	38,129	18,128
7	BPS-17	55,769	53,191	85,853	60,896	79,242		84,061	53,191	50,026	42,603	25,080
8	BPS-18	78,271	82,271	112,821	85,856	90,774	75,984	112,021	80,594	79,323	82,171	36,952
9	BPS-19	99,828	123,684	164,267	102,932	109,105	93,338	161,892	123,684	93,820	103,553	79,104
10	BPS-20	220,196	225,116	255,185	134,629	155,789	213,647	262,301	161,636	201,810		168,197
11	BPS-21	287,634	306,314					305,754				212,034

Annexure-IV **14.4.6** Unauthorized payment of honorarium and Income Tax - Rs. 7.591 million

S. No.	Name / Designation	Basic Pay	Taxable Income	Tax Paid	Basic salaries paid as honorarium	Honorarium	Total Taxable Income	Tax on Taxable Income	Balance Tax Payable	Total Honorarium Sanctioned
1	**2**	**3**	**4**	**5**	**6**	**7 (col. 3 × 6)**	**8 (col. 4+7)**	**9**	**10 (col. 9 - 5)**	**11 (col. 7 +10)**
1	Abdul Wajid Rana, F S	107,500	2,369,130	323,147	7.0	752,500	3,121,630	546,285	223,138	975,638
2	Dr. Waqar Masood Khan, Ex-F S	113,632	0	0	5.0	568,160	0	0	0	568,160
3	Rana Asad Amin, SSF	114,820	1,896,786	265,391	7.0	803,740	2,700,526	432,084	166,693	970,433
4	Abdul Khaliq, AFS	82,600	1,932,161	272,303	7.0	578,200	2,510,361	401,658	129,355	707,555
5	Mahmood Akhtar, AFS	82,100	1,420,000	267,309	6.0	492,600	1,912,600	267,764	455	493,055
6	Aftab Anwar Baloch, AFS	87,800	0	0	2.0	175,600	0	0	0	175,600
7	Abdul Rauf Khan, AFS	77,400	0	0	1.0	77,400	0	0	0	77,400
8	Manzoor Ali Khan, SJS	77,400	1,774,326	221,508	7.0	541,800	2,316,126	370,580	149,072	690,872
9	Syed Ejaz Ali Shah Wasti, EA	69,600	1,595,068	217,492	7.0	487,200	2,082,268	312,340	94,848	582,048
10	Muhammad Anwar Khan, SJS	82,600	1,887,791	277,137	5.0	413,000	2,300,791	368,127	90,990	503,990
11	Iftikhar Ali Khan, SJS	71,700	1,644,849	226,018	6.0	430,200	2,075,049	311,257	85,239	515,439
12	Muhammad Sarwar, SJS	72,200	1,590,849	198,585	5.0	361,000	1,951,849	292,777	94,192	455,192
13	Seerat Asghar, AFS	80,000	1,899,855	265,979	2.0	160,000	2,059,855	308,978	42,999	202,999
14	Arshad Mirza, AFS	72,200	1,779,589	236,572	2.0	144,400	1,923,989	269,358	32,786	177,186
15	Ms. Nazrat Bashir, AFS	82,600	0	0	2.0	165,200	0	0	0	165,200
16	Ms. Farah Ayub Tarin, AGPR	82,600	0	0	2.0	165,200	0	0	0	165,200
17	Raja Hassan Abbas, AS (Estab. Division)	82,600	0	0	2.0	165,200	0	0	0	165,200
			19,790,408	**2,771,446**		**6,481,400**	**24,955,044**	**3,881,217**	**1,109,767**	**7,591,167**

Annexure-V 15.4.17 Irregular payment of Conveyance Allowance to employees residing within the University premises

S. No.	Name of Allottees	Block No.	Flat No.
1.	Mr. Shahid Kamran	B-1	01
2.	Mr. Shahid Waheed	B-1	02
3.	Ms. Farhana Khattak	B-1	03
4.	Mr. Aman Ullah Memon	B-1	04
5.	Dr. Hamid Khan Niazi	B-1	05
6.	Dr. Syeda Mohsina Naqvi	B-1	06
7.	Mr. Badshah Sardar	B-1	07
8.	Ms. Shagufta Ibrar	B-1	08
9.	Mr. Hafeez Ullah	B-2	09
10.	Mr. Qasim Haider	B-2	10
11.	Ms. Zahida Sajjad Qazi	B-2	11
12.	Mr. Muzamal Parvez Ch.	B-2	12
13.	Mr. Faisal Azim	B-2	13
14.	Vacant	B-2	14
15.	Ms. Anisa Khalid, ASP	B-2	15
16.	Vacant	B-2	16
17.	Mr. Majid Rashid	B-3	17
18.	Mr. Muhammad Jalil Khatak	B-3	18
19.	Dr. Iqbal Shah	B-3	19
20.	Mr. Mukhtar Ahmed Talpur	B-3	20
21.	Mr. Tanveer Ahmed	B-3	21
22.	Mr. Muhammad Asghar Ch.	B-3	22
23.	Mr. Sohail Nazir Rana	B-3	23
24.	S.M. Arshad Hafeez	B-3	24
25.	Engr. Atta Ullah Shah	B-4	25
26.	Dr. Shabbir Ahmed	B-4	26
27.	Ms. Shahida Rani Shah	B-4	27
28.	Syed Manzoor Hussain Shah	B-4	28
29.	Mr. Shahid Jamil	B-4	29
30.	Ms. Samina Awan	B-4	30
31.	Syed Hassan Raza	B-4	31
32.	Mrs. Rehana Zaman	B-4	32
33.	Mr. Abdul Jabbar, Assistant	C-1	01
34.	Mr. Imtiaz Rasool, S/Graher	C-1	02
35.	Mr. Tariq Ahmed Kha, Supdt.	C-1	03
36.	Mr. Khalid Mehmooed Nadeemi, Supdt.	C-1	04
37.	Vacant	C-1	05
38.	Mr. Zaffar Fareed, Assistant	C-1	06
39.	Mr. Muhammad Ishaq Shaid, Supdt.	C-1	07

40.	Mr. Shabbir Shahid, Sudpt.	C-1	08
41.	Mr. Muhammad Saleem, S/Grapher	C-2	09
42.	Mr. Javed Ahmed, Supdt.	C-2	10
43.	Mr. Muhammad Aslam, S/Typist	C-2	11
44.	Mr. Haq Nawaz, S/Grapher	C-2	12
45.	Syed Anwar Hussain Shah	C-2	13
46.	Mr. Muhammad Saleem, Assistant	C-2	14
47.	Mr. Muhammad Tahir S/Typiest	C-2	15
48.	Mr. Muhammad Hassan, Assistant	C-2	16
49.	Mr. Abdul Ghaffar, S/Grapher	C-3	17
50.	Mr. Mehboob Subhani, Supdt.	C-3	18
51.	Mr. Asad Faheem	C-3	19
52.	Mr. Athar Hussain Shah	C-3	20
53.	Mr. Naveed Iqbal	C-3	21
54.	Mr. Tazkeer Ahmed	C-3	22
55.	Mr. Kamran Hameed	C-3	23
56.	Mr. Liaqat Ali Naz, Supdt.	C-3	24
57.	Mr. Tofeeq Ahmed	C-4	25
58.	Mr. Faqir Hussain, Assistant	C-4	26
59.	Mr. Altaf Hussain Memon	C-4	27
60.	Ms. Sajida Ilyas	C-4	28
61.	Syed Jawad Hussain Shah, Supdt.	C-4	29
62.	Mr. Muhammad Niaz, Assistant	C-4	30
63.	Mr. Malik Altaf Hussain, Supdt.	C-4	31
64.	Mr. Awal Diyaz Khattak, Assistant	C-4	32

Annexure-VI 20.4.28 Deployment of Frontier Constabulary personnel for security of private individuals - Rs. 46.082 million

S. No.	Platoon No.	Individuals	No. of Persons	Date of Deployment	Days of deployment	Man Days	Salary	Pension Contribution	Operating expenses plus Uniform, Arms etc	Total (Rs.)
1.	349	i. Mr. Nasim uz Zaman, DIG ii. Mrs. Amna Imran iii. Mr. Faisal Butt iv. Mr.Jan Muhammad,SSP	4	20.05.2011	407	1628	1,009,514	142,522	42,898	1,194,934
2.	157	i. Mr. Wasim Sajjad	6	09.10.2011	243	1458	904,098	127,639	38,418	1,070,156
3.	169	i. Syed Kamal Shah, Ex-Secretary	5	29.05.2011	398	1990	1,233,988	174,213	52,436	1,460,638
4.	376	i. Mr Usman Khattak,DIG ii. Mr. Wasim Sajjad iii. Mr. Dil Jan Khan, Ex-Secretary	10	06.06.2011	391	3910	2,424,570	342,298	103,028	2,869,896
5.	48	i. Mr. Wasim Sajjad	4	22.06.2011	375	1500	930,142	131,316	39,525	1,100,983
6.	336	i. Mr.Khalil ur Rehman, Former Governor ii. Mr. Najam ud Din, Ex- Secretary	10	25.09.2010	645	6450	3,999,611	564,660	169,956	4,734,228
7.	183	i. Mr. Wasim Sajjad	4	19.05.2011	408	1632	1,011,995	142,872	43,003	1,197,870
8.	100	i. Mr. Fayyaz Khan Toru, Ex-CFC	10	16.07.2011	351	3510	2,176,532	307,280	92,488	2,576,301
9.	199	i. Bahria Town, Phase-VII, Islamabad	4	02.06.2011	395	1580	979,750	138,320	41,633	1,159,702
10.	256	i. Rao Javed, ARD, Chairman	5	10.05.2011	417	2085	1,292,897	182,530	54,939	1,530,367
11.	368	i. Mr. Wasim Sajjad	4	12.07.2011	355	1420	880,535	124,313	37,417	1,042,264
12.	473	i. Faisal Butt	4	01.08.2011	335	1340	830,927	117,309	35,309	983,545

		ii. Mr. Wasim Sajjad								
13.	50	i. Zafar House	40	25.02.2010	857	34280	21,256,847	3,001,016	903,272	25,161,135
						Total	**38,931,406**	**5,496,288**	**1,654,322**	**46,082,019**

Annexure-VII 20.4.44 Irregular payment of residential telephone charges to non-entitled employees - Rs. 0.400 million

S. No.	Office	Telephone No.	User's Name	Place	Total (Rs.)
1.	PR, HQs, Lahore	36637310	Col. Admn	Ghazi Road, Officer Colony	68,397
2.	-do-	36635819	ADC	H.No.2, Zarar Shaheed Road, Lhr	27,899
3.	-do-	99220068	ADMS	Ghazi Road, Officer Colony	58,532
4.	-do-	99220674	GSO-2 (Comm)	Sutlej Ranger, Officer Colony, Lahore	35,768
5.	-do-	99220694	DADMS	Officer Colony	8,258
6.	-do-	99220069	Wksp Offr	Ranger Officer Colony	3,788
7.	-do-	99220071	SRO	Sutlej Ranger, Officer Colony, Lahore	24,127
8.	-do-	36637321	Col Coord	G.S Residence, St.No.1, Officer Colony	30,508
9.	-do-	36637463	GSO-1	H.No.15, D-1, St.No.2, Officer Colony	46,291
10.	-do-	36633184	CSO	Zarar Shaheed, Road Lahore	4,842
11.	-do-	36635099	CSO	St.No.1, Officers Colony	13,772
12.	Desert Rangers, Bahawalpur	2512049	Wing Commander	Wing Commander, 22-Wing, Residence Railway Rest House, Fort Abbas	77,533
				Total	**399,715**