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

AUDIT YEAR 2013-14

AUDITOR GENERAL OF PAKISTAN

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ABBREVIATIONS AND ACRONYMS

A/C	Account
ABL	Allied Bank Limited
AEDB	Alternative Energy Development Board
AG	Accountant General
AGP	Auditor General of Pakistan
AGPR	Accountant General Pakistan Revenues
AIOU	Allama Iqbal Open University
AIR	Audit and Inspection Report
APPM	Accounting Policies and Procedures Manual
BB-LMA	BISP Beneficiary - Limited Mandate Account
BCG	Bacillus Calmette–Guérin
BCS	Bachelor of Computer Sciences
BDC	Benazir Debit Card
BESOS	Benazir Employees Stock Option Scheme
BF	Benevolent Fund
BISP	Benazir Income Support Program
BOG	Board of Governors
BOT	Board of Trustees
BPS	Basic Pay Scales
CADD	Capital Administration and Development Division
CDA	Capital Development Authority
CDNS	Central Directorate of National Savings
CDWP	Central Development Working Party
CERS	Computerized Electoral Roll System
CGA	Controller General of Accounts
CIIT	COMSATS Institute of Information Technology
CNBC	Consumer News and Business Channel
CNIC	Computerized National Identity Card
CoA	Chart of Accounts
CPF	Contributory Provident Fund
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
DCO	Drug Control Organization
DDO	Drawing and Disbursing Officer
DDWP	Departmental Development Working Party
DFA	Deputy Financial Advisor
DFID	Department for International Development
DG	Director General
DGA-FG	Directorate General Audit, Federal Government
EA	Economic Advisor
EAD	Economic Affairs Division
ECC	Economic Coordination Committee
ECNEC	Executive Committee of National Economic Council
ECP	Election Commission of Pakistan
ELE	Earned Leave Encashment
EOI	Expressions of Interest
EPA	Environment Protection Agency
EPC	Engineering, Procurement & Construction
EPI	Expanded Program for Immunization
ETO	Excise and Taxation Office
ETPB	Evacuee Trust Property Board
ETPC	Evacuee Trust Property Complex
FA	Financial Advisor
FAM	Financial Audit Manual
FAP	Foreign Aided Project
FARA	Fixed Amount Reimbursement Agreement
FATA	Federally Administered Tribal Areas
FBISE	Federal Board of Intermediate and Secondary Education
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
FG	Federal Government
FGSH	Federal Government Services Hospital
FIA	Federal Investigation Agency
FOR	Free on Receipt
FPSC	Federal Public Services Commission
FR	Fundamental Rules
FR	Frontier Region
FTR	Federal Treasury Rules
FUUAST	Federal Urdu University of Arts, Science and Technology
GB	Gilgit-Baltistan
GFR	General Financial Rules
GOP	Government of Pakistan
GPF	General Provident Fund
GST	General Sales Tax
HBA	House Building Advance
HBL	Habib Bank Limited
HEC	Higher Education Commission
HGO	Hajj Group Organizer
HOTA	Human Organs Transplant Authority
HQ	Headquarters
HRA	House Rent Allowance
HV&AC	Heating, Ventilation, and Air Conditioning
ICB	Islamabad College for Boys
ICG	Islamabad College for Girls
ICNS	International Convention on Nuclear Safety
ICT	Islamabad Capital Territory
ICTP	Islamabad Capital Territory Police
IDA	International Development Agency
IESCO	Islamabad Electric Supply Company
IGFC	Inspector General Frontier Corps
IGP	Inspector General of Police
IMCB	Islamabad Model College for Boys
IMCG	Islamabad Model College for Girls
IPC	Inter Provincial Coordination

IPFMR	Implementing Partner Financial Monitoring Report
IPSAS	International Public Sector Accounting Standards
IRS	Institute of Regional Studies
IRSA	Indus River System Authority
ISO	International Standards Organization
KIBOR	Karachi Inter Bank Offer Rate
KPT	Karachi Port Trust
L/C	Letter of Credit
LESCO	Lahore Electric Supply Corporation
LMA	Limited Mandate Account
LoA	Letter of Acceptance
LPR	Leave Preparatory to Retirement
MCA	Monopoly Control Authority
MFDAC	Memorandum for Departmental Accounts Committee
MIS	Management Information System
MNA	Member National Assembly
MoST	Ministry of Science and Technology
MOU	Memorandum of Understanding
MRP	Machine Readable Passport
MRV	Machine Readable Visa
NAB	National Accountability Bureau
NACS	National Anti-Corruption Strategy
NACTA	National Counter Terrorism Authority
NADRA	National Database and Registration Authority
NARC	National Agricultural Research Center
NBP	National Bank of Pakistan
NCA	National Command Authority
NCH	National Council for Homeopathy
NCHD	National Commission for Human Development
NCMC	National Crises Management Cell
NDMA	National Disaster Management Authority
NDMC	National Disaster Management Commission
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
NICL	National Insurance Company Limited
NIE	National Institute of Electronics
NIFA	National Institute of Food and Agriculture
NIFT	National Institutional Facilitation Technologies (Pvt.) Limited
NIH	National Institute of Health
NIRM	National Institute of Rehabilitation and Medicine
NISTE	National Institute of Science &Technical Education
NOC	No Objection Certificate
NOL	No Objection Letter
NPA	National Police Academy
NPF	National Police Foundation
NRPU	National Research Program for Universities
NRSP	National Rural Support Program
NTC	National Tariff Commission
NTN	National Tax Number
NVTTC	National Vocational and Technical Training Commission
NWA	North Waziristan Agency
O.M.	Office Memorandum
PAC	Public Accounts Committee
PAEC	Pakistan Atomic Energy Commission
Pak PWD	Pakistan Public Works Department
PAO	Principal Accounting Officer
PARC	Pakistan Agricultural Research Council
PBS	Pakistan Bureau of Statistics
PC	Privatization Commission
PC-I	Planning Commission-I
PCO	Population Census Organization
PCOM	Project Cycle Operation Manual
PD	Project Director
PEC	Provincial Election Commission
PEMRA	Pakistan Electronic Media Regulatory Authority
PID	Press Information Department
PIMS	Pakistan Institute of Medical Sciences

PITAC	Pakistan Industrial Technical Assistance Centre
PKR	Pakistani Rupees
PLA	Personal Ledger Account
PLS	Profit & Loss Sharing
PMT	Proxy Means Test
PMU	Project Management Unit
PNB	Pakistan Narcotics Board
PNCA	Pakistan National Council of the Arts
PNCB	Pakistan Narcotics Control Board
PNRA	Pakistan Nuclear Regulatory Authority
PPRA	Public Procurement Regulatory Authority
PSB	Pakistan Sports Board
PSC	Pakistan Sports Complex
PSC	Poverty Score Card
PSDP	Public Sector Development Program
PST	Pakistan Sports Trust
PTML	Pak Telecom Mobile Limited
PWF	Pilgrims Welfare Fund
PWP	People Works Program
QAU	Quaid-i-Azam University
RADP	Research for Agricultural Development Program
RAHA	Refugees Affected and Hosting Areas
REP	Rural Electrification Project
RFP	Request for Proposal
Rs.	Rupees
SAFRON	States & Frontier Regions
SAP	System Application Product
SBP	State Bank of Pakistan
SDA	Special Drawing Account
SECP	Securities and Exchange Commission of Pakistan
SHS	Solar Home System
SLIC	State Life Insurance Corporation of Pakistan
SMG	Sub Machine Gun
SN	Safety Net
SNGPL	Sui Northern Gas Pipe Lines

SOP	Standard Operating Procedure
SP	Superintendent of Police
SPD	Strategic Plans Division
SR	Supplementary Rules
SRO	Statutory Regulatory Order
SSGCL	Sui Southern Gas Company
SSNTA	Social Safety Net Technical Assistance
SSP	Senior Superintendent Police
SWA	South Waziristan Agency
TA	Travelling Allowance
TDR	Terms Deposit Receipt
TFC	Term Finance Certificate
TINS	Training Institute of National Savings
TOPV	Trivalent Oral Polio Vaccine
TOR	Terms of Reference
TTS	Tenure Track System
U.O.	Un-official
UBL	United Bank Limited
UDAC	Upper Division Accounts Clerk
UGC	Universities Grants Commission
UK	United Kingdom
UN	United Nations
UNDB	United Nations Development Business online
UNDP	United Nations Development Program
UNFPA	United Nations Fund for Population
UNHCR	United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
UPS	Un-interrupted Power Supply
USA	United States of America
USAID	United States Agency for International Development
USD	United States Dollar
w.e.f.	With Effect From
WAN	Wide Area Network
WAPDA	Water and Power Development Authority
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 2012-13. 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 2013-14 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 Annexure-I shall be pursued with the Principal Accounting Officer at the Departmental Accounts Committee level and in all cases where the Principal Accounting Officer 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 or in the light of discussions in the DAC meetings.

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 located in 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 63 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 210 officers and staff resulting in 36,408 person days. The annual budget allocated to the Directorate General for the year 2013-14 amounts to Rs. 147.131 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)

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 revenues 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 and due receipts were deposited into the government treasury. 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 2012-13, but for entities not audited during the preceding years, the audit also extended to the previous financial years.

The total expenditure of the Federal Government for the financial year 2012-13 was Rs. 2,562,405.918 million. The auditable expenditure under the jurisdiction of the Directorate General Audit (Federal Government) was Rs. 1,073,450.660 million covering 63 PAOs and 2,830 formations. Of this, DGA (FG) audited an expenditure of Rs. 1,062,516.810 million, which in terms of percentage was 98.98% of the auditable expenditure. In addition, DGA (FG) conducted one Special Audit, 13 Foreign Aided Projects (FAP) Audits and four Certification Audits.

b. Recoveries at the instance of audit

Recovery of Rs. 19.732 million was effected during year 2012-13 from July, 2013 to December, 2013 on the pointation of Audit.

Recovery aggregating to Rs. 10.896 million during 2012-13 was effected from February, 2013 to June, 2013 and was not reported in the Audit Report (Civil) 2012-13.

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. Following queries raised by Audit during Audit Year 2012-13, the Cabinet Division vide O.M. F. No. 6/7/2011-CPC dated 11.02.2013 clarified that the depreciation on monetized vehicles would be calculated from the date of invoice/purchase instead of the whole year.

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 did 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 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, which has been approved vide President's Secretariat (Public) U.O. No. 229/33(8)DIR(A-II)/12 dated 06.09.2013.

iii. The President's Secretariat (Personal) did not deduct Income Tax amounting to Rs. 1.097 million from the contractors, which was recovered on the pointation of Audit and deposited into government treasury on 20.01.2014.

iv. During Audit Year 2013-14, Audit objected on expenditure on Dispensary Establishment and Maintenance of Gardens amounting to Rs. 26.234 million in excess of the limits specified in the President's Salary, Allowances and Privilege Act, 1975. During the meeting of the Departmental Accounts Committee held on 09.01.2014, the management agreed to initiate efforts to amend the President's Salary, Allowances and Privilege Act, 1975 to bring it according to the present requirements.

v. During Audit Year 2012-13, Para No. 19.4.10 of Audit Report 2012-13 regarding performance of Hajj at public expense was printed against Pakistan Sports Board being in violation of Para 7(II) of Hajj Policy and Plan for 2011 and Para 3 of Ministry of Religious Affairs O.M. No. 1(16)/2011-HP-I dated 04.05.2011. as a result, the PSB discontinued Hajj at public expense in October, 2013 against which the employees have approached the Court of Law.

vi. During Audit Year 2013-14, Audit objected on purchase of seven vehicles by the Ministry of Industries and Production on the directions of the Prime Minister's Secretariat for handing over to Press Clubs and Madrassa Faiz-ul-Islam, Mandra at a cost of Rs. 11.596 million. Resultantly, the matter was now under consideration of the Ministry of Industries and Production, and the Prime Minister's Secretariat for reversal of procurement or reallocation.

vii. During Audit Year 2013-14, Audit objected that despite lapse of 39 years rules for carrying out the purposes of Members of Parliament (Salaries & Allowance) Act, 1974 were not framed. During the meeting of the Departmental Accounts Committee held on 29.11.2013, the management of National Assembly Secretariat informed that preparation of draft rules under Section 14 of the Members of Parliament (Salaries & Allowances) Act, 1974 were under process in consultation with the Parliamentary Affairs Division.

viii. During Audit Year 2013-14, Audit objected that the National Accountability Bureau (Recovery and Reward) Rules, 2002 did not contain any provision for investment of funds. During the meeting of the Departmental Accounts Committee held on 10.01.2014, the NAB agreed to get their Recovery and Reward Rules, 2002 amended from the Finance Division as the existing rules did not permit investment of funds.

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 2013-14, 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 two cases of embezzlement of public money and fictitious payments amounting to Rs. 3.037 million[1].

ii. There were 150 cases of irregular expenditure/payments and violation of rules amounting to Rs. 92,785.718 million[2].

[1] Para No. 3.4.1, 20.4.1

[2] Para No. 1.1.1, 1.2.1, 1.2.2, 1.2.3, 3.4.4, 3.4.6, 3.4.9, 3.4.10, 3.4.11, 3.4.13, 3.4.17, 4.4.2, 4.4.4, 4.4.8, 5.4.7, 5.4.9, 5.4.12, 5.4.14, 5.4.15, 5.4.16, 5.4.18, 5.4.20, 5.4.21, 5.4.22, 5.4.23, 5.4.28, 5.4.29, 5.4.30, 5.4.31, 5.4.33, 6.4.1, 7.4.1, 7.4.3, 7.4.6, 7.4.7, 8.4.1, 8.4.2, 8.4.3, 8.4.4, 8.4.5, 8.4.6, 9.4.1, 9.4.2, 10.4.1, 10.4.2, 10.4.4, 11.4.4, 12.4.1, 12.4.2, 12.4.3, 12.4.4, 12.4.5, 13.4.1, 14.4.1, 14.4.4, 14.4.7, 15.4.2, 15.4.3, 15.4.7, 15.4.8, 15.4.9, 15.4.15, 16.4.2, 16.4.3, 16.4.7, 16.4.8, 16.4.11, 16.4.13, 16.4.14, 16.4.15, 16.4.17, 16.4.18, 16.4.20, 16.4.21, 16.4.27, 16.4.32, 16.4.34, 16.4.35, 16.4.39, 16.4.40, 17.4.1, 17.4.2, 17.4.3, 18.4.3, 18.4.4, 18.4.5, 18.4.6, 18.4.7, 18.4.8, 18.4.9, 18.4.10, 18.4.12, 18.4.13, 18.4.14, 18.4.16, 18.4.18, 19.4.1, 19.4.2, 19.4.4, 19.4.5, 19.4.6, 19.4.7, 19.4.14, 19.4.15, 20.4.9, 20.4.10, 20.4.11, 20.4.12, 20.4.14, 20.4.15, 20.4.18, 20.4.20, 21.4.1, 21.4.2, 21.4.4, 21.4.5, 21.4.6, 21.4.7, 21.4.8, 22.4.3, 22.4.4, 23.4.1, 25.4.2, 26.4.3, 26.4.4, 26.4.5, 26.4.7, 26.4.8, 26.4.9, 28.4.2, 29.4.3, 31.4.1, 34.4.1, 34.4.2, 34.4.3, 35.4.2, 35.4.3, 35.4.5, 35.4.6, 36.4.1, 36.4.2, 37.4.4, 37.4.5, 37.4.7, 38.4.2, 39.4.1, 39.4.2, 39.4.3, 41.4.4, 41.4.5

iii. There were 85 cases of recovery amounting to Rs. 5,610.513 million[3].

iv. There were 15 instances of irregularities pertaining to non-production of record amounting to Rs. 7,591.357 million[4].

v. There were 2 cases of weak internal controls amounting to Rs. 10,325.759 million[5].

vi. There were 77 cases pertaining to weak financial management amounting to Rs. 55,506.784 million and 42 cases related to unsound asset management amounting to Rs. 3,752.811 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) at Annexure-I.

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.

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[3] Para No. 2.4.1, 3.4.5, 3.4.7, 3.4.8, 3.4.12, 3.4.16, 3.4.18, 4.4.3, 4.4.5, 4.4.7, 4.4.10, 5.4.3, 5.4.6, 5.4.8, 5.4.10, 5.4.19, 5.4.24, 5.4.25, 5.4.27, 6.4.2, 6.4.3, 7.4.2, 7.4.4, 7.4.5, 10.4.3, 11.4.2, 11.4.3, 11.4.6, 13.4.2, 13.4.3, 14.4.2, 14.4.3, 14.4.5, 15.4.4, 15.4.5, 15.4.11, 15.4.12, 15.4.13, 16.4.4, 16.4.5, 16.4.6, 16.4.9, 16.4.10, 16.4.12, 16.4.16, 16.4.19, 16.4.22, 16.4.23, 16.4.24, 16.4.25, 16.4.26, 16.4.29, 16.4.33, 16.4.37, 16.4.38, 16.4.44, 18.4.11, 18.4.15, 18.4.19, 18.4.20, 19.4.8, 19.4.0, 19.4.10, 19.4.12, 19.4.13, 20.4.16, 20.4.17, 20.4.19, 24.4.1, 26.4.6, 26.4.11, 28.4.1, 28.4.3, 30.4.1, 30.4.2, 30.4.3, 32.4.1, 32.4.2, 33.4.1, 35.4.1, 37.4.3, 37.4.6, 40.4.1, 41.4.3

[4] Para No. 3.4.2, 3.4.3, 11.4.1, 15.4.1, 16.4.1, 18.4.1, 20.4.2, 20.4.4, 20.4.5, 20.4.7, 22.4.1, 22.4.2, 27.4.1, 29.4.1, 38.4.1

[5] Para No. 3.4.14, 3.4.15

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.

SUMMARY TABLES & CHARTS

SUMMARY TABLES & CHARTS

I. Audit Work Statistics

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

Sr. No.	Description	No.	Amount
1.	Total Entities (Ministries / PAOs) in Audit Jurisdiction	63	1,073,450.660*
2.	Total formations in audit jurisdiction	2,830	
3.	PAO's Planned	48	1,167,661.710*
4.	Formations Planned	434	
5.	Total Entities (Ministries / PAOs) Audited	46	1,062,516.810*
6.	Total formations Audited	294	
7.	Audit & Inspection Reports	294	
8.	Special Audit Reports	1	461.794
9.	Performance Audit Reports	-	-
10.	FAP Reports	13	40,146.94
11.	Certification Reports	4	12,047,868.000

***** *Budgeted amount*

II. Audit Observations Classified by Categories

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

Sr. No.	Description	Monetary Value of Audit Observations
1.	Unsound asset management	3,752.811
2.	Weak financial management	55,506.784
3.	Weak internal controls relating to financial management	47,944.225
4.	Others	9,710.635
	Total	**116,914.455**

III. Outcome Statistics

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

Sr. No.	Description	Expenditure on Acquiring Physical Assets (Procurement)	Civil Works	Receipts	Others	Total Current Year	Total Last Year
1.	Outlays Audited	42,500.672	21,250.336	10,625.168	988,140.633	1,062,516.810	1,164,763.460
2.	Monetary Value of Audit Observations	423.608	291.265	10,544.110	105,655.472	116,914.455	274,234.380
3.	Recoveries pointed out at the instance of audit	24.633	-	3,357.320	2,228.560	5,610.513	3,013.552
4.	Recoveries accepted / Established at the instance of audit	24.633	-	3,357.320	2,228.560	5,610.513	3,013.552
5.	Recoveries realized at the instance of audit	-	-	27.027	3.601	30.628*	913.834

* This figure includes recoveries amounting to Rs. 19.732 million from July, 2013 to December, 2013 and Rs. 10.896 million from February, 2013 to June, 2013.

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.	92,785.718
2.	Reported cases of fraud, embezzlement, thefts and misuse of public resources.	3.037
3.	Accounting Errors (accounting policy departure from NAM, misclassification, over or understatement of account balances) that are significant but are not	592.000

	material enough to result in the qualification of audit opinions on the financial statement.	
4.	If possible quantify weaknesses of internal control systems.	10,325.759
5.	Recoveries and overpayments, representing cases of established overpayment or misappropriations of public monies.	5,610.513
6.	Non-Production of record.	7,591.357
7.	Others, including cases of accidents, negligence etc.	6.071

V. Cost-Benefit

Table 5 **(Rs. in million)**

Sr. No.	Description	2013-14 Amount	2012-13 Amount
1.	Outlays Audited	1,062,516.810	1,164,763.460
2.	Expenditure on Audit	147.131	129.509
3.	Recoveries realized at the instance of audit	30.628	913.834
Cost-Benefit Ratio		**0.21**	**7.06**

CHAPTER 1

1. PUBLIC FINANCIAL MANAGEMENT ISSUES

1.1 ACCOUNTANT GENERAL PAKISTAN REVENUES (AGPR)

1.1.1 Unauthorized expenditure from Secret Service Fund - Rs. 112.746 million

Risk Categorization: High

Observation:

Para 1 of Finance Division letter No. F.3(12)-212/75 dated 29.04.1976 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 in connection with the secret services and furnish a certificate annually to the Accountant General in this behalf in the prescribed form. The authorized officer and the controlling (audit) officer are, therefore, required to perform their functions independent of each other for the operation of the said fund.

Para 2 of Finance Division letter No. F.3(12)R.12/75 dated 22.11.1976 provides that when secret service funds are first placed at the disposal of an authority, it is done with the concurrence of the Finance Division and that authority is specified in the sanction by designation. Powers thus stand delegated to that authority only (and no other) to draw and operate upon the funds.

The management of AGPR allowed expenditure of Rs. 112.746 million during 2012-13 under object head A03914-Secret Service from ID-1425 of National Crises Management Cell (NCMC) under Ministry of Interior. Details are as under:

(Rupees)

S. No.	Object	Amount
1.	Pay and Allowances	11,627,241
2.	Operating expenses	101,118,705
	Total	**112,745,946**

Audit observed as under:

i. The Director General a BS-20 officer of National Crises Management Cell had been issuing withdrawal and utilization of funds certificates. The Secretary Ministry of Interior was not authorized to delegated power to Director General.

ii. No certificate of Controlling (Audit) Officer regarding administrative audit of expenditure was available on record, without which funds could not be withdrawn.

iii. Reconciliation of expenditure was not carried out.

Implications:

Audit is of the view that the expenditure incurred was irregular and unauthorized.

Management Response:

AG Office:

The management replied that Director General, NCMC was the operating officer as per rules and was authorized to utilize and sign the Secret Service Expenditure certificates. A monthly reconciliation statement, as well as Budget Execution Report (BER), was sent to all Ministries in order to carry out reconciliation with AGPR.

During the Clearing House meeting on 09.12.2013, the Controller General of Accounts directed the AGPR to write a letter to the Ministry of Interior for provision of requisite certificate of utilization of funds as per rules under intimation to Audit.

Audit Comments:

Audit recommends that certificates from the Controlling Officer duly nominated by the government should be obtained as required under Finance Division letter No. F.3(12)-212/75 dated 29.04.1976.

1.1.2 *Booking of Permanent Debt receipt (National Savings Bonds) in minus - Rs. 592.000 million*

Risk Categorization: High

Observation:

Para 5.2.2.5 of Accounting Polices and Procedure Manual states that officers receiving public money will be held accountable for all public monies received by them and must maintain a proper record of receipts.

An amount of Rs. 592.000 million was booked as minus under Note 16.1-Permanent Debt (National Savings Bonds) of the Financial Statements.

Implications:

Audit is of the view that the receipt of domestic permanent debt was understated in the Financial Statements.

Management Response:

AG Office:

The management replied that matter had been taken up with the Central Directorate of National Savings (CDNS).

During the Clearing House meeting on 09.12.2013 the Controller General of Accounts directed the AGPR to arrange a meeting with CDNS and take corrective measures.

Audit Comments:

Audit recommends that the matter may be reconciled between AGPR and CDNS.

1.2 CENTRAL DIRECTORATE OF NATIONAL SAVINGS (CDNS)

1.2.1 Irregular expenditure on purchase of physical assets despite ban - Rs. 13.375 million

Risk Categorization: High

Observation:

Finance Division vide U.O. No. F.7(1)Exp.IV/2012 dated 24.07.2012 imposed ban on purchase of physical assets, including all types of vehicles, w.e.f. 01.07.2012 during 2012-13.

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

The tender notice dated 25.03.2012 indicated that item No. 5 was for the supply of 'UPS with accessories and installation'. The bids were opened on 10.05.2012, and M/s Astrontech was declared the lowest bidder with a unit price of Rs. 104,900.

The management of Central Directorate of National Savings purchased the following items under "Purchase of Physical Assets" during 2012-13:

(Rupees)

S. No.	Description	Supplier	Cheque No.	Date	Amount
1.	Desktop Computers	M/s Mega Plus	861506	20.06.2013	5,000,000
2.	UPS Installation	M/s Astrontech	938526	20.06.2013	4,444,482
3.	CCTV Cameras Installation	M/s Astrontech	938526	20.06.2013	3,555,400
4.	Bio Metric Access Control System	M/s Limton	861505	24.06.2013	375,600
				Total	**13,375,482**

Audit observed as under:

i. Physical assets were procured despite ban imposed by the Finance Division.

ii. According to Regional Directorate National Savings, Gujranwala letter No. F.7(139)RDG/ADMN/2013/2210 dated 14.03.2013 six desktop computers were lying in packed and sealed condition resulting in waste of public resources.

iii. Desktop computers were purchased without any demonstration as mentioned on the attendance sheet dated 07.05.2012, whereas it was the requirement of the management before a final decision for the procurement.

iv. M/s Astrontech undertook work for the installation of UPS @ Rs. 178 per RFT whereas this was already part of the quoted unit price of Rs. 104,900 as per Comparative Statement for financial bids opened on 10.05.2012. Therefore, installation charges of Rs. 4.444 million paid to M/s Astrontech was excess payment.

Implications:

Audit is of the view that expenditure on purchase of physical assets was irregular, unauthorized and resulted in excess payment.

Management response:

CDNS:

The management replied that the Finance Division conveyed the relaxation on ban on physical assets for the year 2011-12 on 21.03.2012. The Purchase Order for supply of 60 desktop computers was issued to M/s Megaplus on 06.06.2012 keeping in view the availability of funds in 2012-13. Regarding installation of UPS, M/s Astrontech quoted installation charges of Rs. 178 per RFT in the financial bid. Similarly, M/s Astrontech installed the CCTV cameras and their bills were cleared in 2012-13. Further, the tender for installation of Bio Metric Access Control System was floated on the website of CDNS as well as on the PPRA on 24.05.2012.

Audit Comments:

The reply indicates that the management has accepted the audit observation because the relaxation of ban was only for the year 2011-12 and not for 2012-13. Further, the installation charges were already included in the financial bid of M/s Astrontech as evident from the tender document which requires supply of ‘UPS with accessories and installation’.

Audit recommends that inquiry be held and responsibility may be fixed for the irregularity.

1.2.2 Unauthorized expenditure in violation of the austerity measures - Rs. 3.490 million

Risk Categorization: High

Observation:

Para 1(2) of the Finance Division O.M. No. F.7(1)Exp.IV/2012 dated 24.07.2012 states that the Cabinet has been pleased to approve continuation of austerity measures in the current expenditure notified in 2011-12 during financial year 2012-13 w.e.f. 01.07.2012. This included expenditure on Travelling Allowance, Repair of Transport and POL/CNG which will be curtailed by 20% of allocated budget under these heads.

Para 2 of Finance Division O.M. No. F.7(1)Exp.IV/2012 dated 24.07.2012 states that all Ministries/Division are requested to circulate the above instruction to all concerned for strict compliance.

The management of Central Directorate of National Savings (CDNS) incurred an expenditure of Rs. 14.324 million on Travelling Allowance and Rs. 3.557 million on Repair of Transport during 2012-13.

Audit observed that excess expenditure amounting to Rs. 3.490 million was incurred on Travelling Allowance and Repair of Transport in violation of the austerity measures imposed by the Finance Division. Details are as under:

(Rupees)

S. No.	Detail Object Description	Original Budget	20% Curtailment	Budget After Curtailment	Actual Expenditure	Excess Expenditure
1.	A03805-Travelling Allowance	10,130,000	2,026,000	8,104,000	11,225,067	3,121,067
2.	A13001-Repair of Transport	2,138,000	427,600	1,710,400	2,078,924	368,524
	Total	**12,268,000**	**2,453,600**	**9,814,400**	**13,303,991**	**3,489,591**

Implications:

Audit is of the view that the excess expenditure incurred on restricted heads was irregular and unauthorized.

Management response:

CDNS:

The management replied that the Finance Division O.M. dated 24.07.2012 was superseded vide Finance Division O.M. dated 26.07.2012 wherein it was stated that austerity measures notified vide Finance Division O.M. dated 17.08.2011 shall continue during financial year 2012-13.

Audit Comments:

The reply was not accepted because the O.M. No. F.7(1)Exp-IV/2012 dated 26.07.2012 only excluded the expenditure on POL from the austerity measures. The expenditure on Travelling Allowance and Repair of Transport was required to be curtailed by 20% under the austerity measures.

Audit recommends that responsibility be fixed for the irregularity.

1.2.3 Irregular and unauthorized re-appropriations of funds into banned heads of accounts - Rs. 18.140 million

Risk Categorization: High

Observation:

Finance Division O.M. No. F.7(1)Exp-IV/2012 dated 26.07.2012 states that the Cabinet in its meeting held on 01.06.2012 has been pleased to approve the continuation of austerity measures notified vide this Division's O.M. No. F.7(2)Exp.IV/2011 dated 17.08.2011, during financial year 2012-13 also.

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

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 2012-13 vide re-appropriation orders No. 1 to 10.

Audit observed that the management re-appropriated funds amounting to Rs. 18.140 million from and to banned heads, as per following details:

(Rupees)

Re-appropriation Order No.	RE-APPROPRIATION FROM		
	Code	**Head of account**	**Amount**
2	A03301	Gas	154,000
2	A03302	Water charges	22,000
2	A03303	Electricity	70,000
2	A03805	Travel Allowance	465,000
2	A13001	Repair of Transport	145,000
2	A13101	Repair of Mach. & Equipment	4,000
2	A13201	Repair of Furniture & Fixture	71,000
8	A03301	Gas	199,000
8	A03302	Water charges	111,000
8	A03302	Water charges	1,565,000
8	A03805	Travel Allowance	13,000
8	A03805	Travel Allowance	186,000
8	A03901	Stationery	5,000
8	A13001	Repair of Transport	56,000
8	A13101	Repair of mach. & equipment	4,000
8	A13201	Repair of furniture and fixture	6,000
9	A03302	Water charges	4,000
9	A03303	Electricity	372,000
9	A03805	Travel allowance	151,000
9	A13201	Repair of furniture and fixture	19,000
10	A03805	Travel allowance	138,000
		Total	**3,760,000**

Re-appropriation Order No.	RE-APPROPRIATION TO		
	Code	**Head of account**	**Amount**
2	A03301	Gas	154,000
2	A03302	Water charges	22,000
2	A03303	Electricity	70,000
2	A03805	Travel Allowance	465,000
2	A03901	Stationery	796,000
2	A13001	Repair of Transport	145,000
2	A13101	Repair of Mach. & Equipment	600,000
2	A13201	Repair of Furniture & Fixture	71,000
3	A03303	Electricity	400,000
3	A13101	Repair of Mech. & Equipment	150,000
4	A03301	Gas	50,000
4	A03302	Water charges	110,000
4	A03303	Electricity	40,000

4	A03901	Stationery	5,000
5	A03303	Electricity	3,050,000
5	A03805	Travel Allowance	320,000
5	A13101	Repair of Mech. & Equipment	150,000
5	A13201	Repair of Furniture & Fixture	25,000
7	A03301	Gas	25,000
7	A03302	Water charges	26,000
7	A03303	Electricity	560,000
7	A03805	Travel Allowance	307,000
7	A13101	Repair of machinery & equipment	92,000
8	A03301	Gas	199,000
8	A03302	Water charges	111,000
8	A03302	Water charges	1,765,000
8	A03805	Travel Allowance	186,000
8	A03805	Travel Allowance	1,250,000
8	A03901	Stationery	5,000
8	A03901	Stationery	651,000
8	A13001	Repair of Transport	56,000
8	A13101	Repair of mach. & equipment	4,000
8	A13201	Repair of furniture and fixture	6,000
8	A13001	Repair of Transport	137,000
8	A13101	Repair of mach. & equipment	615,000
8	A13201	Repair of furniture and fixture	15,000
9	A03301	Gas	70,000
9	A03302	Water charges	4,000
9	A03302	Water charges	20,000
9	A03303	Electricity	372,000
9	A03805	Travel allowance	151,000
9	A03805	Travel allowance	499,000
9	A03901	Stationery	225,000
9	A13001	Repair of transport	16,000
9	A13101	Repair of mach. & equipment	233,000
9	A13201	Repair of furniture and fixture	19,000
10	A03805	Travel allowance	138,000
		Total	**14,380,000**

Implications:

Audit is of the view that the re-appropriations in the banned heads was in violation of the instructions of the Cabinet circulated by the Finance Division.

Management response:

CDNS:

The management replied that the Finance Division O.M. dated 24.07.2012 was superseded vide Finance Division O.M. dated 26.07.2012 wherein it was stated that austerity measures notified vide Finance Division O.M. dated 17.08.2011 shall continue during financial year 2012-13. System of Financial Control and Budgeting used the words “From” “To” and “Within” in case of re-appropriation of funds from heads.

Audit Comments:

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

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

CHAPTER 2

2. AVIATION DIVISION

2.1 Introduction of Division

The following departments/offices and functions were assigned to Aviation Division vide SRO No. 622(I)/2013(F. No. 4-8/2013-Min-I) dated 28.06.2013:

i. Aircraft and air navigation; administration of the Civil Aviation Ordinance, 1960

ii. Development of civil aviation in Pakistan

iii. Provision of aerodromes

iv. Airports Development Agency

v. Regulation, organization and safety of air traffic and of aerodromes and administration of Airports Security Force

vi. Pakistan International Airlines Corporation

vii. Air Service agreements with other countries; liaison with International Civil Aviation Organization and other international agencies concerned with aviation

viii. Federal Meteorological Organizations and Meteorological observations; World Meteorological Organizations

LIST OF ATTACHED DEPARTMENTS

i. Pakistan Meteorological Department

ii. Headquarters of Airports Security Force

2.2 Comments on Budget & Accounts (Variance Analysis)

No separate Grant was allocated to the Division during 2012-13, therefore, grant analysis could not be performed.

2.3 Brief comments on the status of compliance with PAC Directives

Name	Years	No of audit paras	No of Actionable Points	Full Compliance	Not Complied	% of Compliance
Aviation Division	1997-98	7	7	7	0	100%
	2000-01	26	26	25	1	96%
	2005-06	1	1	1	0	100%
Total		**35**	**35**	**34**	**1**	**97%**

2.4 AUDIT PARAS

Irregularity & Non Compliance

2.4.1 Irregular payment of Conveyance Allowance to employees residing within the Pakistan Meteorological Department compound - Rs. 5.435 million

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 residence-office Conveyance Allowance.

The management of Pakistan Meteorological Department (PMD), Islamabad paid Conveyance Allowance amounting to Rs. 5.435 million to its employees residing in PMD flats and hostels.

Audit observed that Conveyance Allowance was paid to the employees residing in flats/hostels within the work premises/compound of PMD.

Audit is of the view that the payment of Conveyance Allowance to employees residing within the work premises/compound was irregular.

The management replied that officers/staff were provided residence near the office so as to meet any emergency and the gate of residence was separate from office, therefore, conveyance allowance was granted to the staff residing in colony.

The reply was not accepted because the employees were residing within the compound of PMD and as per rule they were not entitled for Conveyance Allowance.

The PAO was informed on 09.12.2013, but DAC was not held till the finalization of the report.

Audit recommends that the amount should be recovered from the employees, besides discontinuing the irregular practice.

CHAPTER 3

3. BENAZIR INCOME SUPPORT PROGRAM (BISP)

3.1 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, accident 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;

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 the Ordinance;

e. To approve criteria of eligible families for financial assistance under the programme;

f. To present annual progress reports to the Council and consider recommendations.

3.2 Comments on Budget & Accounts (Variance Analysis)

Original budget allocated to the Benazir Income Support Program for the financial year 2012-13 was Rs 60,000.00 million, out of which the Program incurred an expenditure of Rs. 50,096.566 million resulting in a saving of Rs. 7,909.338 million which is 13.64% 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)
110	Development	60,000,000,000	10,000,000,000	58,005,904,325	50,096,566,069	(7,909,338,256)	(13.64)
	Total	60,000,000,000	10,000,000,000	58,005,904,325	50,096,566,069	(7,909,338,256)	(14)

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

3.3 Brief comments on the status of compliance with PAC Directives

There is no PAC Directive in respect of BISP.

3.4 AUDIT PARAS

Fraud /Misappropriation

3.4.1 Fraudulent withdrawal of salaries from Government of Sindh - Rs. 2.037 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 BISP, Regional Office, Karachi acquired the services of three officers/official on deputation from the Government of Sindh and paid an amount of Rs. 3.275 million as Pay and Allowances.

Audit observed that the officers/official continued to draw salary from their previous departments simultaneously. Details are as under:

(Rupees)

S. No.	Name	Designation	Parent Office	Date of Appointment in BISP	Salary paid by AG Sindh	Salary paid by BISP
1.	Mr.Niaz Ahmed Memon	Assistant Director (SPS-17)	Social Welfare Department	09.10.2012	824,510	1,294,335
2.	Mr. Habib Iqbal Abbasi	Assistant Director (SPS-17)	Social Welfare Department	09.10.2012	834,984	1,469,840
3.	Mr. Lakhano Shabi Hussain	Driver (SPS-5)	Education & Literacy Department	09.03.2012	377,956	511,778
				Total	**2,037,450**	**3,275,953**

Audit is of the view that simultaneous withdrawal of salary from two different offices was illegal and fraudulent which resulted in loss to government.

The management did not reply.

The PAO was informed on 18.11.2013, but DAC was not held till the finalization of the report.

Audit recommends that disciplinary action should be initiated against officers/official for the fraudulent withdrawal of salary besides recovery of the fraudulently withdrawn salary.

Non Production of Record

3.4.2 Non-production of record - Rs. 233.160 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 incurred an expenditure of Rs. 233.160 million on Waseela-e-Sehat Programme during 2012-13.

Audit requested detailed record of the expenditure incurred but despite written and verbal requests no record was provided.

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 all the auditable record related to the beneficiary payments under various initiatives was shared with the audit team. However, if Audit required any further clarification, the BISP management was ready to provide the required information.

The reply was not accepted because the record related to Waseela-e-Sehat Program was not provided to Audit.

The PAO was informed on 09.12.2013, 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 relevant record.

*3.4.3 Non production of record - Rs. 5.403 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 BISP, Regional Office, Karachi paid an amount of Rs. 5.403 million as Pay and Allowances to Mr. Pervaiz Iqbal, Director, Regional Office, Karachi.

Despite verbal requests and written request through Audit Memo No. OAP/DG-BISP/2009-13/ dated 03.09.2013 the management did not provide the following record:

i. Copy of LPC from the management of National Bank of Pakistan
ii. Copy of revised LPC equivalent to BPS-19
iii. Copy of Office Order for appointment on deputation
iv. Copy of revised pay slips from BISP, Islamabad
v. Copy of procedure regarding fixation of pay
vi. Sanctioned strength and working strength of Directors (B-19) in BISP, Regional Office, Karachi

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

The management did not reply.

The PAO was informed on 18.11.2013, 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 provision of record.

* Note: The earlier title of the para was 'Irregular expenditure on Pay & Allowances of Mr. Pervaiz Iqbal, Director, BISP Sindh, Karachi - Rs. 5.403 million'

Irregularity & Non Compliance

3.4.4 Regulations for disbursement of funds not approved by the BISP Board - Rs. 37,041.236 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 2012-13 under Poverty Scorecard System, Parliamentarian System, Waseela-e-Haq, Waseela-e-Rozghar, Waseela-e-Sehat and Emergency Relief Package. Details are as under:

(Rupees)

S. No.	Particulars	FY 2012-13
1.	Poverty Scorecard System	33,825,432,526
2.	Parliamentarian System	68,130,000
3.	Waseela-e-Haq	1,219,040,272
4.	Waseela-e-Rozghar	1,677,134,432
5.	Waseela-e-Sehat	233,160,070
6.	Emergency Relief Package	18,338,247
	Total	**37,041,235,547**

Audit observed as under:

i. 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.

ii. The Board on an *ad-hoc* 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 payments to the BISP beneficiaries under various initiatives were being made with the approval of BISP Board and in light of Payment Manual duly vetted by the World Bank. The management further stated that presently the BISP Board stood dissolved, and the Regulations would be notified upon reconstitution of the Board.

The reply was not accepted because the Payment Manual cannot replace the Regulations required to be notified under the BISP Act.

The PAO was informed on 09.12.2013, but DAC was not held till the finalization of the report.

Audit recommends that the Regulations should be got approved from the BISP Board in order to ensure that the funds are disbursed to the beneficiaries according to defined procedures.

3.4.5 Irregular and unauthorized monetization of official vehicles to non-entitled officers and payment of Monetization Allowance - Rs. 22.529 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.

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.

Rule 2(x) of Use 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.

The management of Benazir Income Support Programme monetized twenty vehicles, Suzuki Cultus 1000cc costing Rs. 18.114 million to BS-18 and BS-19 officers and also paid Monetization Allowance amounting to Rs. 4.739 million to these officers from February to June, 2013. Details are at Annexure-II.

Audit observed as under:

i. The BISP Board had not approved regulations to determine the entitlement and use of Staff Cars.
ii. The Monetization Policy was for Civil Servants of Ministries/Divisions/ Attached Departments and sub-ordinate offices in BS-20 to BS-22.
iii. Vehicles were monetized to non-entitled officers of BS-18 and BS-19.
iv. Non-entitled officers were also being paid Monetization Allowance.
v. Vehicles were also monetized to eight contract employees.

Audit is of the view that monetization of vehicles and payment of Monetization Allowance was irregular and unauthorized.

The management replied that the proposal to purchase of vehicles for Directors was placed in its 2nd Board meeting keeping in view the operational requirements of their job which was approved by the BISP Board accordingly. Monetization policy was also approved by the Board in its 16th meeting.

The management further stated that BISP Board had decided to extend monetization policy to Directors (SPS-19) as well as those who were working as Directors (SPS-18) in their own pay scales, as the operational nature of their jobs required extensive travelling.

The reply was not accepted because the Monetization Policy was only applicable to the regular entitled officers of the Federal Government, i.e. BS-20 to BS-22, and not to contract or provincial government employees.

The PAO was informed on 09.12.2013, but DAC was not held till the finalization of the report.

Audit recommends that monetized vehicles may be retrieved from the officers, the Monetization Allowance may be recovered from the non-entitled officers.

3.4.6 Adoption of Special Pay Scales by BISP Board without the concurrence of Finance Division - Rs. 829.722 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.

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

Para 25 of General Financial Rules 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 on19.10.2010 approved and adopted the BISP Pay Package along with various allowances w.e.f. 01.07.2010. The basic pay of the employees was doubled in comparison to Government Pay Scales 2008. In addition to doubling the basic pay following allowances were also approved:

i. BISP Allowance ranging from Rs. 2,000 to Rs. 50,000 from SPS-1 to SPS-21.

ii. House Rent Allowance @ 60% of SPS basic pay

iii. Medical Allowance @ 25% of SPS basic pay

iv. Utility Allowance @ 25% of SPS basic pay

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

vi. Education Allowance @ 10% of SPS basic pay

vii. 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.

iii. The management paid Rs. 829.722 million on account of pay and allowances according to Special Pay Scales during 2012-13. Details are as under:

(Rupees)

S. No.	Description	Contract Employees	Deputationists
1.	Basic Pay	138,802,040	49,143,736
2.	BISP Allowance	119,415,000	75,712,000
3.	Utility Allowance	54,414,645	24,571,950
4.	Medical Allowance	54,414,645	24,571,950
5.	Educational Allowance	21,765,858	9,828,752
6.	House Rent Allowance	130,595,148	58,972,488
7.	Mobile Allowance	7,004,000	5,214,000
8.	Conveyance Allowance	42,280,446	13,015,552
	Total	**568,691,782**	**261,030,428**

Audit is of the view that:

i. Employees were entitled to the pay and allowances and terms and conditions in vogue applicable to civil servants in the Federal Government.

ii. The approval and adoption of Special Pay Scales without the concurrence of the Finance Division was irregular and unauthorized.

The management replied that in exercise of the powers conferred by virtue of Section 23 of the Benazir Income Support Programme Act, 2010, the Board settled the Terms & Conditions of employees by approving the Service Regulations, 2012 for BISP employees in which all other terms & conditions of service of its employees have been laid down. The board also approved Special Pay Scales. The SPS were approved & adopted by the BISP Board as per Section 6 of BISP Act, 2010.

The BISP management further informed that the decision was taken by the Board; it does not require any approval by the Finance Division according to the provision of the Act.

The reply was not accepted because:

i. Section 6(1)(d) and Section 23 of BISP Act, 2010 only state that the Board may make regulations to carry out the purposes of the Act.

ii. The Terms and Conditions of employment were required to be determined under Section 18 of the BISP Act, 2010 pursuant to the regulations laid down under Section 23.

iii. No evidence was provided that the Service Regulations, 2012 had been concurred by the Finance Division and notified by the management.

iv. The Service Regulations, 2012, even if concurred and notified, could not have retrospective effect in view of the proviso to Section 18 of the BISP Act, 2010.

v. The PAO was informed on 09.12.2013, but DAC was not held till the finalization of the report.

Audit recommends that pay and allowances in excess of the government pay scales may be recovered and deposited into government treasury.

3.4.7 Irregular payment of House Rent Allowance to deputationists - Rs. 4.720 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, 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.

The management of BISP paid Rs. 4.720 million on account of House Rent Allowance @ 60% of Special Basic Pay per month to 20 deputationists during 2012-13. Details are as under:

(Rupees)

S. No.	Name	Designation as per LPC	BPS	HRA (BISP)/ per month	Total
1	Jamal Abdul Nasir Usmani	Director General	20	51,570	618,840
2	Zulfiqar Khan	Assistant Accountant General	18	22,188	266,256
3	Muhammad Saleem	Audit Officer	18	29,436	353,232
4	Ehsanullah Cheema	Deputy Director	18	44,508	534,096
5	Zafar Iqbal Siddiqui	Assistant Accounts Officer	17	18,036	216,432
6	Syed Waseem Abbas	Assistant Accounts Officer	17	15,372	184,464
7	Ch. Zulfiqar Ali	Assistant Accounts Officer	17	18,924	227,088
8	Rana Kaiser Ishaq	Section Officer	18	27,804	333,648
9	Sobia Nawaz	Assistant Accounts Officer	17	16,260	195,120
10	Hina Gul	Section Officer	17	16,488	197,856
11	Akhtar Mehmood	Senior Auditor	16	13,476	161,712
12	Javed Akhtar	Senior Auditor	16	20,244	242,928
13	M Khanvez	Senior Auditor	16	11,784	141,408
14	Javed Khan	Stenographer	16	22,500	270,000
15	Amin ur Rehman	Stenographer	15	9,528	114,336
16	Qurban Ali Baqar	Stenographer	15	18,552	222,624
17	Sohail Ahmad	Assistant	14	8,184	98,208
18	Imtiaz Ahmad Sial	Assistant	14	6,816	81,792

19	M Zafar Iqbal	Assistant	14	14,112	169,344
20	Muhammad Basharat	Naib Qasid	2	7,584	91,008
		Total		**393,366**	**4,720,392**

Audit observed as under:

i. The House Rent Allowance paid to the deputationists who were residing in the government accommodations was more than their monthly rental ceiling.

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

Audit is of the view that the deputationists provided with government accommodations were not entitled for House Rent Allowance @ 60% of SPS.

Audit is also of the view that failure to deposit the 60% House Rent Allowance deprived the government of its due receipt.

The management replied that the House Rent Allowance @ 60% of the basic pay is a part of Pay & Allowances of SPS approved by the BISP Board under BISP Act, 2010. It was decided that standard rent would be deposited by the employees having government accommodation.

The reply was not accepted because the total monthly House Rent Allowance payable to the allottee or his rental ceiling, whichever is more, should be deposited into the government treasury by the organization.

The PAO was informed on 09.12.2013, 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 by BISP.

3.4.8 Irregular monetization of official vehicle to Secretary, BISP - Rs. 1.008 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.

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.

The Management of Benazir Income Support Programme monetized Honda City 1300cc, GT-537 to Secretary, BISP during 2012-13 costing Rs. 1.008 million.

Audit observed as under:

i. The monetization policy was for Civil Servants of Ministries/Divisions/Attached Departments and sub-ordinate offices.

ii. Secretary, BISP was a contract employee.

Audit is of the view that monetization of the vehicle to the Secretary, BISP was irregular as the Monetization Policy issued by the Cabinet Division was not applicable to a contract employee.

The management replied that BISP was formed through an Act of Parliament and is being run under BISP Act, 2010. However, until promulgation of its own Staff Car Rules, BISP is following the Staff Car Rules, 1980 as per requirements of Section 18 of BISP, Act. Accordingly the Monetization policy was also approved by the Board in its 16th meeting in line with the Monetization Policy of the Federal Government.

The reply was not accepted because the Monetization Policy issued by the Cabinet Division was not applicable to a contract employee.

The PAO was informed on 09.12.2013, but DAC was not held till the finalization of the report.

Audit recommends that the full cost of the vehicle should be recovered from the officer.

3.4.9 Irregular payment to M/s United Insurance Company - Rs. 11.558 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 6(2) of Benazir Income Support Programme Act, 2010 states that the Board may, through a majority decision of its Members and subject to such conditions as it deems necessary, delegate any of its functions and powers to the Chairperson or any Member. All actions taken in the exercise of all such delegated functions and powers shall be submitted to the Board for approval in the subsequent Board meeting.

Request for Expression of Interest was advertised on 12.11.2010 in print media against which five companies submitted their Expressions of Interest.

A meeting of the Evaluation Committee held on 06.12.2010 to evaluate the Expressions of Interest, which recommended the following three firms for issuance of Request for Proposal (RFP) inviting therein Technical and Financial Proposals:

S. No.	Name of Company	Score
1.	Adamjee Insurance	74.00
2.	United Insurance Company	70.50
3.	New Jubilee Insurance	62.00

In response only one company, i.e. United Insurance Company submitted its proposal.

The BISP management entered into an agreement with M/s United Insurance Company on 28.10.2011 for cattle insurance for which an amount of Rs. 11.558 million was paid during 2012-13. Details are as under:

(Rupees)

S. No.	Date	Cheque No.	Amount
1.	29.08.2012	971780	2,129,500
2.	21.11.2012	011477	1,487,750
3.	08.04.2013	038146	7,940,000
		Total	**11,557,250**

Audit observed that cattle insurance policy was not approved by the BISP Board.

Audit is of the view that payment for cattle insurance without the approval of the BISP Board was irregular and unauthorized.

The management replied that cattle insurance was approved by Secretary, BISP and also vetted by Chairperson, BISP who was also the Chairperson of the BISP, Board.

The reply was not accepted for the following reasons:

i. The Secretary, BISP was not competent to approve cattle insurance policy

ii. The cattle insurance policy was not approved by the BISP Board

iii. No powers were delegated to the Chairperson by the Board.

The PAO was informed on 09.12.2013, but DAC was not held till the finalization of the report.

Audit recommends that responsibility may be fixed for the irregularity.

3.4.10 Un-authorized retention of government funds - Rs. 1,594.952 million

Para 2(d)(1)(c) of Annex C: Payment Manual (Un-conditional & Co-responsibility Cash Transfer) of Benazir Income Support Program states that for money orders which have not been delivered to the BISP beneficiaries, for a pre-determined number of consecutive times, the unpaid amount would be sent back to the concerned GPO for onward transfer to BISP main account at Islamabad. In case this is not done on time, BISP would have the option to levy a penalty on daily or any other basis till the amounts are transferred.

Clause 2(3) of the Contract Agreement between BISP and Pakistan Post states that Pakistan Post will make two attempts to deliver the Money Order, including serving a hand written notice, retaining record of the notice thereof, to the recipient in this regard before declaring/canceling the Money Order as undeliverable.

Clause 4(o) of Contract Agreement between BISP and Habib Bank Limited (HBL) states that HBL shall refund the undisbursed amounts from BB-LMA-1/Level(0) accounts (whatever is applicable) to LMA-1 account of BISP at the end of each quarter.

Clause 4(o) of Contract Agreement between BISP and United Bank Limited (UBL) states that UBL shall refund the undisbursed amounts from BB-LMA-2 accounts to LMA-1 at the end of each month.

Clause 4(r) of Contract Agreement between BISP and Summit Bank Limited states that Summit Bank shall refund the undisbursed amounts from BB-LMA-1/Level(0) accounts (whatever is applicable) to LMA-1 account of BISP at the end of each quarter.

The management of BISP paid an amount of Rs. 1,594.952 million to 385,589 beneficiaries during 2012-13. Details are as under:

(Rupees)

S. No.	Type	Bank Code/ Agency	No. of Beneficiaries	Amount
1.	Bank	101	12,012	69,348,000
2.	Bank	102	24,955	209,895,000
3.	Bank	103	2	6,000
4.	Bank	104	12,278	92,222,000
5.	Bank	105	68,867	376,351,000
6.	Bank	106	7,379	57,880,600
7.	Phase-I	Pakistan Post	234	1,404,000
8.	Phase-II	Pakistan Post	259,862	787,845,000
		Total	**385,589**	**1,594,951,600**

Audit observed as under:

i. Payment of Rs. 1,594.952 million to 385,589 beneficiaries remained undelivered/ undrawn as per status report provided by MIS Wing.

ii. The management did not stop further payments to the beneficiaries who did not receive/draw money during 2012-13.

Audit is of the view that the amount of Rs. 1,594.952 million was retained by the commercial banks and Pakistan Post, which was irregular and unauthorized. Further, the status of beneficiaries who did not draw the paid amount remained doubtful.

The management replied that BISP makes payments (disbursement) through Assignment Account and it was impossible for BISP to refund or recover the undisbursed funds into the main Assignment Account from any of the disbursement agencies as per policy of the Ministry of Finance.

In case of Pakistan Post, F&A Wing, BISP and Pakistan Post reconcile their main accounts accordingly and adjust the undelivered amount in subsequent disbursements to settle the undisbursed amount.

In the case of partner banks, BISP initiated disbursement through LMA-1 account (maintained by banks) to the beneficiaries accounts where beneficiaries were able to draw the payments at any time. The State Bank of Pakistan had granted special relaxation to BISP to retrieve funds to its main account LMA-1 (maintained with the bank) if no activity was observed in the LMA-2 Account of a beneficiary during a particular period of time. BISP was in the process of finding source for a pilot project to assess as to why the amounts were not withdrawn. In case it was ascertained that any bank was creating technical problems in the withdrawal of money, then not only punitive action would be initiated against the concerned bank but also a policy would be devised to withdraw the amount in case of zero activity during a particular period.

The reply was not accepted because the point of view of the management that the amount could not be deposited back into the main account was in contradiction to Para 2(d)(1)(c) of Annex C: Payment Manual (Un-conditional & Co-responsibility Cash Transfer) of Benazir Income Support Program. Further, the reply indicates that the management has accepted the audit observation.

The PAO was informed on 09.12.2013, but DAC was not held till the finalization of the report.

Audit recommends that further payments to beneficiaries who had not withdrawn/ received funds should be stopped and responsibility may be fixed for continuing to include such beneficiaries in the payment generation list.

3.4.11 Irregular selection/appointment of commercial banks - Rs. 25,452.158 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 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 20 of Public Procurement Rules, 2004 states that the procuring agencies shall use open competitive bidding as the principal method of procurement for the procurement of goods, services and works.

Rule 34(1) of Public Procurement Rules, 2004 states that if the procuring agency has rejected all bids under Rule 33 it may call for a re-bidding.

Rule 34(2) of Public Procurement Rules, 2004 states that the procuring agency before invitation for re-bidding shall assess the reasons for rejection and may revise specifications, evaluation criteria or any other condition for bidders as it may deem necessary.

The management of BISP, Islamabad entered into agreements with six commercial banks for execution of BISP programmes and paid an amount of Rs. 24,611.768 million for onward distribution to beneficiaries and Rs. 840.390 million on account of commission charges during 2012-13.

Record relating to advertisement/RFPs for appointment of banks was not produced. However, from the perusal of files it was revealed that

Audit observed as under:

i. The file revealed that Request for Proposal was advertised on 16.08.2010 for pre-qualification for banking services (Alternate Payment Mechanism-Benazir Debit Card) against which two banks participated but their proposals were rejected without assigning any reason.

ii. Re-bidding was not resorted to.

iii. On 20.04.2011, the Governor State Bank of Pakistan was requested to invite maximum number of banks who were willing to participate in the distribution of BISP funds through Benazir Debit Card in 26 districts.

iv. The banks were appointed without open competition.

Audit is of the view that selection of banks without open competition was irregular and unauthorized.

The management replied that BISP did opt for a competitive process but did not finalized the process due to unhealthy response from the banks, as only two banks, i.e. United Bank Limited and Tameer Bank responded to the RFP. It was not possible for only two banks to cater for the needs of an efficient delivery mechanism for millions of beneficiaries, which would have led to a monopolistic situation. Eventually the matter was referred to the State Bank of Pakistan, i.e. regulatory authority for commercial banks for seeking assistance in identifying maximum number of banks authorized by State Bank for the intended task.

The reply was not accepted because open competition process was not carried out as per Public Procurement Rules, 2004 and the State Bank of Pakistan was not authorized to nominate the banks.

The PAO was informed on 09.12.2013, but DAC was not held till the finalization of the report.

Audit recommends that matter may be investigated and responsibility may be fixed.

3.4.12 Unauthorized retention of recovered amount - Rs. 1.243 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 BISP, Islamabad paid Rs. 2,609.187 million to 16,118 beneficiaries of Waseela-e-Haq as interest free loan during 2009-13. According to this programme an amount of Rs. 300,000 was given to BISP beneficiaries selected through balloting. This amount was returnable in 15 years. The recovery of first batch of beneficiaries was started in January 2013.

Audit observed that an amount of Rs. 1.243 million was recovered from 353 beneficiaries and deposited in BISP bank account No. 0341-22-007121-1, National Bank of Pakistan, Civic Center, Islamabad.

Audit is of the view that retention of loan recovery in BISP account was unauthorized.

The management replied that to retain the recovered amount in BISP account or to deposit it in the Government treasury is a BISP management decision which will be decided by the BISP as per law.

The reply indicates that the management has accepted the audit observation.

The PAO was informed on 09.12.2013, but DAC was not held till the finalization of the report.

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

3.4.13 Unauthorized payment to ineligible beneficiaries - Rs. 2,049.703 million

Para 5 of Schedule 5 of Asian Development Bank (ADB) Loan Agreement No. 2525-PAK(SF) for Accelerating Economic Transformation Program-Subprogram 2 dated 26.06.2009 with the Government of Pakistan states that the Borrower shall, and shall cause the BISP to ensure, that the Counterpart Funds are used to support poor vulnerable families that qualify for cash benefits under the new BISP Scorecard Targeting Method.

According to Section A of Chapter 1 of the Benazir Income Support Programme - Safety Net (BISP-SN) Targeting Manual for Data Collection, the beneficiary selection process is conducted by BISP through the application of a Proxy Means Test (PMT) formula. 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 Computerized National Identity Card (CNIC).

Clause 3(vi)(a) of Fund Disbursement Agreements with various commercial banks states that the installment of cash grant amount shall be paid quarterly, equal to the number of verified beneficiaries (possessing CNIC and not in the 'pending category') allocated to the commercial bank, for each district.

The management of BISP on 12.01.2012 paid Rs. 4,143.925 million through ADB Assignment Account No. 00158 to various commercial banks on estimation basis for onward distribution to 1,381,208 beneficiaries.

Audit observed that Rs. 2,049.703 million was paid to 683,235 beneficiaries whose CNIC were without an updated thumb impression and those who did not possess a CNIC. Details are as under:

(Rupees)

S. No.	Vr. No.	Bank	No. of Beneficiaries		Amount paid		Total
			No. of AFIS not available*	No. of 60% pending**	AFIS not available	60% Pending	
1.	3	Bank Alfalah	43,468	101,222	130,404,000	303,665,400	434,069,400
2.	4	Habib Bank Ltd	65,843	158,520	197,529,000	475,560,000	673,089,000
3.	5	Tameer Bank	22,703	29,872	68,109,000	89,614,800	157,723,800
4.	6	Summit Bank	16,260	16,414	48,780,000	49,242,600	98,022,600
5.	7	United Bank Ltd	72,514	156,419	217,542,000	469,256,400	686,798,400
		Total	**220,788**	**462,447**	**662,364,000**	**1,387,339,200**	**2,049,703,200**

* Those with CNIC but without an updated thumb impression and are not eligible for payment.

** Those without CNIC.

Audit is of the view that the amount of Rs. 2,049.703 million was paid to ineligible beneficiaries.

Audit is also of the view that undue favour was extended to the commercial banks by placing the funds at their disposal for ineligible beneficiaries.

The management replied that as per agreement signed with the partnering banks, BISP was required to issue quarterly installments in advance for each eligible beneficiary (with or without CNIC) and the banks would retain it for 30 days to cover the cost of printing and distributing the Benazir Debit Cards (BDC) to beneficiaries; as no such cost was charged to the beneficiaries. However, the installment was not beneficiary linked and eligible beneficiaries who would get their thumb impressions verified and possess a valid CNIC would receive the installment.

The reply indicates that the management has accepted the audit observation that payments were released to commercial banks for ineligible beneficiaries on estimation basis and not for specific beneficiaries identified through the BISP Scorecard Targeting Method.

During the verification of record on 07.03.2013, the management agreed that advance payments were released on estimation basis to commercial banks.

The DAC held on 02.04.2013 directed the management to provide the complete list of 683,235 ineligible beneficiaries for whom the payment was released and subsequently adjusted to Audit, within a week.

On 02.09.2013, the BISP management provided data of only 381,864 ineligible beneficiaries as on 10.01.2012. The review of the data revealed that out of 381,864 ineligible beneficiaries, payment amounting to Rs. 156.222 million was made to 52,074 beneficiaries only, thus establishing that the remaining 631,161 beneficiaries were not eligible for the remaining payment of Rs. 1,893.481 million. It was further revealed from analysis of the data of 381,864 ineligible beneficiaries shown to have been paid from ADB funds that 88,462 beneficiaries were paid an amount of Rs. 265.386 million through Pakistan Post after 10.01.2012 from GOP funds, i.e. in March and June, 2012 indicating duplicate payment.

Audit recommends that an inquiry be held and responsibility be fixed for payments made on estimation basis.

3.4.14 Duplicate payments to BISP beneficiaries through Pakistan Post and commercial banks - Rs. 6,867.392 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.

According to the soft data provided to Audit, the BISP management paid an amount of Rs. 6,867.392 million to Pakistan Post and commercial banks for onward disbursement to BISP beneficiaries through ADB Assignment Account No. 00158 during 2011-12. Details are as under:

(Rs. in million)

S. No.	Paid through	No. of Beneficiaries	Amount
1.	Commercial Banks	540,668	703.976
2.	Pakistan Post	3,081,708	6,163.416
	Total	**3,622,376**	**6,867.392**

Audit observed that payments of Rs. 6,867.392 million to 3,622,376 beneficiaries were already paid for the same period of installment from GOP funds as per soft data provided for GOP expenditure during Compliance with Authority Audit.

Audit is of the view that duplicate payments were made to 3,622,376 beneficiaries for the same period of installment who were previously paid through GOP funds.

The management replied that the BISP had a very comprehensive ‘Payment MIS’ and before an installment was issued, the MIS Wing checked each and every beneficiary’s status for duplicate payment. BISP launched Benazir Debit Card (BDC) in February, 2012 which had been gradually extended to other districts. During this transitional period, installment for the quarter was issued to a beneficiary as soon as the beneficiary received her BDC. Quarterly payments were issued through Pakistan Post to only those beneficiaries who were yet to receive their BDC. For those who had already received the BDC, the next installment was issued at the end of the next quarter. MIS was reconciled with partnering banks as well, and no duplicate payment was generated.

The reply was not accepted as the details of reconciliation of payments to beneficiaries provided to Audit was the same as the soft data of beneficiaries provided earlier, which indicates that duplicate payments were made. It is pertinent to mention that the management was maintaining separate Assignment Accounts for ADB Loan and GOP expenditure from where separate cheques were issued for payments.

During the verification of record on 07.03.2013, the management accepted that the soft data provided during field audit was the same data provided earlier during the audit of GOP expenditure.

The DAC held on 02.04.2013 directed that management to work out the details of the duplicate payments as per MIS of BISP within a week and provide the results to Secretary, BISP and to Audit.

On 30.05.2013, the BISP management provided soft data of beneficiaries but did not highlight the 683,235 ineligible beneficiaries. However, the data included an amount of Rs. 974.585 million pertaining to 324,186 beneficiaries which were earlier shown as expenditure from GOP funds, clearly indicating that duplicate data/payment was made.

Audit recommends that an inquiry be held and responsibility be fixed for making duplicate payments.

3.4.15 Duplicate cash transfer payments for 1,152,789 beneficiaries - Rs. 3,458.367 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 "Support to Pakistan National Cash Transfer Programme" under Benazir Income Support Programme (BISP) paid an amount of Rs. 4,147.563 million to banks against cash transfers for the period January to March, 2013 for onward disbursement to BISP beneficiaries through DFID Assignment Account No. 00181 during 2012-13, as per cheque-wise soft data of beneficiaries provided to Audit. Details are as under:

(Rupees)

S. No.	Bank	Cheque No.	Date	Installment Amount	No. of Beneficiaries	Cash Transfer Amount
1.	United Bank Ltd.	7596301	17.06.2013	3,000	316,902	950,706,000
2.	Bank Alfalah	7596303	17.06.2013	3,000	200,000	600,000,000
		7596307	25.06.2013	3,000	146,260	438,780,000
3.	Habib Bank Ltd.	7596304	17.06.2013	3,000	117,990	353,970,000
4.	Summit Bank	7596302	17.06.2013	3,000	40,000	120,000,000
		7596306	25.06.2013	3,000	41,619	124,857,000

5.	Tameer Bank	7596305	17.06.2013	3,000	200,000	600,000,000
		7596308	25.06.2013	3,000	319,750	959,250,000
				Total	**1,382,521**	**4,147,563,000**

Audit observed as under:

i. Payments amounting to Rs. 3,458.367 million to 1,152,789 beneficiaries had already been made for the same period of installment, i.e. January to March, 2013 from GOP Assignment Account as per soft data provided for GOP expenditure during Compliance with Authority Audit for the financial year 2012-13, thereby resulting in duplicate payments. Details are as under:

(Rs. in million)

S. No.	Bank	Cheque No.	Date	No. of Beneficiaries	Duplicate Payment
1.	United Bank Ltd.	7596301	17.06.2013	311,041	933.123
2.	Bank Alfalah	7596303	17.06.2013	195,904	587.712
		7596307	25.06.2013	136,577	409.731
3.	Habib Bank Ltd.	7596304	17.06.2013	117,990	353.970
4.	Summit Bank	7596302	17.06.2013	37,123	111.369
		7596306	25.06.2013	37,267	111.801
5.	Tameer Bank	7596305	17.06.2013	9,241	27.723
		7596308	25.06.2013	307,646	922.938
			Total	**1,152,789**	**3,458.367**

ii. The payments made through DFID Assignment Account for the same period were not reflected in the payment details provided on the official website of BISP, i.e. www.bisp.gov.pk during the course of audit in November, 2013.

iii. The management was requested vide Requisition No. 11 dated 12.08.2013 during Compliance with Authority Audit for the financial year 2012-13 to confirm that all payment data provided to Audit was related to GOP share only, but the management did not respond to the request.

Audit is of the view that the beneficiaries previously shown paid from GOP funds had also been shown paid from DFID Assignment Account No. 000181, resulting in duplicate payments to the same beneficiaries for the same period of installment.

The management replied as under:

i. The soft data of beneficiaries provided during the audit process of GOP Assignment Account for FY 2012-13 not only related to GOP but included beneficiaries who were paid by BISP from other Assignment Accounts also.

ii. In the website of BISP the payment details of any individual beneficiary did not reflect the sources of BISP funding, i.e. whether the payment was made through GOP, DFID or any other source. Therefore, how could one judge that the payments made through DFID Assignment Account for the same period were not reflected in the payment details of beneficiaries?

The reply was not accepted because the BISP management was maintaining separate Assignment Accounts for each source of funding. Every transaction from one Assignment Account was independent of a transaction from another Assignment Account and accordingly expenditure was recognized as and when payments were made. Therefore, payments from the GOP Assignment Account reflect only those payments that were paid from GOP funding and not from any other source. Further, since an individual beneficiary was required to be paid only once for a quarterly installment, therefore, payments shown to have been made from more than one source of funds maintained in separate Assignment Accounts clearly reflects that duplicate payments were made. Accordingly, the official website of BISP should have reflected two payments for a specific quarterly installment, which was not the case.

The Management Letter was issued to the PAO on 03.12.2013, but DAC was not held till the finalization of the report.

Audit recommends that an inquiry be held and responsibility be fixed for making duplicate payments.

3.4.16 Non-deduction of Advance Tax on commission paid to banks - Rs. 12.443 million

Section 233(1) of the Income Tax Ordinance, 2001 states that where any payment on account of brokerage or commission is made by the Federal Government, a Provincial Government, a Local Government, a company or an Association of Persons constituted by, or under any law (hereinafter called the "principal") to a person (hereinafter called the "agent"), the principal shall deduct Advance Tax @ 10% of the amount of payment.

The management of "Support to Pakistan National Cash Transfer Programme" under Benazir Income Support Programme (BISP) paid Rs. 124.427 million as commission to banks @ 3% of the disbursed amount per beneficiary against cash transfers for the period January to March, 2013. Details are as under:

(Rupees)

S. No.	Bank	Cheque No.	Date	Installment Amount	No. of Beneficiaries	Cash Transfer Amount	Commission Paid
1.	United Bank Ltd.	7596301	17.06.2013	3,000	316,902	950,706,000	28,521,180
2.	Bank Alfalah	7596303	17.06.2013	3,000	200,000	600,000,000	18,000,000
		7596307	25.06.2013	3,000	146,260	438,780,000	13,163,400
3.	Habib Bank Ltd.	7596304	17.06.2013	3,000	117,990	353,970,000	10,619,100
4.	Summit Bank	7596302	17.06.2013	3,000	40,000	120,000,000	3,600,000
		7596306	25.06.2013	3,000	41,619	124,857,000	3,745,710
5.	Tameer Bank	7596305	17.06.2013	3,000	200,000	600,000,000	18,000,000
		7596308	25.06.2013	3,000	319,750	959,250,000	28,777,500
				Total	**1,382,521**	**4,147,563,000**	**124,426,890**

Audit observed that Advance Tax amounting to Rs. 12.443 million (Rs. 124,426,890 @ 10%) was not deducted from the commission paid to the banks.

Audit is of the view that non-deduction of Advance Tax of Rs. 12.443 million deprived the government of its due receipts.

The management replied that deduction of Advance Income Tax on commission paid to banks was exempted under Circular No. 2 of 2008 (Income Tax) of Federal Board of Revenue dated 28.02.2008.

The reply was not accepted because Circular No. 2 of 2008 (Income Tax) of Federal Board of Revenue dated 28.02.2008 only exempted banking companies from the provisions of Withholding Tax under the Income Tax Ordinance, 2001 and not from the provision of Advance Tax under the Income Tax Ordinance, 2001. Therefore, BISP was required to deduct Advance Tax under Section 233(1) of the Income Tax Ordinance, 2001 on commission paid to banks.

The Management Letter was issued to the PAO on 03.12.2013, but DAC was not held till the finalization of the report.

Audit recommends that Advance Tax of Rs. 12.443 million may be recovered from the banks and deposited into government treasury.

3.4.17 Unauthorized and irregular appointment of Field Supervisors - Rs. 3.397 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.

The management of BISP, Regional Office, Karachi appointed Field Supervisors (SPS-14) during 2011-12 who were paid Pay and Allowances amounting to Rs. 3.397 million.

Audit observed as under:

i. The Field Supervisors were appointed by DG, BISP, Regional Office, Karachi without the approval of Secretary, BISP

ii. The DG, BISP, Regional Office, Karachi requested the Secretary, BISP, Islamabad for regularization of salary paid to Contingent Paid Staff appointed in SPS-14 in BISP, Regional Office, Karachi from August, 2011 to January, 2012 vide letter No. 56/GOP/BISP-Sindh/Contingent/2011 dated 18.01.2012.

iii. The Secretary, BISP, Islamabad refused the request vide U.O. No. 2(99)/BISP/Admn/2009 dated 03.02.2012 and directed to refrain from further correspondence on the issue of irregular and unauthorized appointments in SPS-14 made in BISP, Sindh which was being probed into through an Inquiry Officer. Any suitable action in the matter would be taken after the outcome of the inquiry.

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

The management did not reply.

The PAO was informed on 18.11.2013, but DAC was not held till the finalization of the report.

Audit recommends that responsibility may be fixed for the irregularity.

3.4.18 Over payment to consultancy firm - Rs. 6.268 million

Clause 6.2(a) of the Special Conditions of Contract between M/s GHK Consulting Limited, UK and Benazir Income Support Programme (BISP) for Targeting Process Evaluation for Cluster A and Cluster B, states that the amount in foreign currency is USD 1,018,107 inclusive of all taxes for Cluster A and USD 889,390 inclusive of all taxes for Cluster B. As a matter of comparison/conversion, exchange rate of State Bank of Pakistan, i.e. 1 USD = PKR 85.40 has been fixed for the entire contract period which was prevalent on 12.03.2011, i.e. the date of opening of Financial Proposal.

The project management of Social Safety Net Technical Assistance Credit No. IDA-4589 entered into two contracts with M/s GHK Consulting Limited, UK for Targeting Process Evaluation for Cluster A and Cluster B separately on 20.07.2011 and paid Rs. 50.525 million during 2012-13. Details are as under:

(Rs. in million)

S. No.	Cluster	Invoice No	Date	Amount Claimed (USD)	Exchange Rate USD/Rs (Due)	Exchange Rate USD/Rs (Paid)	Due	Paid	Excess
1.	A	40402253	17.11. 12	134,949	85.40	95.80	11.525	12.928	1.403
2.	A	40402316	28.09. 12	234,572	85.40	97.70	20.032	22.918	2.885
3.	A	40402256		98,704	85.40	98.75	8.429	9.747	1.318
4.	B	40402276	25.07. 12	49,997	85.40	98.65	4.270	4.932	0.662
			Total	**518,222**			**44.256**	**50.525**	**6.268**

Audit observed that excess amount of Rs. 6.268 million was paid to the Consultant as payment was made in US Dollars at the exchange rate prevalent on the date of payment instead of 1 USD = PKR 85.40 fixed in the contract.

Audit is of the view that payment at the current exchange rate resulted in excess payment of Rs. 6.268 million which was irregular and unauthorized.

The management replied that Clause 6.2(a) of the Special Conditions of Contract with M/s GHK Consulting Ltd. UK was deleted as per Addendum No. 2 (Cluster-A) dated 04.03.2013.

The reply was not accepted because the deletion of Clause 6.2(a) dated 04.03.2013 could not have any retrospective effect on the payments made before 04.03.2013. Further, the 'Addendum' was a post-contract change meant to favor the consulting firm.

The Management Letter was issued to the PAO on 02.12.2013, but DAC was not held till the finalization of the report.

Audit recommends that excess amount paid should be recovered from the consulting firm.

CHAPTER 4

4. CABINET DIVISION

4.1 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:

1. All secretarial work for the Cabinet, National Economic Council and their Committees, Secretaries' Committee.
2. Follow up and implementation of decisions of all the bodies mentioned at (1) above.
3. National Economic Council: Its constitution and appointment of members.
4. Secretaries Committee.
5. Central Pool of Cars.
6. All matters relating to President, Prime Minister, Federal Ministers, Ministers of State, Persons of Minister's status without Cabinet rank, Special Assistants to the Prime Minister.
7. Appointments, resignations, salaries, allowances and privileges of Provincial Governors.
8. Strength, terms and conditions of service of the personal staff of the Ministers, Ministers of State, Special Assistants to the Prime Minister, dignitaries who enjoy the rank and status of a Minister or Minister of State.
9. Rules of Business: Setting up of a Division, allocation of business to a Division and constitution of a Division or group of Divisions as a Ministry.
10. Implementation of the directives of the President/Prime Minister.
11. Preparation of Annual Report in relation to Federation on observance of Principles of Policy.
12. Budget for the Cabinet: Budget for the Supreme Judicial Council.
13. Federal Intelligence.

14. Coordination of defence effort at the national level by forging effective liaison between the Armed Forces, Federal Ministries and the Provincial Governments at the national level; Secretariat functions of the various Post-War Problems.
15. Communications Security.
16. Instructions for delegations abroad and categorization of international conferences.
17. Security and proper custody of official documents and security instructions for protection of classified matter in Civil Departments.
18. Preservation of State Documents.
19. Coordination: Control of fixed line office and residence telephones, mobile phones, faxes, internet/DSL connections, ISD, toll-free numbers, green telephones, etc. staff cars; Rules for the use of staff cars; common services such as teleprinter service, mail delivery service, etc.
20. Civil Awards: Gallantry Awards.
21. Tosha Khana.
22. Disaster Relief.
23. Repatriation of civilians and civil internees from India, Bangladesh and those stranded in Nepal and other foreign countries, and all other concerned matters.
24. Resettlement and rehabilitation of civilians and civil Government servants uprooted from East Pakistan including policy for grant of relief and compensation for losses suffered by them.
25. All matters arising out of options exercised by and expatriation of Bengalis from Pakistan.
26. Grant of subsistence allowance to Government servants under the rule making control of the Government of East Pakistan and its corporations, and their families stranded in West Pakistan.
27. Management of movable and immovable properties left by the Bengalis in Pakistan.

28. Administration of the "Special Fund" for POWs and civilian internees held in India and War displaced persons.
29. Defence of Pakistan Ordinance and Rules.
30. Stationery and Printing for Federal Government official Publications, Printing Corporation of Pakistan.
31. National Archives including Muslim Freedom Archives.
32. Administrative control of the National Electric Power Regulatory Authority, Pakistan Telecommunications Authority, Frequency Allocation Board, Oil and Gas Regulatory Authority, Public Procurement Regulatory Authority, Intellectual Property Organization of Pakistan and Capital Development Authority.
33. Peoples Works Programme (Rural Development Program).
34. Pride of Performance Award in the field of arts.
35. Pride of Performance Award in academic fields.
36. Pakistan Chairs Abroad.
37. Selection of scholars against Pakistan Chairs Abroad by the Special Selection Board.
38. Naming of institutions in the name of Quaid-e-Azam and other high and distinguished personages.
39. National Colleges of Arts at Lahore and Rawalpindi.
40. Federal Dental and Medical College, Islamabad.
41. Women and Chest Diseases Hospital, Rawalpindi.
42. Federal Government Tuberculosis Centre, Rawalpindi.
43. National Book Foundation.

4.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Cabinet Division for the financial year 2012-13 was Rs. 166,070.197 million including Supplementary Grant of Rs. 46,749.393 million out of which the Division utilized Rs. 119,975.179 million. Grant-wise detail of current and development expenditure is as under:

(Rupees)

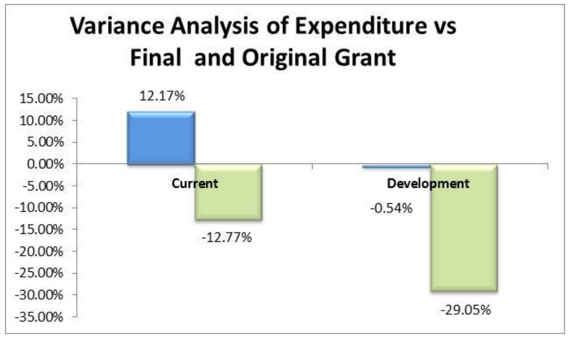
Grant No	Grant Type	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Final Grant/ Appropriation	Actual Expenditure	Excess/ (Savings)	% age Excess/ (Saving)
1	Current	191,414,000	21,505,000	212,919,000	185,872,770	(27,046,230)	(13)
2	Current	3,289,899,000	1,551,489,000	4,841,388,000	4,807,377,859	(34,010,141)	(1)
3	Current	204,664,000	257,095,000	461,759,000	323,809,516	(137,949,484)	(30)
4	Current	6,492,281,000	1,100,204,000	7,592,485,000	6,110,713,288	(1,481,771,712)	(20)
13	Current	69,259,000	6,000	69,265,000	66,686,939	(2,578,061)	(4)
	Subtotal	**10,247,517,000**	**2,930,299,000**	**13,177,816,000**	**11,494,460,372**	**(1,683,355,628)**	**(13)**
109	Development	39,073,287,000	30,085,392,000	69,158,679,000	46,603,353,485	(22,555,325,515)	(33)
110	Development	70,000,000,000	13,733,702,000	83,733,702,000	61,877,364,867	(21,856,337,133)	(26)
	Subtotal	**109,073,287,000**	**43,819,094,000**	**152,892,381,000**	**108,480,718,352**	**(44,411,662,648)**	**(29)**
	Total	**119,320,804,000**	**46,749,393,000**	**166,070,197,000**	**119,975,178,724**	**(46,095,018,276)**	**(28)**

Audit noted that there was an overall saving of Rs. 46,095.018 million that was mainly due to saving of Rs. 44,411.663 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. 46,749.393 million were obtained, which were 39.18% 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 12.17%, which, after accounting for Supplementary Grants changed to saving of 12.77%. In development expenditure, saving against original budget was 0.54% which changed to savings of 29.05% when Supplementary Grants were taken into account.



4.3 Brief comments on the status of compliance with PAC Directives

Name	Years	No of audit paras	No of Actionable Points	Full Compliance	Not Complied	% of Compliance
Cabinet Division	1990-91	4	4	2	2	50%
	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	14	2	12	14%
	1997-98	32	32	12	20	38%
	2000-01	52	52	5	47	10%
	2000-01	31	31	0	31	0%
	2005-06	6	6	1	5	17%
	2006-07	1	1	0	1	0%
	2007-08	9	9	5	4	56%
	2008-09	5	5	1	4	20%
Total		**177**	**177**	**39**	**138**	**22%**
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	34	7	27	21%
	2001-02	1	1	0	1	0%
	2005-06	1	1	0	1	0%
	2008-09	2	2	0	2	0%
Total		**43**	**43**	**10**	**33**	**23%**
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	2	1	1	50%
	2006-07	1	1	1	0	100%
Total		**3**	**3**	**2**	**1**	**67%**

4.4 AUDIT PARAS

Irregularity & Non Compliance

4.4.1 Non-disposal of 90 off road vehicles

Para 167 of GFR Volume-I provides that subject to any special rules or orders applicable to any particular department, stores which are reported to be obsolete, surplus or unserviceable may be disposed of by sale or otherwise under the orders of the authority competent to sanction the writing off of a loss caused by deficiencies and depreciation equivalent to their value.

Rule 26 of Staff Car Rules, 1980 states that all vehicles shall be disposed of by the Ministry/Division, concerned through public auction.

The management of Cabinet Division (Central Pool of Cars) produced a list of 87 vehicles received from various devolved Federal Ministries and Divisions and main Cabinet Division which were required to be condemned. In another list three off road Mercedes Benz Jeeps/Car were shown parked for the last five years.

Audit observed that the management did not dispose of 90 off road vehicles as required under the rules, which were depreciating with the passage of time.

Audit is of the view that the government was deprived of its due receipts which could have been obtained by public auction of the vehicles.

The management stated that purchase documents/registration books of condemned vehicles were not handed over by the devolved Ministries which were essential for calculation of reserve price and disposal of vehicles. However, efforts were in hand to dispose of these vehicles after calculation of reserve price by the Committee constituted for the purpose and completion of all formalities.

The reply was not accepted because it was the responsibility of the management to obtain the required documents of the vehicles at the time of their handing over by the devolved Ministries.

The PAO was informed on 25.11.2013, but DAC was not held till the finalization of the report.

Audit recommends that off-road vehicles may be disposed of and sale proceeds be deposited into government account.

4.4.2 Unauthorized investment - Rs. 480.00 million

Regulation 1 of National Electric Power Regulatory Authority (Financial) Regulations, 2010 states that the operations of the Authority shall be funded from;

i. Grants from the Federal Government, including an initial grant of one hundred million rupees; and

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

Regulation 2 of National Electric Power Regulatory Authority (Financial) Regulations, 2010 states that the funds raised by the Authority shall be used for the following purposes:

i. To meet operating cost including salaries, allowances, perks and TA/DA of Chairman and Members of NEPRA as approved by the Authority in its budget for each financial year.

ii. To pay fees and remunerations of advisors, counsels and consultants as appointed from time to time.

iii. To meet expenditure of the construction of NEPRA office building.

iv. To establish provincial offices of the Authority.

v. To pay taxes, rents and other liabilities of the Authority.

Regulation 3 of National Electric Power Regulatory Authority (Financial) Regulations, 2010 states that any excess revenue or savings after taking into account the expenditures mentioned at Regulation 2 shall be transferred to Federal Consolidated Fund.

The management of the National Electric Power Regulatory Authority invested an amount of Rs. 480.00 million in Treasury Bills during 2012-13, i.e. Rs. 80.000 million on 12.12.2012 and Rs. 400.000 million on 13.06.2013.

Audit observed that there was no provision in the NEPRA (Financial) Regulations, 2010 for investment of funds.

Audit is of the view that the investment of funds was not covered under the NEPRA (Financial) Regulations, 2010 and was, therefore, irregular and unauthorized.

Audit is also of the view that the funds invested were actually surplus and were invested in Treasury Bills only to avoid their transfer into the Federal Consolidated Fund.

The management stated that under Regulation 2 of NEPRA (Financial) Regulations, 2010 funds had to be retained for meeting financial obligations of NEPRA in respect of left over work of NEPRA building, debt servicing of IDA loan, Competition Commission of Pakistan (CCP) fee and deferred liabilities. The Finance Division vide O.M. No. F.4(1)/2002-BR.II dated 02.07.2003 had provided the guideline for depositing of working balance and investment of surplus funds belonging, *inter-alia*, to autonomous bodies. Funds retained for meeting NEPRA's liabilities were, therefore, invested in Treasury Bills with banks as not investing the funds would result in reduction of the purchasing power of money due to inflation.

The reply indicates that the management has accepted the audit observation that the funds were surplus and were retained. Therefore, these funds were required to be transferred to the Federal Consolidated Fund under Regulation 3 of NEPRA (Financial) Regulations, 2010.

The PAO was informed on 06.11.2013, but DAC was not held till the finalization of the report.

Audit recommends that surplus funds may be deposited in Federal Consolidated Fund besides fixing responsibility for violating Financial Regulations and depriving the government of its due receipt.

4.4.3 Unauthorized retention of Funds - Rs. 151.025 million

Regulation 2 of National Electric Power Regulatory Authority (Financial) Regulations, 2010 states that the funds raised by the Authority shall be used for the following purposes.

i. To meet operating cost allowances, perks and TA/DA of Chairman and Members of NEPRA as approved by the Authority in its budget for each year.

ii. To pay fees and remunerations of advisors, counsels and consultants as appointed from time to time.

iii. To meet expenditure for the construction of NEPRA office building.

iv. To establish provincial offices of the Authority.

v. To pay taxes, rents and other liabilities of the Authority.

Regulation 3 of National Electric Power Regulatory Authority (Financial) Regulations, 2010 states that any excess revenue or savings after taking into account the expenditures mentioned at Regulation 2 shall be transferred to Federal Consolidated Fund.

The management of National Electric Power Regulatory Authority (NEPRA) incurred an expenditure of Rs. 429.647 million during financial year 2012-13 with a closing balance of Rs. 151.025 million on 30.06.2013.

Audit observed that the management did not deposit the balance of Rs. 151.025 million in the Federal Consolidated Fund.

Audit is of the view that failure to deposit the savings and their retention was irregular and unauthorized, and deprived the government of its due receipt.

The management replied that Regulation 2 of NEPRA (Financial) Regulations, 2010 provided a mechanism for working out surplus to be transferred to Federal Consolidated Fund (FCF) after retaining funds for taxes, rent and other liabilities of NEPRA. Audit had taken the closing balance of bank statement as on 30.06.2013 as surplus for the year 2012-13 without accounting for outstanding cheques of Rs. 36.547 million, NEPRA's obligations for left out work of NEPRA office building, World Bank Loan, Competition Commission of Pakistan (CCP) fee and deferred liabilities. As such there was no surplus for the year 2012-13. Accordingly, the fund position of NEPRA showed a deficit of Rs. 15.600 million.

The reply was not accepted because Regulation 2 of NEPRA (Financial) Regulations, 2010 does not provide for working out the surplus; rather it indicates the purposes for which expenditure shall be incurred during a financial year. The liabilities and obligations pointed out by NEPRA were required to be met from the revenue of the next financial year and not from the retained amount. Regarding outstanding cheques of Rs. 36.547 million, no Bank Reconciliation Statement was provided to substantiate the details of Cheques in Transits. Therefore, there was no deficit, as claimed. On the other hand, NEPRA had retained the savings in violation of the Regulations.

The PAO was informed on 06.11.2013, but DAC was not held till the finalization of the report.

Audit recommends that savings should be deposited into the Federal Consolidated Fund.

4.4.4 Irregular appointment of consultant/advisor expenditure of – Rs 25.798 million

Regulation 20(1) of the National Electric Power Regulatory Authority Service Regulations, 2003 states that where under special circumstances, it is not possible to appoint a person, under the prescribed manner, the Authority may employ by contract a Consultant or Advisor, for carrying out a specialized assignment or a specific job within a specified time and at a suitable remuneration as approved by the Authority.

Regulation 20(2) states that under special circumstances due to exigency of tasks required to be performed by the professionals to assist the Authority in performing its functions and where the appointment of a person, under the prescribed manner is considered to delay the availability of a required professional, the Authority may employ through contract a Consultant or Advisor, for carrying out a specific assignment or a job requiring specialized expertise within a specified time. Such appointment may be made at suitable remuneration as approved by the Authority on a case to case basis, after due assessment of the prevailing market rates for the acquisition of the similar services.

Para 4 (i)(ii)(iii) of Establishment Division U.O. No. II-3/2001-MSW-III dated 25.01.2002 states that General/Management Consultancy to provide expert advice, unavailable in-house, to introduce innovative solutions to Financial/Human Resources Management/ Technical Issues or to act as agents of change for status-quo oriented permanent employees and commonly paid for out of non-development budget should be widely advertised indicating the requirements. Advertisement of the consultancy will indicate the range of compensation package, including various facilities, depending on the nature of work involved. The applicants will be short listed and prioritized by an in-house committee of the client organization. For General/Non-Development Budget funded consultancies, a Selection Board, headed by the Secretary of the Ministry/Division concerned and including a representative each of Establishment Division and Finance Division will recommend panel of at least three candidates in order of merit for consideration of the appointing authority. The Selection Board should also recommend the compensation package for the Consultants placed on the panel.

The management of the NEPRA incurred an expenditure of Rs. 25.799 million during 2012-13 on account of payment to Consultants/Advisors. Details are as under:

(Rupees)

S. No.	Name	Designation	Date of Appointment	Contract Duration in years	Contract Expiry Date	Salary	Total
1.	M. Ashraf Khalid	Project Director	19.07.12	1	18.07.13	343,750	3,552,823
2.	Zaheer Mir	Sr. Advisor	05.10. 10	3	05.09.13	300,000	5,762,227
			05.10. 13	2	05.09.15	549,125	
3.	Nadir Ali Khoso	Sr. Advisor	26.10.11	2	25.10.13	200,000	3,012,671
4.	Ehsanul Majeed Khan	Consultant (M&E)	02.11.13	0.5	08.10.13	300,000	
5.	Noman Siddiqui	Deputy Director	05.06.09	2	05.05.11	150,000	3,373,365
			05.06.11	2	05.05.13		
			05.06.13	2	05.05.15	352,500	
6.	Irfan Saeed	Deputy Director	08.07.09	2	06.08.11	150,000	2,993,584
			08.07.11	2	08.06.13	299,563	
7.	M. Imran ur Rehman	A D	06.07.10	2	06.06.12	100,000	1,651,650
			06.07.12	2	06.06.14	163,350	
8.	Saad Amin	A D	12.07.10	2	12.06.12	70,000	1,159,548
			12.07.12	2	12.07.14	120,000	
9.	Uzma Zohra Farooqui	A D	01.06.11	2	01.05.13	70,000	1,266,416
			01.06.13	2	01.05.15	170,000	
10.	Fazal A. Sheikh	Private Secretary	05.02.12	1	05.01.13	70,941	783,211
11.	M. Ehsan Liaqat	Quantity Surveyor	11.02.09	2	11.01.11	50,000	1,392,857
			11.02.11	1	11.01.12		
			11.02.12	1	11.01.13	83,188	
12.	Ghulam Mustafa	E & M Supervisor	18.06.10	2	17.06.12	50,000	850,277
			16.06.12	1	16.06.13	83,188	
						Total	**25,798,629**

Audit observed as under:

i. NEPRA did not follow the approved procedure of the government for hiring/appointment of Advisors.

ii. The conditions as laid down in the NEPRA own service regulations were also not met.

iii. The appointed persons were performing routine functions of the organization which were not of specific nature for a specified short period.

Audit is of the view that the Advisors were required to be appointed for specialized assignments and for a specific job to be completed within a specified time whereas the Advisors were appointed for routine work. Therefore, the appointment and payment on account of salary was irregular and unauthorized.

The department replied that under Section 10 of The Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 the Authority may, from time to time, employ officers, members of its staff, experts, consultants, advisors and other employees on such terms and conditions as it may deem fit to carry out the purposes of the Act .

Establishment Division vide letter No. 1(3)97-Dir(R) dated 10.03.2003 had determined that NEPRA was an organization independent of the government control and exclusively empowered to perform its functions, which fall in its jurisdiction under the Act. It was also clarified that the Authority was empowered to recruit officers, members of its staff, experts, consultants and other employees of the Authority on such terms and conditions as it deems fit besides having its own pay scales.

NEPRA formulated its own guidelines having similar focus (as mentioned in the Establishment Division's guidelines) on the need to appoint the best persons/firms transparently and competitively, in a cost effective manner, only when a consciously and formally identified need for consultants exists. As the employees of the Authority were governed by the National Electric Power Regulatory Authority (NEPRA) Service Regulations, 2003, therefore, NEPRA was not bound to follow Establishment Division's guidelines because any guidelines/directions cannot override express provision of law which under Section 10 of the Act empowers the Authority to employ officers, members of its staff, experts, consultants, advisors and other employees on such terms and conditions as it may deem fit, who under Section 10(2) of the Act shall not be deemed to be civil Servants within the meaning of the Civil Servants Act, 1973.

The reply was not accepted because the appointments were made for the purpose of carrying out routine assignments over many years, and therefore, violated NEPRA and government rules.

The Public Accounts Committee has already endorsed the point of view of Audit in audit para No. 1.3 of Audit Report (Civil) 2006-07 titled “Government of Pakistan’s guidelines in hiring the services of Consultants not observed in NEPRA” and, *inter-alia*, directed the Principal Accounting Officer to inquire whether the government SOPs were adopted or not.

The PAO was informed on 06.11.2013, but DAC was not held till the finalization of the report.

Audit recommends that the appointment of consultant should be made in accordance with guidelines of the Establishment Division besides fixing the responsibility as directed by the PAC for the same irregularity.

4.4.5 Irregular Payment of House Rent Allowance to employees posted on deputation - Rs. 2.352 million

Rule 15(4)(c) of Chapter VIII 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.

The management of the NEPRA paid Rs. 2.352 million as House Rent Allowance to three officers posted on deputation during 2012-13. Details are at Annexure-III.

Audit observed that according to LPCs of the officers mentioned were not drawing House Rent Allowance which recognized that the officers in possession of government accommodation.

Audit further observed that Management of the National Electric Power Regulatory Authority did not pay the House Rent Allowance of the officers in to government treasury.

Audit is of the view that payment of House Rent Allowance to the officers instead of depositing the same into government treasury in respect of officers who have been allotted the government accommodation was violation of the provision of Accommodation Allocation Rules, 2002.

The management replied that the following two officers have been continuously depositing the rent into Government Treasury as per bills generated by the Estate Office periodically and their copies are attached.

i. Mr. Hammad Shamimi, DG (Admin)
ii. Mr. Adnan Dayar, DD (Coord)

The management also replied that Ms. Sundas Khaqan was never provided with official accommodation by the Estate office. Hence, the question of depositing the house rent into Government Treasury did not arise.

The reply was not accepted because the officers were required to deposit total monthly house rent allowance payable to the allottee or his rental ceiling, whichever was more into government treasury. Further, the LPC of Ms. Sundas Khaqan was silent regarding withdrawal of House Rent Allowance thereby indicating that the officer was residing in official accommodation.

The PAO was informed on 06.11.2013, but DAC was not held till the finalization of the report.

Audit recommends that the House Rent Allowance being more may be deposited into treasury.

4.4.6 Unauthorized/Irregular investment of funds

Section 12 of Public Procurement Regulatory Authority Ordinance, 2002 states that the Authority may invest its surplus funds in accordance with the instructions of the Federal 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 Public Procurement Regulatory Authority (PPRA) made investments during 2007-13. Details are as under:

(Rupees)

S. No.	Bank	Date of Investment	Date of maturity	Profit rate	Amount
1.	Bank Alfalah	23.01.2007	22.07.2007	10.60%	10,000,000
2.	Faysal Bank	25.07.2006	24.07.2007	10.75%	16,313,200
3.	Bank Alfalah	22.05.2007	21.08.2007	9.65%	2,500,000
4.	KASB Bank	15.08.2007	14.08.2008	11.00%	20,000,000
5.	Treasury Bills (6 months)	28.06.2012	27.12.2012		32,277,960
6.	Treasury Bills (3 months)	21.03.2013	13.06.2013	9.37%	29,367,000

Audit observed as under:

i. Working balance limit was not determined with the approval of administrative Ministry in consultation with the Finance Division.

ii. Competitive bidding process was not carried out.

iii. There existed no in-house professional treasury management functions.

iv. No Investment Committee was constituted.

v. Qualified investment management staff was not employed.

vi. The services of professional fund managers approved by SECP were not obtained.

Audit is of the view that investment in violation of the instructions of the Finance Division was irregular and unauthorized.

The management replied that PPRA invested the amounts at serial No. 1 to 4 from the savings of its annual budgetary allocations. Section 12 of PPRA Ordinance, 2002 provides that Authority may invest its surplus funds in accordance with the instructions of Federal Government. PPRA Board in its 6th meeting held on 28.02.2008 had also authorized and allowed investment of surplus funds in government securities. The instructions contained in Finance Division relate to investment in banks and non-governmental securities. PPRA had invested its surplus funds in Government Treasury Bills, hence, instructions issued in O.M. dated 02.07.2003 were not applicable while investing surplus funds in government securities. The investments made were lawful and authorized.

The reply was not accepted because the instructions contained in Finance Division O.M. dated 02.07.2003 were applicable to all government owned bodies for investment of surplus funds, and PPRA could not interpret the instructions to its own benefit.

The PAO was informed on 06.11.2013, but DAC was not held till the finalization of the report.

Audit recommends that responsibility be fixed for investing funds in violation of government instructions, while the unauthorized investment may be withdrawn.

4.4.7 Irregular retention of departmental receipts - Rs. 45.596 million

Section 26 of the Public Procurement Regulatory Authority Ordinance, 2002 states that the Federal Government may, by notification in the official Gazette, make rules for carrying out the purposes of this Ordinance.

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 2 of Finance Division U.O. No. F.8(1)Exp.IV.2004 dated 01.03.2006 states that a representative of the Ministry of Finance represented on the Board of Directors does not constitute approval of the Ministry of Finance.

The management of Public Procurement Regulatory Authority (PPRA) started collecting Rs. 1,000 on uploading each tender on PPRA website w.e.f. 01.12.2009. Details are as under:

(Rupees)

S. No.	Year	Income
1.	2009-10	3,997,087
2.	2010-11	12,714,865
3.	2011-12	15,280,879
4.	2012-12	13,602,927
	Total	**45,595,758**

Audit observed as under:

i. There was no provision in the PPRA Ordinance, 2002 to impose, collect and retain any type of fee

ii. Financial rules were not notified by the Federal Government

Audit is of the view that imposition, collection and utilization of fee without the approval of the Finance Division was irregular and unauthorized.

Audit is also of the view that retention of tender fee deprived the government of its due receipt.

The management replied that Section 9 of PPRA Ordinance, 2002 provides that there shall be a PPRA Fund to be utilized by the Authority to meet the charges in connection with its function under the Ordinance. The proposal for levy of tender fee of Rs. 1,000 was unanimously approved by Secretary, Finance in capacity as Chairman, PPRA Board in line with Section 9 of the Ordinance which duly authorizes the imposition of tender fee. The financial regulations detailing the procedures and authorizations had been prepared and would be sent to Finance Division after approval of PPRA Board.

The reply was not accepted because there was no provision in the PPRA Ordinance, 2002 relating to imposition of tender fee. The approval of Secretary, Finance in the capacity of Chairman, PPRA Board could not be considered approval of the Finance Division in the light of Finance Division U.O. No. F.8(1)Exp.IV.2004 dated 01.03.2006.

The PAO was informed on 06.11.2013, but DAC was not held till the finalization of the report.

Audit recommends that the retained amount should be deposited into the government treasury besides framing financial rules, as required under the PPRA Ordinance, 2002.

4.4.8 Irregular appointment of Security Agency - Rs. 1.362 million

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

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 Public Procurement Regularity Authority paid Rs. 1.362 million to M/s Jaguar Security Guards (Private) Limited, Islamabad during 2007-13. Details are as under:

(Rupees)

S. No.	Year	Amount
1.	2007-08	143,448
2.	2008-09	200,400
3.	2009-10	217,100
4.	2010-11	250,440
5.	2011-12	275,520
6.	2012-13	275,520
	Total	**1,362,428**

Audit observed as under:

i. The services were hired without calling tenders.

ii. The agreement was being extended for the last six years.

Audit is of the view that acquiring the services of the security agency without open competition and repeated extension was irregular and unauthorized.

The management replied that tender for hiring of security services was floated on PPRA website as well as in leading newspapers on 13.06.2004. Under Section 9 of the Contract it was mentioned that the contract shall be valid for one year and may be extended from time to time. As the performance of the security firm was satisfactory, therefore, the contract was extended on yearly basis. However, in line with the Audit point of view, a tender for hiring of security services would be uploaded soon.

The reply was not accepted because Section 9 of the Contract regarding extension of contract from time to time could not overrule the Public Procurement Rules, 2004. The extension on yearly basis for more than eight years was, therefore, in violation of the rules.

The PAO was informed on 06.11.2013, but DAC was not held till the finalization of the report.

Audit recommends that responsibility may be fixed for the irregularity.

4.4.9 Non-framing of Financial and Service Rules

Section 34 of the Intellectual Property Organization of Pakistan Act, 2012 states that the Organization may, with the approval of the Federal Government, by notification in the official Gazette, make rules for carrying out the purposes of this Act.

Section 35 of the Intellectual Property Organization of Pakistan Act, 2012 states that the Organization may, with the prior approval of the Board and by notification in the official Gazette, make regulations not inconsistent with this Act or the rules made thereunder to carry out the purposes of this Act.

Audit observed that the management of Intellectual Property Organization Pakistan (IPO) did not frame Financial Rules, Service Rules and other Rules and Regulations since inception on the IPO, Islamabad.

Audit is of the view that non-framing of rules and regulations were violation of provisions of the Intellectual Property Organization of Pakistan Act, 2012.

The management replied that the IPO-Pakistan (Service and Financial) Rules, 2011 were approved and notified vide SRO No. 405(1)/2011 dated 16.05.2011 under Section 27 of the IPO Ordinance, 2007 which had lapsed at that time. On seeking clarification, the Cabinet Division conveyed the opinion of Law and Justice Division that as the said Rules were notified under the lapsed Ordinance, therefore, they could not be treated as valid Rules.

IPO-Pakistan Fund Rules, 2013 had been drafted and revised in accordance with IPO-Pakistan Act, 2012 and forwarded to Cabinet Division for concurrence of the Federal Government. The Accounting Procedures were drafted and forwarded to Controller General of Accounts for concurrence, which were returned with the remarks that they may first be got cleared from the IPO Policy Board. The Service Rules, 2013, Medical Regulations and IPO-Pakistan Accounting Procedures will be placed before the Policy Board for approval after its constitution by the Federal Government. In order to run the Organization expeditiously, all the rules and regulations of the Federal Government, i.e. General Financial Rules, Fundamental Rules and Supplementary Rules, Public Procurement Regulatory Authority Rules, etc. were also applicable to IPO-Pakistan and were being followed.

The reply was not accepted as rules and regulations have not so far been framed.

The PAO was informed on 25.11.2013, but DAC was not held till the finalization of the report.

Audit recommends early framing of rules and regulations as required under Intellectual Property Organization of Pakistan Act, 2012.

4.4.10 Unauthorized payment of House Rent Allowance - Rs. 1.468 million

The Cabinet Division vide letter No. 25/IPO/2005 dated 06.03.2006 conveyed the approval of the Prime Minister to salary package for the contract employees of the Intellectual Property Organization (IPO) of Pakistan, with immediate effect.

Para 1(iii)(i) of the letter dated 06.03.2006 states that the House Rent Allowance shall be admissible @ 60% of the running basic pay.

Para 2 of the letter dated 06.03.2006 states that the package will not be admissible to the regular employees of the organization, as well as the officers and officials on deputation to the organization.

The management of the Intellectual Property Organization (IPO), Islamabad paid Rs. 2.056 million as House Rent Allowance @ 60% of running Basic Pay to the officers on deputation during 2012-13. Details are as under:

(Rupees)

S. No.	Name	Designation	HRA Drawn	HRA Admissible	Monthly Difference	Months	Excess Payment
1.	Mr. Tarik Feroze	DG	47,400	11,646	35,754	4	143,016
2.	Mr. Umar Dad Afridi	ED	24,360	10,505	13,855	12	166,260
3.	Mr. Inamul Haq	Director (F)	34,920	8,856	26,064	12	312,768
4.	Mr. Hamid Javid Awan	DD	27,300	5,810	21,490	12	257,880
5.	Mr. Abdul Hafeez	DDO	27,300	5,810	21,490	12	257,880
6.	Dr. M. Khurram	Director	18,300	8,856	9,444	12	113,328
7.	Mr. Nasir Ali Khan	DD	25,500	5,810	19,690	12	216,590
						Total	**1,467,722**

Audit observed that the HRA was paid to the deputationists @ 60% of the running Basic Pay instead of 45% of initial of Basic Pay Scales, 2008 resulting in excess payment of Rs. 1.468 million.

Audit is of the view that payment of the HRA to the deputationists @ 60% of the running Basic Pay was irregular and unauthorized.

The management replied that the civil servants working in IPO-Pakistan on deputation basis were entitled to 60% rental ceiling as admissible to the equivalent rank employees of the organization. Hence, the deputationists could not be deprived of to their legal and fundamental right of hiring of residential accommodation for their families. Thus, the payment of 60% rental ceiling to the deputationists as admissible to the employees working in IPM/IPS scales of the organization, duly approved by the Chairman, IPO-Pakistan was in order. It is further clarified that most of the deputationists working in IPO-Pakistan were residing in the private hired houses.

The reply was not accepted because the House Rent Allowance @ 60% of the running basic pay was admissible only to the contract employees.

The PAO was informed on 25.11.2013, but DAC was not held till the finalization of the report.

Audit recommends that the irregular payment of House Rent Allowance may be recovered and deposited into government treasury.

4.4.11 Irregular payment of Pay and Allowances after regularization of contract employees

Cabinet Division vide letter No. 25/IPO/2005 dated 06.03.2006 conveyed the approval of the Prime Minister to salary package for the contract employees of the Intellectual Property Organization (IPO) of Pakistan, with immediate effect.

Para 2 of said letter dated 06.03.2006 states that the package will not be admissible to the regular employees of the organization as well as the officers and officials on deputation to the organization.

Establishment Division vide letter No. 3/5/2011-Admn-I dated 26.11.2012 clarified that the services of 76 employees can be regularized w.e.f. 13.09.2012, i.e. the date of approval of case by the Cabinet Sub-Committee.

The management of IPO-Pakistan paid pay and allowances to the regularized employees as admissible to the contract employees.

Audit observed that the regularized employees were entitled to draw Pay and Allowances as per Basic Pay Scales.

Audit is of the view that payment of salaries to the regular (regularized) employees on the basis of Pay and Allowances admissible to contract employees was irregular and unauthorized.

The management replied that the services of 76 contract and Daily Wage employees of IPO-Pakistan were regularized by the Cabinet Sub-Committee in IPM and IPS pay Scales. Subsequently, the IPO-Pakistan notified the regularization of the contract and daily wages employees in IPM and IPS pay Scales. The contract employees were already working in IPM/IPS pay scales and after their regularization they were accordingly entitled to IPM/IPS pay scales. On regularization, these employees were not taking any extra benefits and were working on the same pay scales and terms and conditions of their initial appointment. This was one time arrangement and according to the policy decision of the Federal Government duly authenticated by the Cabinet and Establishment Divisions.

The orders of the Prime Minister were not violated because before the establishment of IPO-Pakistan in April, 2005. After establishment of IPO-Pakistan, Registries at Karachi and their employees started working under the administrative control of IPO-Pakistan under Basic Pay Scales. The orders of the Prime Minister regarding the salary package which were applicable to the Contract employees and not the regular employees actually refers to those regular employees who were working in basic pay scales before the establishment of IPO-Pakistan and further it did not imply that the employees appointed on IPM and IPS Pay Scales could not be regularized even by the Cabinet Committee. All the employments made in IPO-Pakistan initially on contract basis were against the permanent sanctioned posts, which were neither temporary nor project posts. The IPO-Pakistan had already taken care of the regularization of employees in IPM/IPS pay scales under the draft Service Rules of IPO-Pakistan, 2013, which would be presented before the Policy Board for approval.

The reply was not accepted because IPM/IPS pay scales cannot be given to regular employees of the organization as per Cabinet Division's letter dated 06.03.2006. Further, the Minutes of the Meeting of Cabinet Sub-Committee did not protect the IPM/IPS pay package for regularized employees.

The PAO was informed on 25.11.2013, but DAC was not held till the finalization of the report.

Audit recommends that irregular payment should be stopped forthwith besides fixation of pay and allowances admissible to the regular employees.

4.4.12 Unauthorized retention and maintenance of excess five vehicles

Section 34 of the Intellectual Property Organization of Pakistan Act, 2012 states that the Organization may, with the approval of the Federal Government, by notification in the official Gazette, make rules for carrying out the purposes of this Act.

Rule 2(x) of Rules for the Use of Staff Cars, 1980 states that 'Entitled Officers' means 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.

In terms of Cabinet Division No. 12/1/96-CS dated 08.12.1996, a Ministry/Division/ Department can maintain one 800cc car/vehicle for general duty for every 5 officers of BPS-19/20, in addition to the entitled cars.

The management of Intellectual Property Organization (IPO), Islamabad was maintaining 10 vehicles. Details are as under:

S. No.	Registration	Make	Model	Engine Capacity
1.	GX-305	Toyota Double Cabin	2011	2500 cc
2.	GX-319	Honda Civic	2011	1800 cc
3.	GT-845	Toyota Corolla	2009	1300 cc
4.	GU-121	Toyota Corolla	2009	1300 cc
5.	GE-852	Toyota Corolla	2006	1300 cc
6.	GU-122	Suzuki Cultus	2009	1000 cc
7.	GK-479	Suzuki Cultus	2007	1000 cc
8.	GK-303	Suzuki Cultus	2007	1000 cc
9.	GE-853	Suzuki Cultus	2006	1000 cc
10.	GE-917	Suzuki Cultus	2006	1000 cc

Audit observed as under:

i. The management did not follow Rules for the Use of Staff Cars, 1980 and Staff Car Rules as required under Section 34 of IPO Ordinance, 2012 were also not framed.

ii. Five vehicles were being maintained in excess of entitlement of officers as there were only three entitled officers.

Audit is of the view that retention and maintenance of excess vehicles was a violation of Rules for the Use of Staff Cars, 1980.

The management replied that Section 16(3) of IPO Ordinance, 2007 empowers IPO-Pakistan to determine terms and conditions of service of employees of IPO-Pakistan, including provision of transport. As per salary package for employees of IPO-Pakistan Conveyance Allowance was not admissible to officers in IPM-I, IPM-II and IPM-III Scales, implying thereby that they would be entitled to official car. Hence, there were eleven entitled officers in IPO-Pakistan, while one vehicle was for general duty while another was for protocol duty. There is requirement of thirteen vehicles while IPO-Pakistan is presently maintaining only ten vehicles. The IPO-Pakistan purchased the vehicles with the prior approval of the Policy Board, Federal Government and after fulfilling all the codal formalities.

The reply was not accepted because IPO Ordinance, 2007 had lapsed. Section 16(3) of IPO Ordinance, 2007 was for the terms and conditions of the service and not for provision of transport, for which specific rules were required to be made. In the absence of approved IPO rules, the Rules for the Use of Staff Cars, 1980 were applicable.

The PAO was informed on 25.11.2013, but DAC was not held till the finalization of the report.

Audit recommends that excess vehicles may be surrendered to the Cabinet Division.

CHAPTER 5

5. CAPITAL ADMINISTRATION AND DEVELOPMENT DIVISION

5.1 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, 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

5.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Capital Administration and Development Division (CADD) for the financial year 2012-13 was Rs. 10,307.204 million including Supplementary Grant of Rs. 569.331 million out of which the Division utilized Rs. 12,718.301 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)
14	Current	8,946,373,000	368,660,000	9,315,033,000	12,427,770,481	3,112,737,481	33
	Sub-total	**8,946,373,000**	**368,660,000**	**9,315,033,000**	**12,427,770,481**	**3,112,737,481**	**33**
111	Development	791,500,000	200,671,000	992,171,000	290,530,746	(701,640,254)	(71)
	Sub-total	**791,500,000**	**200,671,000**	**992,171,000**	**290,530,746**	**(701,640,254)**	**(71)**
	Total	**9,737,873,000**	**569,331,000**	**10,307,204,000**	**12,718,301,227**	**2,411,097,227**	**(37)**

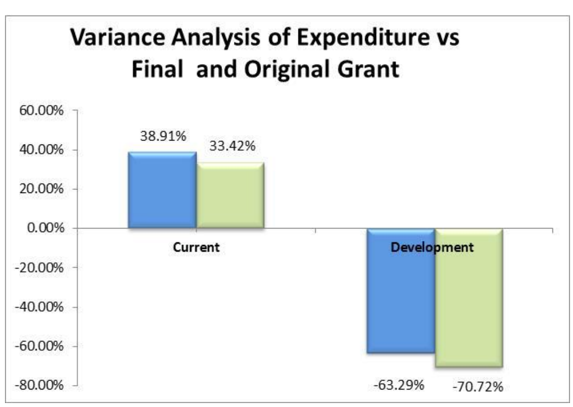
Audit noted that there was an overall excess expenditure of Rs. 2,411.097 million, which was due to excess expenditure of Rs. 3,112.737 million in Current

Grant, which was partly offset by saving of Rs. 701.640 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. 569.331 million were obtained, which were 5.85 % 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 38.91%, which, after accounting for Supplementary Grants changed to excess of 33.42%. In development expenditure, saving against original budget was 63.29% which changed to savings of 70.72% when Supplementary Grants were taken into account.



5.3 Brief comments on the status of compliance with PAC Directives

Name	Years	No of audit paras	No of Actionable Points	Full Compliance	Not Complied	% of Compliance
Capital Administration and Development Division (Printed Under Ministry of Education Devolved)	1988-89	4	4	4	0	100%
	1989-90	8	8	3	5	38%
	1990-91	6	6	6	0	100%
	1991-92	11	11	6	5	55%
	1992-93	22	22	22	0	100%
	1993-94	17	17	11	6	65%
	1994-95	7	7	6	1	86%
	1995-96	6	6	5	1	83%
	1996-97	2	2	0	2	0%
	2000-01	4	4	0	4	0%
	2005-06	7	7	0	7	0%
	2006-07	2	2	1	1	50%
	2007-08	1	1	0	1	0%
	Total	**97**	**97**	**64**	**33**	66%
Devolved M/o Social Welfare and Special Education	1992-93	9	9	9	0	100%
	1994-95	3	3	1	2	33%
	2001-02	2	2	1	1	50%
	2005-06	5	5	3	2	60%
	2006-07	1	1	0	1	0%
	Total	**22**	**22**	**15**	**7**	68%
Capital Administration and Development Division (Devolved M/o Health)	1988-89	2	2	0	2	0%
	1989-90	7	7	6	1	86%
	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	7	7	0	100%
	1995-96	1	1	0	1	0%
	1996-97	3	3	0	3	0%
	1997-98	1	1	1	0	100%
	2000-01	2	2	0	2	0%
	2005-06	3	3	0	3	0%
	2006-07	2	2	0	2	0%
	2007-08	4	4	0	4	0%
	2008-09	5	5	0	5	0%
	Total	**85**	**85**	**28**	**57**	33%
Devolved M/o Tourism	1992-93	1	1	1	0	100%
	1997-98	7	7	0	7	0%
	2001-02	3	3	1	2	33%
	2005-06	1	1	0	1	
	2006-07	1	1	1	0	100%
	2007-08	3	3	1	2	33%
	Total	**16**	**16**	**4**	**12**	25%

5.4 AUDIT PARAS

Non Production of Record

5.4.1 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 Capital Administration and Development Division, Islamabad was requested to provide the following record in order to verify the authenticity of a complaint addressed to the Auditor General of Pakistan:

i. Reinstatement of fake/bogus sacked employees in Federal Directorate of Education (FDE)

ii. Employees posted in FDE, Islamabad on deputation basis

iii. Regularization of fake employees (institutes under FDE) through Cabinet Sub-Committee on the basis of bogus documents

Despite repeated requests the management did not provide the record to Audit.

Audit is of the view that in the absence of auditable record, Audit could not ascertain the authenticity of the complaint.

The management did not reply.

The PAO was informed on 06.11.2013, 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 production of record to Audit.

5.4.2 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'.

Despite repeated requests the management of National Institute of Rehabilitation Medicines (NIRM), Islamabad did not provide the following record/information:

i. Details of receipts earned from:

   a. Lab tests/Pathology
   b. Radiography/Radiology
   c. Professional fees
   d. Panel Organizations
   e. Private Patients

ii. Detail of bank accounts

iii. Cashbook pertaining to receipts

iv. Bank Accounts Statement(s)

v. Reconciliation statements with bank and FTO

vi. Detail of expenditure incurred from receipts

vii. Receipts books of all kinds

viii. Details of distribution of receipts' share

ix. Approved rules for handling receipts

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 replied that the dealing Assistant was on leave during the audit period, however all the documents were available. The suitable time may be fixed for production of record.

The reply was not accepted because during discussion with the representative of NIRM only folios of cash-receipt books, department-wise ledger maintained for receipts, detail of bills/invoices issued to private patients/departments and a newly constructed Cash Book having zero opening balance was produced while the remaining record was not provided to Audit.

The PAO was informed on 16.12.2013, 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 production of record.

Irregularity & Non Compliance

5.4.3 Unauthorized payment of Health Professional Allowance - Rs. 3.021 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.

Finance Division vide U.O. No. F.2(13)R-2/2012-172 dated 27.03.2012 clarified that the definition of the "Health Personnel" is the same as was provided in Section 2(b) of the Career Structure for Health Personnel Scheme Ordinance, 2011 which is as under:

Section 2(b) of the Career Structure for Health Personnel Scheme Ordinance, 2011 states that "Health personnel" means a person who holds a post in any institute or organization delivering services in the health sector and included in Schedule-I.

The management of Capital Administration and Development Division, Islamabad paid Rs. 3,021,400 on account of "Health Professional Allowance" to the following officers of CA&DD during 2012-13:

S. No.	Name	Designation
1.	Dr. Qazi Abdul Saboor	Director General, Health
2.	Dr. Capt (R) Muhammad Raza	DDG, Health
3.	Dr. Badaruddin Abbasi	Director, Health
4.	Dr. Mehboob Ahmed Agha	DDG, Health
5.	Mr. Muhammad Yaqoob Manzar Qureshi	Health Education Advisor
6.	Dr. Shabana Saleem	Director, Health

Audit observed that Health Professional Allowance was paid to the employees of CA&DD who did not fall under the definition of "Health Personnel" as clarified by the Finance Division vide U.O. dated 27.03.2012.

Audit is of the view that payment of Health Profession Allowance to the employees other than defined "Health Personnel" was unauthorized.

The management did not reply.

The PAO was informed on 06.11.2013, but DAC was not held till the finalization of the report.

Audit recommends that the amount irregularly paid should be recovered.

5.4.4 Irregular appointment of Joint Educational Advisor

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.

Establishment Division vide Notification No. 49/03/2010-E-I dated 09.01.2013 appointed Mr. Shamsuddin Mangrio, a retired BS-20 officer, as Joint Educational Advisor in Capital Administration and Development Division for a period of three years on contract basis.

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 appointment was made for a period of three years in violation of rules.

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 did not reply.

The PAO was informed on 06.11.2013, but DAC was not held till the finalization of the report.

Audit recommends that the judgment of the Supreme Court of Pakistan must be implemented in letter and spirit.

5.4.5 Unauthorized retention of 18 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 Federal Directorate of Education, Islamabad was maintaining 18 vehicles of engine capacity ranging from 800cc to 2800cc.

Audit observed that the vehicles were retained without the authorization of the Cabinet Division.

Audit is of the view that retention of the vehicles without the authorization of the Cabinet Division was irregular and unauthorized.

The management did not reply.

The PAO was informed on 06.11.2013, 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.

5.4.6 Provision of vehicles to non-entitled officers - Rs. 2.666 million

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

The management of FDE provided 11 vehicles of engine capacity of 800 to 2800 cc to various non-entitled officers and incurred an expenditure of Rs. 2.666 million on account of Repair & Maintenance and POL during 2010-12.

Audit observed that the officers were not entitled to use the official vehicles.

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 did not reply.

The PAO was informed on 06.11.2013, but DAC was not held till the finalization of the report.

Audit recommends that the irregular expenditure should be recovered from the non-entitled officers.

5.4.7 Irregular deposit in the bank account to avoid lapse - Rs. 21.289 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 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 Directorate of Education, Islamabad withdrew an amount of Rs. 21.289 million from development projects and training head of the regular budget during 2012-13.

Audit observed that the withdrawn amount was deposited into bank account No. 010769-5 maintained with National Bank of Pakistan, G-9 Branch, Islamabad to avoid lapse of fund.

Audit is of the view that withdrawal of money in order to avoid lapse of funds and its deposit into a bank account was irregular and unauthorized.

The management did not reply.

The PAO was informed on 06.11.2013, but DAC was not held till the finalization of the report.

Audit recommends that the matter may be investigated at appropriate level and responsibility may be fixed for this irregularity.

5.4.8 *Loss to Government due to irregular payment for lease of office building - Rs. 3.908 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.

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 Human Organs Transplant Authority (HOTA), Islamabad signed lease agreement with Mr. O.Q. Khan for office building for five years from 16.06.2011 to 16.06.2016 @ Rs. 229,880 per month and paid an amount of Rs. 2.548 million for the period 16.06.2011 to 15.04.2012.

Audit observed as under:

i. The lease agreement was executed for five years instead of the usual period of three years.

ii. Clause 3 of the Agreement states that the Lessee shall pay to the Lessor 24 months rent in advance and Rs. 459,760 being two months rent as security money which will be refunded to the Lessee only after successful completion of the said lease period, otherwise not.

iii. Clause 9 of the Agreement states that if the Lessee terminates this lease, the security along with entire remaining amount of advance shall stand forfeited in favour of the Lessor in lieu of expenditure thus incurred by Lessor.

iv. There was no original lease agreement/record available with department for the subject lease. However, Ministry of Capital Administration and Development letter F.No.2-9/2012-E-II dated 13.08.2012 revealed that the original file/record was in the possession of the ex-Administrator, HOTA.

v. An amount of Rs. 5.832 million was paid on 24.04.2012 for the period 16.04.2012 to 15.02.2014 for 22 months as advance rent.

vi. HOTA shifted from 36-Agha Khan Road, Super Market, F-6/4, Islamabad to the premises of the defunct Ministry of Special Education, G-8/2, Islamabad in September, 2012.

Audit is of the view that Clauses 3 and 9 of the lease agreement were of unusual character and were against the interest of the government, thus, resulting in loss of Rs. 3.908 million (Rs. 229,880 × 17 months).

The management replied that the lease agreement was signed by the then Administrator, HOTA after approval of the then Minister for Health/Chairman, HOTA. The matter had been brought in to the notice of the Ministry of Capital Administration & Development for further probe into the matter.

The reply indicates that the management has accepted the audit observation.

The PAO was informed on 25.11.2013, but DAC was not held till the finalization of the report.

Audit recommends that matter may be investigated, responsibility be fixed for the loss caused to Government and loss amount may be recovered from those responsible.

5.4.9 Unauthorized expenditure due to non-framing of financial rules - Rs. 58.847 million

Section 17 of Transplantation of Human Organs and Tissues Act, 2010 states that the Federal Government may, by notification in the official Gazette, make such rules for carrying out the purpose of this Act.

The management of Human Organ Transplant Authority (HOTA) incurred an expenditure of Rs. 58.847 million during 2007-13. Details are as under:

(Rupees)

S. No.	Period	Expenditure
1.	2007-08	7,793,162
2.	2008-09	6,649,995
3.	2009-10	5,398,783
4.	2010-11	6,042,994
5.	2011-12	14,031,999
6.	2012-13	18,930,000
	Total	**58,846,933**

Audit observed that the expenditure was incurred without framing/approval of its Financial Rules by the Federal Government.

Audit is of the view that the expenditure of Rs. 58.847 million without approved financial rules was irregular and unauthorized.

The management replied that expenditure of Rs. 58.847 million had been approved by the Principal Accounting Officer and FA's Organization.

The reply was not accepted because the financial rules were essential under Section 17 of Transplantation of Human Organs and Tissues Act, 2010.

The PAO was informed on 25.11.2013, but DAC was not held till the finalization of the report.

Audit recommends that the financial rules should be got approved from the federal government.

5.4.10 Recovery on account of irregular payment of Health Allowance to deputationists from provinces - Rs. 3.317 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.

Finance Division clarified the term "Health Personnel" vide U.O. No. F.2(13)R-2/2012-172 dated 27.03.2012 as follows:

"Health personnel" means a person who holds a post in any institute or organization delivering services in the health sector and included in Schedule-I, but does not include:

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 National Institute of Rehabilitation Medicine (NIRM), Islamabad paid Health Professional Allowance to deputationists amounting to Rs. 3.317 million during 2011-13. Details are as under:

(Rupees)

S. No.	Name and Designation	Per Month	Total
1.	Dr. Fazle Maula, Director (B-19)	50,200	301,200
2.	Dr. Gulab Hussain, MO (B-19)	59,800	538,200
3.	Dr. Ambreen Shahid, MO (B-17)	20,800	187,200
4.	Shamim Aftab, MO (B-18)	51,500	463,500
5.	Khadija Yasmin Paracha, MO (B-19)	47,000	423,000
6.	Zawar Hussain, MO (B-18)	50,000	450,000
7.	Dr. Zahir Shah, MO (B-17)	23,200	208,800
8.	Rehana Baseer, MO (B-18)	39,500	355,500
9.	Malik Muhammad Asad, Pharmasist (B-17)	17,200	103,200
10.	Gulzar Hussain, Lecturer (B-17)	20,800	124,800
11.	Mrs. Zubia Mushtaq, Asstt. Speech Therapist (B-16)	18,000	162,000
		Total	**3,317,400**

Audit observed that the management paid Health Professional Allowance to deputationists from provinces and authorities.

Audit is of the view that payment of Health Professional Allowance to deputationists from provinces and authorities was irregular and unauthorized.

The management replied that Dr. Fazle Maula was appointed by transfer in the Institute vide Ministry of Capital Administration and Development. Before that the officer was on deputation from Federal Government and not from the any Province. Therefore, he was entitled for Health Professional Allowance. The case of remaining officers was under process in Islamabad High Court and final decision will be communicated.

The reply was not accepted because Dr. Fazle Maula, being an employee of the Capital Development Authority, was also not entitled to draw Health Professional Allowance along with other deputationists from the provinces.

The PAO was informed on 25.11.2013 and 16.12.2013, but DAC was not held till the finalization of the report.

Audit recommends that the irregular Health Professional Allowance may be recovered and deposited into the government treasury.

5.4.11 Non-possession of land from CDA - Rs. 6.071 million

Capital Development Authority (CDA), Islamabad allotted 4,167 square yards land on 29.01.2003 to the National Institute of Rehabilitation Medicine (NIRM), Islamabad for expansion of NIRM, Islamabad.

The management of NIRM paid Rs. 6.071 million to the Capital Development Authority (CDA), Islamabad for purchase of the plot. Details are as under:

(Rupees)

S. No.	Payment Description	Cheque No.	Date	Amount
1.	Premium & annual ground rent	J486683	21.06.2005	4,700,000
2.	Late surcharges on premium / ground rent	0807409	27.06.2007	1,370,812
			Total	**6,070,812**

Audit observed that despite payment for the land, the plot had not been possessed by the Institute.

Audit is of the view that non-possession of land had resulted in blockage of public money besides non-implementation of plan for expansion of NIRM to provide health facilities to the general public.

The management replied that the case had been taken up with CDA and further progress would be intimated to Audit.

The reply indicates that the management has accepted the audit observation.

The PAO was informed on 16.12.2013, but DAC was not held till the finalization of the report.

Audit recommends that efforts should be made for possession of the plot so that the expansion plan of NIRM could be implemented, and the general public could avail better health facilities.

5.4.12 Irregular expenditure from Security Fund - Rs. 9.590 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 management of Private Educational Institutions Regulatory Authority (PEIRA) collected an amount of Rs. 9.590 million on account of Security Fund from private educational institutions during 2007-13.

Audit observed as under:

i. The amount was deposited in Account No. 2211-00500055-01 maintained with HBL, FBISE Branch, Islamabad.

ii. The amount was spent by the management for operational needs.

Audit is of the view that the Security Fund was refundable to private institutions and departmental expenditure from this fund was irregular and unauthorized.

The management replied that the PEIRA was facing shortage of funds due to reduction of fee structure resulting in decline in annual revenues. As a result, security fee was being consumed for meeting extremely essential operational needs of the Authority and smooth running of its activities.

The reply indicates that the management has accepted the audit observation.

The PAO was informed on 06.11.2013, but DAC was not held till the finalization of the report.

Audit recommends that the matter may be inquired at appropriate level and responsibility may be fixed for the irregularity, besides discontinuing the irregular practice.

5.4.13 Non approval of the accounting procedure

Section 8 of the Act No XI of 2013 for establishment of Private Educational Institutions Regulatory Authority for registration, regulation and functioning of private educational institutions in ICT states that the Authority shall maintain complete accounts of income and expenditure in such manner and form as the Government, in consultation with the Controller General of Accounts, may determine.

Private Educational Institutions Regulatory Authority (PEIRA) is a self-financing body established under the Act of Parliament and has been functioning since 2006.

Audit observed that PEIRA accounting procedure for maintaining accounts of income and expenditure was not approved by the CGA.

Audit is of the view that non-approval of the accounting procedure was violation of the Act which was irregular and unauthorized. Due to non-availability of standard accounting procedures, Audit could not authenticate the income and expenditure statements.

The management replied that a letter was sent to the office of the Controller General of Accounts in order to maintain complete accounts of income and expenditure of the Authority.

The reply indicates that the management has accepted the audit observation.

The PAO was informed on 06.11.2013, but DAC was not held till the finalization of the report.

Audit recommends that accounting procedures should be got approved from the Controller General of Accounts.

5.4.14 Mis-procurement of hiring of Security Services - Rs. 8.582 million and overpayment on account of security services charges - Rs. 1.128 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 40 of Public Procurement Rules, 2004 states that save as otherwise provided there shall be no negotiations with the bidder having submitted the lowest evaluated bid or with any other bidder.

Clause 3 of the Agreement between Pakistan Institute of Medical Sciences (PIMS), Islamabad and M/s FIST Security Private Limited states that the contract will be initially awarded on trial/probation basis for a period of three months, extendable for further period subject to satisfactory performance. However, regular contract for one year will be awarded/signed on the basis of satisfactory performance during probation period. The contract can be extended for another one year subject to satisfactory performance with mutual consent of both parties.

The management of Pakistan Institute of Medical Sciences (PIMS), Islamabad invited single stage two envelope tendering procedure for procurement of security services (Minimum 70 Security Guards) on 09.03.2011. Four firms submitted their bids which were opened on 24.03.2011. The bids of two firms were rejected due to submission of Technical and Financial bids in one envelope. After technical evaluation the Committee opened the financial bids of the two firms on 30.03.2011. The Committee decided on 04.04.2011 to award the contract to 2nd lowest firm, i.e. M/s FIST Security after negotiation, at par with the rates offered by the lowest bidder, M/s Zaftal. The contract was awarded to M/s FIST on 06.04.2011 for a period of three months on probation/trial basis. A sum of Rs. 8.582 million was paid to M/s FIST Security Services during 2012-13.

Audit observed as under:

i. The work was awarded to the 2nd lowest firm.
ii. The work was awarded after negotiations.
iii. The regular contract for one year was not awarded after completion of probation period on satisfactory performance.
iv. As per Minutes of the Meeting and undertaking given by the firm dated 04.04.2011, M/s FIST Security Services agreed to provide security services at par with the lowest bidder but Schedule-III (Per month payment of salaries) of the Agreement was not prepared accordingly. As a result, an amount of Rs. 1.128 million was overpaid to the contractor. Details are as under:

(Rupees)

S. No.	Description	No.	Period of contract	Lowest Rate	Paid Rate	Difference per month	Over payment
1.	Un-Armed Security Guard	64	24 months	10,000	10,500	500	768,000
2.	Armed Security Guard	6	24 months	10,500	13,000	2,500	360,000
						Total	**1,128,000**

Audit is of the view that the contract was awarded in violation of Public Procurement Rules, 2004 and undue favor was extended to the firm resulting in overpayment which was irregular and unauthorized.

The management replied that the Security Department of PIMS had only 60 Guards, who were insufficient in view of the security problems in the country. PIMS was spread over a full sub-sector of Islamabad working round the clock, having five clinical components, i.e. Islamabad Hospital, Children Hospital, Mother & Child Health Centre, Burn Care Centre & Cardiac Centre; and five teaching components, i.e. Quaid-i-Azam Postgraduate Medical College, College of Medical Technology, College of Nursing, School of Nursing & Training Centre. Hiring of additional security services was essential to fulfill the security requirements for which the Ministry had allocated funds during 2012-13.

The management also appreciated that Audit had pointed out the overpayment to the security company, which had agreed in principle to return the overpaid amount. In this connection a letter was issued to the firm accordingly.

The reply indicates that the management has accepted the audit observation regarding overpayment, whereas no reply was provided regarding mis-procurement of services for security.

The PAO was informed on 06.11.2013, but DAC was not held till the finalization of the report.

Audit recommends that responsibility may be fixed for the irregularity and overpayment may be recovered and deposited into government treasury.

5.4.15 Loss on account of purchase of medicines by ignoring the lowest bids - Rs. 4.943 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 PIMS, Islamabad purchased medicines from various firms during 2012-13.

Audit observed that the management procured medicines by ignoring the lowest bids. Audit reviewed transactions related to 15 medicines on a test check basis where the lowest bid was ignored and resultantly a loss of Rs. 4.943 million was sustained by the government. Details are at Annexure-IV.

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 medicines were procured from other than the lowest due to the reason that the medicines quoted lowest were either not according to the specification or wrongly quoted. In some cases this decision was taken on the recommendation of the end user on the basis of previous experience who flatly refused to use lowest quoted medicines.

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 06.11.2013, but DAC was not held till the finalization of the report.

Audit recommends that responsibility may be fixed for the irregularity.

5.4.16 Mis-procurement of medicines through negotiations - Rs. 10.861 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 40 of Public Procurement Rules, 2004 states that save as otherwise provided there shall be no negotiations with the bidder having submitted the lowest evaluated bid or with any other bidder.

The management of Pakistan Institute of Medical Sciences (PIMS), Islamabad purchased medicines from various firms through open tenders during 2012-13.

Audit observed that the medicines were purchased by ignoring the lowest bids and the management issued supply orders to the 2nd and 3rd lowest firms to supply medicines at the lowest evaluated rates. On a test check basis Audit reviewed transactions relating to six medicines where the lowest bid was ignored. Details are as under:

(Rupees)

Item No.	Type	Generic name	Brand name	Lowest Rate	Offered rate per unit	Purchased rate per unit	Quantity	Amount	Remarks
10	Injection	Nalbuphinhe HCI	Nalbin 10mg Inj.	22.50	22.60	22.40	13,000	291,200	3rd lowest
81	Injection	Piperacillin+ Tazobactam	Zoycin Injection 4.5gm		348	240	11,600	2,784,000	2nd lowest
83	Injection	Salbactam + Cefoperazone	Toxirid 2G IV Inj	59.55	64	59	47,000	2,773,000	2nd lowest
161	Injection	ENOXAPARIN	Clexane Injection 40mg 1x2	219.30	289.89	219	8,100	1,773,000	2nd lowest
162	Injection	ENOXAPARIN	Clexane Injection 60mg 1x2	280.33	371.45	280	7,000	1,960,000	2nd lowest
165	Injection	Streptokinase	Eskinase Inj.	2,750	3,000	2,560	500	1,280,000	2nd lowest
							Total	**10,861,200**	

Audit is of the view that the management did not follow the Public Procurement Rules, 2004 and undue favor was extended to the supplying firms.

The management replied that items pointed out by the Audit where supply orders were given to 6 other than the lowest firms were selected purely on the basis of quality and the strong recommendation of the end users.

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 06.11.2013, but DAC was not held till the finalization of the report.

Audit recommends that responsibility may be fixed for the irregularity.

5.4.17 *Irregular and unauthorized award of agreement for installation of telecom towers in PIMS premises*

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.

Clause 23 of the Agreement states that *U-fone* was responsible to provide facilities, i.e. benches, sheds, etc. to cater for better public services at PIMS. All of the above shall remain the property of *U-fone* at all time during and on expiring of the agreement for any reasons whatsoever. Ownership of installation of above facilities would remain with *U-fone*.

The management of Pakistan Institute of Medical Sciences entered into an agreement with Pak Telecom Mobile Limited (PTML) on 02.06.2010 for installation of booster and other allied equipment of *U-fone* in the PIMS premises for initial period of three year commencing on 02.06.2010.

Audit observed as under:

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

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

iii. 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 replied that PIMS requested the *U-fone* authorities to install its equipment with branding materials on the premises, therefore, an agreement was signed by the then Executive Director, PIMS and *U-fone* on 02.06.2010 for an initial period of three years from 02.06.2010 to 01.06.2013, including the execution of works inside the PIMS premises. *U-fone* being a Pakistani company with 60% shares owned by PTCL was providing reasonable rates to the staff of PIMS who had converted their mobile numbers to *U-fone* network. Therefore, the period of agreement was extended for a further two years w.e.f. 01.07.2013 on the following conditions as agreed by both the parties:

i. *U-fone* must pay Rs. 25, 000 per month to PIMS.

ii. *U-fone* must pay one year advance every year through cheque in favor of Administrator, PIMS.

iii. *U-fone* must increase 5% of total cost every year.

iv. The agreement may be signed only for three years not ten years.

v. *U-fone* must be bound to shift and vacate the premises/space, if required, by PIMS for any construction purposes where the tower/equipment of *U-fone* are installed to some suitable space within the PIMS premises.

The reply was not accepted because the contract was irregular in the first place. The reply of the organization indicates that unnecessary favor was granted to *U-fone* in consideration for the benefit of the PIMS employees. The terms and conditions effective 01.07.2013 indicate that *U-fone* would have a permanent presence within the PIMS premises for all times to come.

The PAO was informed on 06.11.2013, 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.

5.4.18 Unauthorized opening of bank account and retention thereof – Rs. 128.230 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 deposit elsewhere without the consent of the Ministry of Finance.

Finance Division imposed a ban on purchase of all types of vehicles to enforce austerity measures vide O.M. No. F.7(1)Exp.IV/2011 dated 17.08.2011 and O.M. No. F.7(1) Exp.IV/2012 dated 24.07.2012 during 2011-12 and 2012-13.

The management of PIMS, Islamabad, was maintaining a Bank Account No. 428-3 (Security Account) at National Bank of Pakistan, PIMS Branch, Islamabad.

Audit observed as under:

i. According to the Cash Book, a balance of Rs. 128,230,160 was lying in the bank account as on 10.07.2013.

ii. An amount of Rs. 1.720 million was transferred into this account from 15 bank accounts that were closed on the request of the PIMS administration.

iii. An expenditure of Rs. 0.175 million was incurred from this account for purchasing two confiscated vehicles from the Federal Board of Revenue. Details are as under:

(Rupees)

S. No.	Particular of vehicle	Date of payment	Registration No.	Token amount
1.	Mitsubishi Pajero 2800cc	14.06.2012	GX-804	100,000
2.	Toyota Corolla Car 1600cc	29.04.2013	GX-536	75,000
			Total	**175,000**

Audit is of the view that opening of bank account without the approval of the Finance Division, retention of public money and expenditure therefrom was irregular and unauthorized.

The management replied that PIMS was maintaining a savings bank account No. 428-3 at NBP, PIMS Branch, Islamabad to keep securities from contractors, suppliers and panel organizations, which were refundable on completion of contracts. The bank account was opened in 1995 when PIMS was working as autonomous organization under a Board of Governors (BOG). In the absence of such account it could not be possible to keep refundable securities.

The management also replied that the matter did not pertain to purchase of new vehicles. The confiscated vehicles were obtained from FBR after approval of the Capital Administration & Development Division in the light of instructions/orders of the federal government, due to shortage of vehicles as a result of condemnation and implementation of Monetization Policy.

The reply was not accepted because the approval of the Finance Division was required after change of status of the organization. The management was not authorized to incur expenditure for any purpose from securities of the contractors.

The PAO was informed on 06.11.2013, but DAC was not held till the finalization of the report.

Audit recommends that the sources of the funds deposited may be provided to Audit, approval of the Finance Division for maintaining the account may be obtained, and responsibility may be fixed for irregular purchase of vehicles.

5.4.19 Loss due to less recovery of electricity charges from the PIMS employees and outstanding amount of electricity bills - Rs. 1.122 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.

Pakistan Institute of Medical Sciences, Islamabad vide Office Order No. F-1-1/2005(DFD-NM)/PIMS dated 08.07.2005 decided that in future all Medical Officers living in M.O. Hostel and Nurses living in Nursing Hostel, who had installed Air Conditioner Unit in their rooms would pay the bill of electricity @ Rs. 1,000 per month instead of Rs. 500 per month (April to September).

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 of PIMS colony through sub meters from two bulk supply meters.

ii. Payment to Islamabad Electric Supply Company (IESCO) was being 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), 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.

iii. A sum of Rs. 676,788 was outstanding against employees on account of monthly electricity bills.

iv. An amount of Rs. 445,000 @ Rs. 1,000 per month per room (89 air conditioners) was outstanding against individuals living in the hostels.

Audit is of the view that recovery from employees at domestic tariff and failure to recover the outstanding amount of electricity charges resulted in loss to government.

The management replied that PIMS administration had approached IESCO for separation of electric power supply and direct billing through IESCO for PIMS colony repeatedly but no action had been taken by IESCO so far. However, the matter was being taken up once again with IESCO.

The reply indicates that the management has accepted the audit observation.

The PAO was informed on 06.11.2013, but DAC was not held till the finalization of the report.

Audit recommends that the irregular practice may be stopped forthwith besides immediate recovery of outstanding amount.

5.4.20 Irregular and unauthorized maintenance of funds - Rs. 44.807 million

The approved Education Code, 2006 allowed collection of receipts under Student Fund, Health Fund, Admission Fund and Library Security.

Para 34 of Education Code, 2006 states that no other fund except those mentioned above shall be realized in any institution except with the permission of the Director General (Education). The realization of an unauthorized fund is totally prohibited.

The Federal Directorate of Education vide letter No. F.1-83/2001/MCW (B) FDE dated 09.01.2003 issued instructions to all Principals of Islamabad Model Colleges on the revision of funds and fee structure rates to be collected from students under various heads.

The management of Islamabad Colleges collected receipt amounting to Rs. 44.807 million under the following funds for the period 2010-13:

(Rupees)

S. No.	Year	Institution	PTA Fund	Laboratory Fund	Magazine Fund	Bus Fund	Total
1.	2010-13	IMCG, F-7/4	306,810	981,640	876,200	16,746,910	18,911,560
2.		IMCG, F-8/1	179,193	0	0	3,702,547	3,881,740
3.	2011-13	ICB, G-6/3	317,800	5,621,705	896,100	8,529,750	15,365,355
4.		IMCB, F-8/4	184,070	458,285	526,800	5,478,975	6,648,130
		Total	**987,873**	**7,061,630**	**2,299,100**	**34,458,182**	**44,806,785**

Audit observed as under:

i. PTA Fund, Laboratory Fund and Magazine Fund collected from students were deposited in the Student Fund Account for Morning and Evening Shift, respectively maintained with National Bank of Pakistan.

ii. The collection of PTA Fund, Laboratory Fund and Magazine Fund was not authorized in the Education Code, 2006.

iii. The funds and fee structure rates for above-mentioned funds circulated by the Federal Directorate of Education vide letter No. F.1-83/2001/MCW(B)FDE dated 09.01.2003 was no longer valid after the issuance of the Education Code, 2006.

Audit is of the view that the collection of PTA Fund, Laboratory Fund, Magazine Fund and Bus Fund was irregular and unauthorized.

The management of Islamabad College for Boys, G-6/3 and Islamabad Model College for Boys, F-8/4 replied that the model school was established in 1966 and was run by BOG and remained in its administrative control till 1993. The then BOG empowered the colleges for maintaining of fund accounts in NBP. After declaring the status of civil servant, these accounts were carried forward accordingly and till date no instructions were given/issued from any authority regarding closing the accounts in commercial banks. Moreover, no instructions regarding accounts were added in the Education Code of 1993 and 2006.

The management Islamabad Model Colleges for Girls, F-7/4 and F-8/1 did not reply.

The reply was not accepted because, the Education Code, 2006 clearly allowed collection of receipts on account of Student Fund, Health Fund, Admission Fund and Library Security only. Further, Para 34 of Education Code, 2006 also states that no other fund should be realized in any institution, except with the permission of the Director General (Education) and that any realization of an unauthorized fund would be totally prohibited. Therefore, collection of funds other than those mentioned in the Education Code, 2006 was irregular and unauthorized.

The PAO was informed on 06.11.2013 and 25.11.2013, but DAC was not held till the finalization of the report.

Audit recommends that responsibility be fixed for the irregularity and the irregular amount collected be worked out since 1993 and deposited in the government treasury.

5.4.21 Irregular deposit of Admission Fee in Student Fund bank account and expenditure therefrom - Rs. 2.118 million

The approved Education Code, 2006 allowed collection of receipts under Student Fund, Health Fund, Admission Fund and Library Security.

Para 32 (Admission Fund) of Education Code, 2006 states that the Heads of the institutions shall be empowered to incur expenditure out of this fund

(Prospectus/Admission Forms/ Registration Forms inclusive) at all entry points from Class-1 to MA on the following:

i. Printing of Prospectus/Student Diary/Card(s)

ii. Purchase of stationery items, printing/photocopying and computer related consumables

iii. Miscellaneous expenditure related to admissions

Para 27 of Education Code, 2006 states that all realized funds shall be deposited in relevant account(s) in the bank immediately after their realization (separate for both morning and evening shifts).

Para 30 of Education Code, 2006 empowers the Heads of the institutions to incur expenditure out of Student Fund under 18 items as per the upper limit of expenditure prescribed through a notification by the Department Head.

The management of Islamabad College for Boys, G-6/3 collected Admission Fee in the light of Federal Directorate of Education letter No. F.1-83/2001/MCW(B)FDE dated 09.01.2003 which provided the revised Admission Fee of Rs. 1,000 per student, out of which Rs. 200 was to be deposited in Government Exchequer from the Morning Shift students, while the remaining fee was to be deposited in Student Fund, whereas the whole amount of the Evening Shift, i.e. Rs. 1,000 was to be deposited in the Student Fund.

The management of Islamabad College for Boys, G-6/3 collected receipt on account of Admission Fee amounting to Rs. 2.118 million for the period 2011-13. Details are as under:

(Rupees)

S. No.	Name of Fund	2011-12	2012-13	Total
1.	Admission fee, Morning Shift	537,000	621,350	1,158,350
2.	Admission fee, Evening Shift	484,850	474,700	959,550
	Total	**1,021,850**	**1,096,050**	**2,117,900**

Audit observed as under:

i. The instructions issued by Federal Directorate of Education vide letter No. F.1-83/2001/MCW(B)FDE dated 09.01.2003 were not applicable after the issuance of Education Code, 2006.

ii. A separate fund account for Admission Fee was not opened in violation of Para 27 of the Education Code, 2006.

iii. The Admission Fee amounting to Rs. 1.158 million for Morning Shift was deposited in Student Fund Account No. 3186-1 and Rs. 0.960 million for Evening Shift was deposited in Student Fund Account No. 3187-0, respectively maintained with National Bank of Pakistan, Holiday Inn Branch, Islamabad.

iv. The authorized purpose of expenditure out of Admission Fund could not be met from Student Fund and vice versa.

Audit is of the view that the deposit of Admission Fee in Student Fund bank account was irregular and the expenditure therefrom was unauthorized.

Audit is also of the view that in the absence of separate account for Admission Fee, Audit could not determine whether the Admission Fee realized was expended in accordance with Para 32 of the Education Code, 2006.

The management replied that Admission Fee had never been deposited in the Student Fund and was deposited in the government treasury. However, Admission Fee had been kept with the Student Fund as no instructions were received to maintain separate account for this purpose through Education Code introduced in 1972 and again in 2006. The expenditure was always in the interest of students.

The reply was not accepted because the management’s assertion that no funds were deposited in Student Fund was incorrect as Rs. 1.158 million was deposited in Student Fund Account No. 3186-1 for Morning Shift and Rs. 0.960 million was deposited in Student Fund Account No. 3187-0 for Evening Shift. Therefore, the expenditure incurred from the both shifts out of Student Fund was irregular. Further, the instructions issued by Federal Directorate of Education in 2003 were not applicable after the issuance of Education Code, 2006.

The PAO was informed on 06.11.2013, but DAC was not held till the finalization of the report.

Audit recommends that responsibility be fixed for the irregularity and the irregular amount collected be worked out and deposited in the Admission Fund accounts.

5.4.22 Irregular monthly collection of Student Fund - Rs. 47.752 million

The Federal Directorate of Education vide letter No. F.1-83/2001/MCW (B) FDE dated 09.01.2003 issued instructions to all Principals of Islamabad Model Colleges on the revision of funds and fee structure rates to be collected from students under various heads. The revised Student Fund under Serial No. 7 of Table of Para 1 was Rs. 150 per student for school classes and Rs. 200 for college classes.

The approved Education Code, 2006 allowed collection of receipts under Student Fund, Health Fund, Admission Fund and Library Security.

The management of Islamabad Colleges collected receipt amounting to Rs. 47.752 million on account of Student Fund for the period 2010-13. Details are as under:

(Rupees)

S. No.	Year	Institution	Morning Shift	Evening Shift	Total
1.	2010-13	IMCG, F-7/4	15,221,195	4,501,950	19,723,145
2.	2011-13	ICB, G-6/3	10,278,500	7,179,815	17,458,315
3.		IMCB, F-8/4	6,225,800	4,344,390	10,570,190
		Total	**31,725,495**	**16,026,155**	**47,751,650**

Audit observed as under:

i. The management collected monthly fee from students on account of Student Fund, whereas the instructions issued by the Federal Directorate of Education vide letter No. F.1-83/2001/MCW(B)FDE dated 09.01.2003 were silent as to whether the Student Fund was to be collected on a monthly, yearly or one-time basis fee.

ii. The Federal Directorate of Education did not issue fresh instructions for fee structure after the issuance of Education Code, 2006 as instructions issued vide letter No. F.1-83/2001/MCW(B)FDE dated 09.01.2003 were no longer valid.

Audit is of the view that the monthly collection of Student Fund from students was irregular and unauthorized and created a financial burden for the parents.

The management of Islamabad College for Boys, G-6/3 replied that the matter had been referred to Federal Directorate of Education (FDE) for necessary clarification.

The management of Islamabad Model College for Boys, F-8/4 replied that prior to 1993, the setup was governed by the Board of Governors system and in 1993 the setup was handed over to FDE as the employees of the IMCs were declared civil servants. The Student Fund was being collected/charged with time to time through FDE orders, Education Code 1972 and 2006. The BOG authorized the institutions for this collection. However, the management had approached the FDE for necessary clarification.

The management of Islamabad Model College for Girls, F-7/4 did not reply.

The reply indicates that management has accepted the audit observation that the monthly collection of Student Fund was ambiguous which needed clarification.

The PAO was informed on 06.11.2013, but DAC was not held till the finalization of the report.

Audit recommends that necessary clarification may be obtained from the Federal Directorate of Education.

5.4.23 Irregular and unauthorized expenditure from Student Fund - Rs. 4.354 million

Para 30 of Education Code, 2006 states that the Heads of the institutions shall be empowered to incur expenditure out of Student Fund as per the upper limit of expenditure prescribed through a notification by the Department Head on the following:

i. Library books, newspapers and periodicals.

ii. Science and Home Economics equipment and chemicals.
iii. Expenditure related to conduct of in-house examinations.
iv. Financial aid to the deserving students.
v. Payment of daily wage employees (teaching and non-teaching staff)
vi. Sports and allied facilities.
vii. Education excursions.
viii. Hot and cold weather charges.
ix. Prizes for students.
x. Scouting/Girl Guide/Club activities.
xi. Progress Reports, printing and photocopying of teaching material.
xii. Audio-Visual aids.
xiii. Drawing equipment/Art material.
xiv. Expenditure related to extra and co-curricular activities.
xv. Transport facility: Students' buses only.
xvi. First Aid
xvii. Temporary loans for payment of utility charges viz (electricity & POL charges).
xviii. Any other items relating to student welfare involving exceptional circumstances to be expended subject to prior approval of the DG, FDE.

The management of Islamabad College for Boys, G-6/3 incurred expenditure amounting to Rs. 50.568 million from Student Fund during 2011-13. Details are as under:

(Rupees)

S. No.	Name of Fund	2011-12	2012-13	Total
1.	Student Fund, Morning Shift	8,623,434	14,556,078	23,179,512
2.	Student Fund, Evening Shift	12,712,189	14,676,830	27,389,019
	Total	**21,335,623**	**29,232,908**	**50,568,531**

Audit observed that the management incurred expenditure amounting to Rs. 4.354 million on items beyond the 18 items mentioned under Para 30 of Education Code, 2006, i.e. on purchase of physical assets, repair & maintenance, purchase of stationery items, plumbing work, income tax payments, advertisement, entertainment, etc.

Audit is of the view that the expenditure was irregular and unauthorized.

The management replied that all expenditure incurred out of Student Fund was in the student interest and there was no violation of the Education Code.

The reply was not accepted because the expenditure incurred was not covered under Para 30 of the Education Code.

The PAO was informed on 06.11.2013, but DAC was not held till the finalization of the report.

Audit recommends that responsibility be fixed for the irregularity.

5.4.24 Unauthorized collection of Bus Fund - Rs. 6.268 million

The approved Education Code, 2006 allowed collection of receipts under Student Fund, Health Fund, Admission Fund and Library Security.

Para 34 of Education Code, 2006 states that no other fund except those mentioned above shall be realized in any institution except with the permission of the Director General (Education). The realization of an unauthorized fund is totally prohibited.

PAC directive dated 05.12.2012 for Para 6.12 (page 24-45) of Audit Year 2005-06 (FY 2004-05) communicated to the Secretary, Capital Administration and Development Division stated that the Committee directed the PAO that bus fee should be deposited into Federal Treasury w.e.f. 01.01.2013. If the said amount was not deposited in the Federal Treasury, the responsibility would be fixed on the Principal Accounting Officer. The past irregularity was to be regularized as per rules from the Finance Division.

The management of Islamabad Colleges collected receipt amounting to Rs. 6.268 million on account of Bus Fund for the period January to June, 2013. Details are as under:

(Rupees)

S. No.	Institution	Receipt	Expenditure
1.	ICB, G-6/3	2,223,000	3,640,711*
2.	IMCG, F-7/4	2,914,750	943,584
3.	IMCB, F-8/4	1,129,900	768,858
	Total	**6,267,650**	**5,353,153**

***Note:** Expenditure includes receipt collected before 01.01.2013

Audit observed as under:

i. There was no provision in the Education Code, 2006 for the collection of Bus Fee.
ii. Bus Fee amounting to Rs. 6.268 million collected from January to June, 2013 was not deposited into the government treasury.
iii. An expenditure of Rs. 5.353 million was incurred from the fee collected from January to June, 2013.
iv. The balance as per bank statement of ICB, G-6/3 Bus Fund Account No. 3190-5 as on 30.06.2013 was Rs. 6.243 million maintained with National Bank of Pakistan.

Audit is of the view that failure to deposit the Bus Fee collected w.e.f. 01.01.2013 into the government treasury and subsequent expenditure was unauthorized and in violation of PAC directives.

The management of ICB, G-6/3 replied that the PAC directive was received in the college in April, 2013 and immediately retention of Bus Fee was stopped, and the whole amount was being deposited into Government Treasury w.e.f. 01.04.2013. The collection from 01.01.2013 to 31.03.2013, i.e. Rs. 632,450 on account of Morning Shift was deposited into the federal treasury.

The management of IMCG, F-7/4 did not reply.

The management of IMCB, F-8/4 replied that the PAC directive has been implemented in letter and spirit for the collection of Morning Shift. However, not a single rupee was provided by the government for the Evening Shift, whereas hundreds of students were enjoying the same educational and related facilities provided to the students of Morning Shift.

The replies were not accepted because the PAC directive did not differentiate between the Morning and Evening Shifts.

The PAO was informed on 06.11.2013, but DAC was not held till the finalization of the report.

Audit recommends that the amount collected after 01.01.2013 including previous balance should be deposited in the government treasury in light of the PAC directive.

5.4.25 Irregular transfer of funds - Rs. 2.500 million

The approved Education Code, 2006 allowed collection of receipts under Student Fund, Health Fund, Admission Fund and Library Security.

Para 34 of Education Code, 2006 states that no other fund except those mentioned above shall be realized in any institution except with the permission of the Director General (Education). The realization of an unauthorized fund is totally prohibited.

PAC directive dated 05.12.2012 for Para 6.12 (page 24-45) of Audit Year 2005-06 (FY 2004-05) communicated to the Secretary, Capital Administration and Development Division stated that the Committee directed the PAO that bus fee should be deposited into Federal Treasury w.e.f. 01.01.2013. If the said amount was not deposited in the Federal Treasury, the responsibility would be fixed on the Principal Accounting Officer. The past irregularity was to be regularized as per rules from the Finance Division.

The management of Islamabad College for Boys, G-6/3 transferred funds amounting to Rs. 2.500 million from Bus Fund Account No. 3190-5 to Student Fund accounts maintained at National Bank of Pakistan, Islamabad during 2012-13. Details are as under:

(Rupees)

S. No.	Transferred to	Account No	Date of Transfer	Amount
1.	Student Fund, Morning Shift	3186-1	04.02.2013	500,000
2.	Student Fund, Evening Shift	3187-0	04.02.2013	500,000
3.	Student Fund, Morning Shift	3186-1	04.03.2013	500,000
4.	Student Fund, Evening Shift	3187-0	29.03.2013	500,000
5.	Student Fund, Morning Shift	3186-1	29.03.2013	500,000
			Total	**2,500,000**

Audit observed as under:

i. The funds were transferred to Student Fund Accounts.

ii. The Bus Fund Account No. 3190-5 was maintained in violation of Para 34 of the Education Code, 2006.

iii. The funds were transferred in violation of PAC directives.

Audit is of the view that transfer of funds was irregular and unauthorized.

The management replied that temporary loan especially for salary purposes was unavoidable as the receipts did not cover the monthly expenditure on salaries of daily wages staff due to exemption of tuition fee. The loan taken had been refunded.

The reply indicates that the management has accepted the audit observation. However, the management did not provide evidence of refund into the Bus Fund and its further deposit into the federal treasury in the light of PAC directives.

The PAO was informed on 06.11.2013, but DAC was not held till the finalization of the report.

Audit recommends that the amount taken as 'loan' from the Bus Fund should be recoverd and deposited into the federal treasury as per PAC directives.

5.4.26 Unauthorized maintenance of Self-Finance A/c No. 1113-2 at National Bank of Pakistan

Para 7 of GFR Volume-I state that unless otherwise expressly authorized by any law or rule or order having the force of law, moneys may not be removed from the Public Account for investment or deposit elsewhere without the consent of the Ministry of Finance.

The management of Islamabad College for Boys, G-6/3 transferred Rs. 50,000 on 04.06.2013 from Bus Fund Account No. 3190-5 to Self-Finance Account No. 1113-2, both maintained at National Bank of Pakistan, Holiday Inn Branch, Islamabad.

Audit observed as under:

i. The management did not mention "Self-Finance Account No. 1113-2" in the list of bank accounts provided to Audit.

ii. Cash book of the bank account was not provided.

iii. Bank Statement of Account No. 1113-2 was not provided.

iv. The Bank Statement of Bus Fund Account No. 3190-5 showed transfer of Rs. 50,000 dated 04.06.2013, which was also entered in the Bus Fund Cash Book. Upon inquiry, the management deleted the entry in the Cash Book on the pretext that it was a wrong entry in the bank statement.

v. The Self-Finance Account No. 1113-2 was maintained with National Bank of Pakistan without the approval of Ministry of Finance.

Audit is of the view that maintenance of bank account without the approval of Ministry of Finance was irregular.

Audit is also of the view that in absence of record related to Self-Finance Account No. 1113-2, Audit was not able to ascertain the authenticity of the receipts collected and the expenditure incurred therefrom.

The management replied that all the record of Self-finance Fund was provided to Audit, but unfortunately the account number could not be recorded on accounts list by the concerned official. The bank account was opened only one and half year ago.

The reply was not accepted because the record of Self-finance Fund was not provided to Audit. Further, the management had not provided the approval of Finance Division for opening of Self-finance Fund Bank Account No. No. 1113-2.

The PAO was informed on 06.11.2013, but DAC was not held till the finalization of the report.

Audit recommends that the entire record of the Self-finance Fund bank account, i.e. approval of Finance Division, Bank Statements, Cash Book, etc. should be provided to Audit in order to ascertain the authenticity of the expenditure.

5.4.27 Irregular collection of tuition fee - Rs. 11.101 million

Federal Directorate of Education Notification No. F.6.4/2005-(Coord)FDE dated 31.03.2005 states that no tuition fee shall be charged by any Federal Government school/Islamabad Model College located in Islamabad Capital Territory from the students of Class-I to Class-X with effect from academic session 2005 onwards till further orders.

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 Islamabad Model Colleges collected tuition fee amounting to Rs. 11.101 million from Second Shift students of Class-I to Class-X during 2010-13. Details are as under:

(Rupees)

S. No.	Year	Institution	Amount
1.	2010-13	IMCG, F-7/4	3,715,920
2.		IMCG, F-8/1	1,573,685
3.	2011-13	IMCB F-8/4	1,021,680
4.		IMCB F-7/3	3393000
5.	2012-13	IMCB I-8/3	1,396,965
		Total	**11,101,250**

Audit observed as under:

i. The management of the colleges realized tuition fee in violation of FDE instructions.

ii. The amount collected was deposited into the Student Fund account.

Audit is of the view that collection, retention and utilization of fee, etc. was a violation of the instructions and rules.

The management of IMCB F-8/4 replied that the revenue was a self-generated fund. No government grant was being spent on huge number of students of second shift, i.e. 1,500 students. There was no burden/liability on the part of the government and the FDE had approved this scheme. However, from 01.07.2013 the students of Evening Shift had been exempted from tuition fee like those of Morning Shift.

The managements of the remaining Model Colleges did not reply.

The reply was not accepted as collection of tuition fee was in violation of FDE instructions.

The PAO was informed on 06.11.2013, 25.11.2013 and 09.12.2013, but DAC was not held till the finalization of the report.

Audit recommends that responsibility be fixed for the irregularity which may be discontinued forthwith and the amount collected may be deposited into government treasury.

5.4.28 Irregular payment of wages to regular staff - Rs. 34.090 million

Para 30(v) of the Education Code, 2006 states that the heads of educational institutions shall be empowered to incur expenditure out of Students' Funds as per the upper limit of expenditure prescribed through a notification by the Department Head on payment to daily wage employees (teaching & non-teaching staff).

The management of Islamabad Model Colleges incurred expenditure of Rs. 34.090 million on payment of wages to regular teaching and non-teaching staff during 2010-13. Details are as under:

(Rupees)

S. No.	Year	Institution	Amount
1.	2010-13	IMCG, F-7/4	12,732,292
2.		IMCB F-8/4	9,277,567
3.	2011-12	IMCB F-7/3	12,080,000
		Total	**34,089,859**

Audit observed as under:

i. Regular teaching and non-teaching staff working in morning and evening shifts was paid @ 50% of basic pay from the Student Fund as wages/salaries.

ii. The management of IMCB, F-8/4 paid wages amounting to Rs. 943,495 to staff during summer vacations for the months of July and August in 2011 and 2012.

Audit is of the view that payment of wages to the regular staff of colleges was irregular and unauthorized.

The management of IMCB, F-8/4 replied that the case for revision of Education Code, 2006 was under process in the FDE. The college management had submitted the case for ex-post facto approval of Rs. 9.278 million.

The management of other Model Colleges did not reply.

The reply indicates that the management of IMCB F-8/4 has accepted the audit observation.

The PAO was informed on 06.11.2013 and 25.11.2013, but DAC was not held till the finalization of the report.

Audit recommends that responsibility be fixed for the irregularity and the practice of payment of wages to regular staff should be stopped forthwith.

5.4.29 Irregular purchase of assets during ban period - Rs. 7.999 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. The ban was also imposed during financial year 2012-13 w.e.f. 01.07.2012.

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 Islamabad Model Colleges incurred an expenditure of Rs. 7.999 million on purchase of vehicles during 2011-13. Details are as under:

(Rupees)

S. No.	Year	Institution	Asset Purchased	Cheque No.	Date	Paid from	Amount
1.	2011-12	IMCG F-8/1	Suzuki Bolan	2056080	31.05.2012	Bus Fund A/c No. 891-5	599,000
2.	2012-13	IMCG, F-6/2	Hino Bus	705833 & 6488524	16.08.2012	Student Fund and Bus Fund	7,400,000
						Total	**7,999,000**

Audit observed as under:

i. The vehicles were purchased despite ban imposed by the Finance Division.

ii. The vehicles were purchased without obtaining the approval of committee constituted in the Finance Division under the Chairmanship of Additional Secretary (Expenditure).

Audit is of the view that expenditure on purchase of physical assets was irregular and unauthorized.

The management of IMCG F-8/1 did not reply.

The management of IMCG F-6/2 replied that the Hino Bus was purchased on the demand of parents for providing pick and drop facilities to the students from Bus Fund with the approval of Secretary, Ministry of CAD.

The reply was not accepted because Secretary, Ministry of CAD was not the competent authority to authorize the procurement of vehicle as the collection of Bus Fund was not authorized under the Education Code, 2006.

The PAO was informed on 25.11.2013, but DAC was not held till the finalization of the report.

Audit recommends that responsibility be fixed for the irregularity.

5.4.30 Irregular and unauthorized expenditure on civil works - Rs. 7.458 million

The Education Code, 2006 allowed collection of receipts under Student Fund, Health Fund, Admission Fund and Library Security.

Para 30 of Education Code, 2006 empowers the Heads of the institutions to incur expenditure out of Student Fund on 18 items as per the upper limit of expenditure prescribed through a notification by the Department Head.

Para 34 of Education Code, 2006 states that no other fund except those mentioned above shall be realized in any institution except with the permission of the Director General (Education). The realization of an unauthorized fund is totally prohibited.

The management of Islamabad Model College for Girls, F-6/2 incurred Rs. 7.458 million on construction of six additional class rooms through Pak PWD during 2012-13. Details are as under:

(Rupees)

S. No.	Payment made from	Cheque No.	Date	Amount
1.	Second Shift Fund	648855	08.10.2012	2,000,000

2.	Student Fund	0629049	08.10.2012	2,200,000
3.	BCS Fund	11838983	08.10.2012	3,258,300
			Total	**7,458,300**

Audit observed as under:

i. The expenditure incurred from Student Fund was irregular.

ii. The collection of Second Shift Fund and Bachelor of Computer Sciences (BCS) Funds was not permitted under the Education Code, 2006.

iii. The Principal of the college did not have the authority to transfer the funds to Pak PWD for any purpose whatsoever.

Audit is of the view that the expenditure incurred on civil works was irregular and unauthorized.

The management replied that the Secretary, Ministry of Capital Administration and Development had allowed the Principal of IMCG, F-6/2 for 100% payment to Pak PWD, Islamabad through cross cheque from the resources of the college, i.e. Student Fund, Second Shift Fund & BCS Fund to facilitate the students. On the completion of construction of class rooms, the students of Evening Shift (9^{th} & 10^{th}) were shifted to morning classes. MSc in Mathematics was also started in the large interest of public.

The reply was not accepted because neither the Secretary, Ministry of Capital Administration and Development was competent to grant approval for transfer of funds to Pak PWD nor college authorities were competent to collect funds other than those mentioned in the Education Code, 2006.

The PAO was informed on 25.11.2013, but DAC was not held till the finalization of the report.

Audit recommends that responsibility should be fixed for the irregular and unauthorized collection and utilization of the funds.

5.4.31 Un-authorized expenditure on repair of office building - Rs. 16.973 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 buildings and no power has been delegated to the heads of departments for this 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.

Para 182 of GFR Volume-I states that to facilitate the preparation of estimates, as also to serve as a guide in settling rates in connection with contract agreements, a Schedule of Rates for each kind of work commonly executed should be maintained in each locality and kept up to date. The rates entered in the estimates should generally agree with the scheduled rates but where, from any cause, these are considered insufficient, or in excess, a detailed statement must be given in the report accompanying the estimate, showing the manner in which the rates, used in the estimate are arrived at.

The management of Federal Government Polyclinic, Islamabad incurred expenditure of Rs. 16.973 million on repair of building during 2012-13.

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 expenditure was incurred on different jobs at different places and on different occasions on need basis under the authorized limit of the power delegated to Executive Director.

The reply was not accepted because no powers were delegated to the Head of the Department vide Finance Division O.M. No. F.3(2)Exp-III/2006 dated 13.09.2006.

The PAO was informed on 23.12.2013, but DAC was not held till the finalization of the report.

Audit recommends that responsibility may be fixed for the irregularity.

5.4.32 Irregular appointment of Dental Surgeon

In compliance with the Supreme Court of Pakistan Order dated 27.01.11 passed in Suo Moto Case No. 24 of 2010 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.

In the light of Standard Terms and Conditions of Contract Employment issued by the Establishment Division vide O.M. No. 10/52/95-R.2 dated 18.07.1996, as amended from time to time, the period of contract should not exceed two years and the post should be advertised.

In terms of Establishment Division Corrigendum F.No.8/10/2000-CP dated 02.03.2000 and O.M. No. F.No.810/2000-CP-I dated 12.08.2005 the condition of open advertisement is required to be dispensed with the approval of the Chief Executive, if it is proposed to appoint a retired civil servant or a retired officer of the Armed Forces or a retired Judge of a superior court, on contract basis.

The Capital Administration and Development Division vide Notification No. 02/SO(Estt-I)2013 dated 24.04.2013 re-employed Dr. Pakiza Raza Haider to the post of Dental Surgeon (BS-19) w.e.f. 18.10.2012 in Federal Government Polyclinic, Islamabad on contract basis for two years on standard terms and conditions.

Audit observed that the appointment on contract basis was made in violation of orders of the Supreme Court of Pakistan.

The management replied that Dr. Pakiza Raza Haider was re-employed against a post of Dental Surgeon, (BS-19) newly created under direct recruitment quota, as personal to her, w.e.f. 18.10.2012 by the Establishment Division vide Notification No. 1/83/2012.E.6 dated 11.10.2012. Audit objection had been forwarded to Capital Administration & Development Division for required action.

The reply was not accepted because creation of a new post under direct recruitment quota personal to an employee was an undue favor and was done to circumvent the orders of the Supreme Court of Pakistan. The reply indicates that the management has accepted the audit observation.

The PAO was informed on 23.12.2013, but DAC was not held till the finalization of the report.

Audit recommends that the orders of the Supreme Court should be implemented in letter and spirit.

5.4.33 Loss due to purchase of medicines from highest bidders - Rs. 12.912 million

Rule 20 of Public Procurement Rules, 2004 states that save as otherwise provided hereinafter, the procuring agencies shall use open competitive bidding as the principal method of procurement for the procurement of goods, services and works.

Rule 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 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 Federal Government Polyclinic, Islamabad incurred expenditure of Rs. 402.219 million on purchase of medicines during 2012-13.

Audit selected 19 different types of medicines and injections where the lowest bids were ignored.

Audit is of the view failure to purchase of medicines from the lowest bidders the government sustained a loss of Rs. 12.912 million.

The management replied that the medicines were purchased in the light of Para 6.6 of PPRA Policy Guideline for Ministry of Health which states that when purchasing drugs and medical supplies procuring agencies should evaluate tenders on the basis of appropriate quality rather than lowest price.

The reply was not accepted because the Public Procurement Regularity Authority never issued any specific policy guidelines for purchase of medicines.

The PAO was informed on 23.12.2013, but DAC was not held till the finalization of the report.

Audit recommends that detail of similar cases in which the lowest bidders was ignored may also be prepared and provided to audit to determine the exact amount of loss.

CHAPTER 6

6. CLIMATE CHANGE DIVISION

6.1 Introduction of Division

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

6.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Climate Change Division for the financial year 2012-13 was Rs. 4,510.729 million out of which the Division utilized Rs. 3,419.326 million. Grant-wise detail of current and development expenditure is as under:

(Rupees)

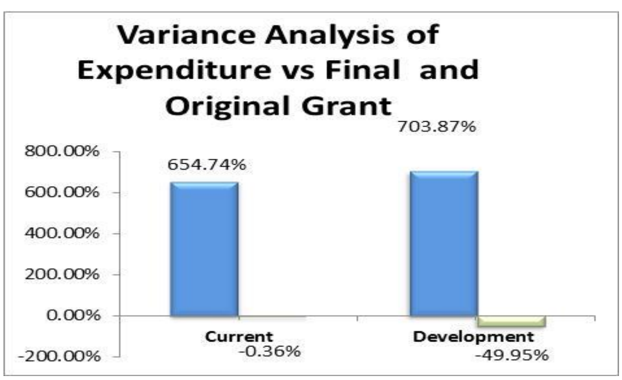
Grant No	Grant Type	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Final Grant/ Appropriation	Actual Expenditure	Excess/ (Savings)	% age Excess/ (Saving)
15	Current	309,258,000	2,033,305,000	2,342,563,000	2,334,103,677	(8,459,323)	(0.36)
	Subtotal	**309,258,000**	**2,033,305,000**	**2,342,563,000**	**2,334,103,677**	**(8,459,323)**	**(0.36)**
112	Development	135,000,000	2,033,166,000	2,168,166,000	1,085,222,442	(1,082,943,558)	(49.95)
	Subtotal	**135,000,000**	**2,033,166,000**	**2,168,166,000**	**1,085,222,442**	**(1,082,943,558)**	**(49.95)**
	Total	**444,258,000**	**4,066,471,000**	**4,510,729,000**	**3,419,326,119**	**(1,091,402,881)**	**(24.20)**

Audit noted that there was an overall saving of Rs. 1,091.403 million, which was due to saving of Rs. 1,082.944 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. 4,066.471 million were obtained, which were 915.34 % 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 654.74%, which, after accounting for Supplementary Grants changed to savings of 0.36%. In development expenditure, excess against original budget was 703.87% which changed to savings of 49.95% when Supplementary Grants were taken into account.



6.3 Brief comments on the status of compliance with PAC Directives

Name	Years	No of audit paras	No of Actionable Points	Full Compliance	Not Complied	% of Compliance
	2005-06	1	1	0	1	0%

M/o Climate Change(Devolved M/o Environment)	2006-07	2	2	2	0	100%
	2008-09	1	1	0	1	0%
Total		**4**	**4**	**2**	**2**	50%

6.4 AUDIT PARAS

Irregularity & Non Compliance

*6.4.1 Irregular procurement of tents without open competition - Rs. 499.550 million**

Rule 12(2) 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 Prime Minister of Pakistan during his visit to Karachi on September 15-16, 2012 directed NDMA to provide 25,000 tents for flood affectees which were communicated Prime Minister's Directive No. 3027-3038 vide U.O. No. PMDIR/2216/DS(Imp)/PAW/12 dated 28.09.2012.

The Chairman, NDMA directed vide Para 9 of Note Portion that NDMA should avoid any price escalation since the previous procurement early this year. The last lowest negotiated price during the PPRA based procurement should be taken as benchmark/offered price for standard family tent of 4x4 size and the selection of vendors/suppliers should be made strictly on merit.

The management of National Disaster Management Authority procured 48,500 tents size 4x4 for Rs. 499.550 million during 2012-13. Details are as under:

(Rupees)

S. No.	Name of supplier	Supply order No. with date	Qty	Rate	Amount
1.	M/s Ajmeri Textile, Hattar	F.13(51)/2012-NDMA. 13.12.2012	28,500	10,300	293,550,000
2.	M/s Pearl Associates	F.13(51)/2012-NDMA. 13.12.2012	20,000	10,300	206,000,000
		Total	**48,500**		**499,550,000**

Audit observed as under:

i. The management of NDMA selected two firms out of four shortlisted vendors on the basis of past performance without open competition and issued supply orders.

ii. The Prime Ministers Directives were received on 28.09.2012 whereas supply orders were issued on 13.12.2012 indicating that the procurement was not made in times of emergency.

iii. NDMA purchased 48,500 tents against immediate requirement of 16,000 tents (Sindh: 11,000 and Balochistan: 5,000). Out of the total purchase, 29,010 tents were issued to different places while remaining 19,490 were stored in stock along with previous available stock of 9,499 tents.

Audit is of the view that procurement of tents without open competition deprived the government of the benefit of competitive rates and undue favour was extended to the suppliers.

The management replied that the directions of the Chairman, NDMA were strictly followed and the lowest prices of last procurement were taken as benchmark for the purchases.

The management further replied on 22.10.2012 that the lowest price quoted during the last normal procurement in April, 2012 was Rs. 10,300 per unit and was taken as the benchmark for the emergency procurement in December, 2012.

The replies were not accepted because open competition was not held. Further, the rate of Rs. 10,300 quoted in the procurement of April, 2012 under the ADB grant was also irregular as management negotiated the price with other bidders during the opening of tenders by obtaining their signatures against their bids for the amount quoted by the lowest bidder, i.e. Rs. 10,300 in violation of Rule 40 of Public Procurement Rule, 2004.

The DAC meeting was scheduled to be held on 25.09.2013 but was postponed as the Chairman, NDMA had to monitor relief operations for earthquake affectees in Sindh and Balochistan.

During the DAC meeting held on 07.11.2013, the management requested for re-verification of record.

During verification of record on 11.11.2013 and 12.11.2013 it was established that open competition was not held and the lowest price quoted during the last normal procurement in April, 2012 taken as the benchmark for the procurement in December, 2012 and the rates were negotiated with the bidders. Although, M/s Pak Business and Universal Trading quoted the lowest price of Rs. 10,300 yet supply order was issued to M/s Ajmeri Textile and M/s Pearl Associates who had quoted Rs. 10,816 and Rs. 13,300, respectively. The purchase orders were issued to these firms @ Rs. 10,300 per tent after negotiations, which was a clear violation of Rule 40 of Public Procurement Rules, 2004.

Audit recommends that responsibility be fixed for the irregularity.

*** Note:** The earlier title of this para was "Unauthorized procurement of tents for Rs. 500 million and loss due to non-acceptance of lowest rates - Rs. 101.850 million"

*6.4.2 Loss due to non-imposition of penalty for late delivery of ration packs and tents - Rs. 11.815 million**

Clause 2(c) of agreement dated 13.12.2012 for supply of 20,000 tents made with M/s Pearl Associates, Islamabad states that the supplier shall complete 100% delivery by 23.12.2012 without failure.

Clause 2(g) of agreement dated 13.12.2012 for supply of 20,000 tents made with M/s Pearl Associates, Islamabad states that the supplier shall be solely responsible for any delay occurring in supply of family tents except due to the events of Force Majeure such as acts of God and war directly affecting/delaying the supply and in any such event will not claim leniency.

Clause 2(h) of agreement dated 13.12.2012 for supply of 20,000 tents made with M/s Pearl Associates, Islamabad states that as time is the essence of this agreement so in case of any delay in supply caused by any reason, the penalty to the tune of 1% of the cost of items delivered after the deadline (23.12.2012) for each day of delay shall be imposed on the supplier.

Clause 2(d) of agreement dated 05.09.2011 for supply of ration packs made with M/s SE Trading, Islamabad states that the first delivery of ration packs is required to be delivered at the destination by 10.09.2011.

Clause 2(i) of agreement dated 05.09.2011 for supply of ration packs made with M/s SE Trading, Islamabad states that as time is the essence of this agreement so in case of any delay in supply caused by any reason the penalty to the tune of 10% amount of the total price of that day will be imposed on the supplier.

The management of NDMA procured tents and ration packs amounting to Rs. 346.000 million from National Disaster Management Fund during 2011-13. Details are as under:

(Rs. in million)

S. No.	Supplier	Item	Quantity	Rate	Amount
1.	M/s Pearl Associates, Islamabad	Tents	20,000	10,300	206.000
2.	M/s SE Trading, Islamabad	Ration packs	100,000	1,400	140.000
				Total	**346.000**

Audit observed as under:

i. M/s Pearl Associates, Islamabad delayed the supply of tents at three destinations, but the management did not impose penalty amounting to Rs. 4.095 million.

ii. M/s SE Trading, Islamabad delayed the supply of ration packs in three Districts, but the management did not impose penalty amounting to Rs. 7.720 million.

Audit is of the view that undue favour was extended to the suppliers by not imposing penalty, which resulted in loss of Rs. 11.815 million to the public exchequer.

The management replied that the agreement with M/s Pearl Associates, Islamabad was followed in letter and spirit. The supplies were provided as per quantities and rates agreed in the agreement. Clause 2(d) of the agreement dated 05.09.2011 with M/s SE Trading explicitly states that start date for delivery is 10.09.2011 and clause 2(c) further stipulates that delivery will be on regular basis.

The management further replied on 22.10.2012 that in the case of M/s Pearl Associates, delivery was delayed due to unavoidable circumstances, such as bad weather conditions like fog. The vendor requested extension in delivery period till 31.12.2012. The Chairman, NDMA being competent authority granted extension in delivery period. Whereas in the case of M/s SE Trading, the delay was due frequent changes in supply destinations as demanded by the civil administration and public representatives as indicated in the office record. Further, release of funds was delayed by the government and the vendors resorted to protest and filed appeals to the government in the national newspapers for clearance of liabilities. As a result, the Chairman, NDMA being competent authority waived the penalty.

The replies indicate that the management has accepted the audit observation.

During verification of record on 12.06.2013 it was established that the Chairman, NDMA granted waiver for extension in the supply and not waiver of penalty to M/s Pearl Associates, Islamabad and M/s SE Traders, Islamabad whereas according to the agreements, the suppliers were solely responsible for any delay occurring in the supply of family tents except due to the events of Force Majeure and suppliers would not claim any leniency for failure or delay in discharge of their obligations.

The DAC meeting was scheduled to be held on 25.09.2013 but was postponed as the Chairman, NDMA had to monitor relief operations for earthquake affectees in Sindh and Balochistan.

During the DAC meeting held on 07.11.2013, the management requested for re-verification of record.

During verification of record on 11.11.2013 and 12.11.2013 the management did not provide the approval of extension in contracts of M/s Pearl Trading and M/s SE Traders as claimed by the management

Audit recommends that responsibility be fixed for the loss and amount of penalty be recovered from the suppliers.

*** Note:** Two paras with the following titles were merged "Non-imposition of penalty on account of late delivery of ration packs - Rs. 7.720 million" and "Non-imposition of penalty on account of late delivery of tents - Rs. 4.095 million"

6.4.3 Unauthorized release of penalties withheld by NDMA for delayed supply of relief goods - Rs. 63.504 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. 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 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 NDMA purchased emergency relief items like tents, food and non-food items amounting to Rs. 1,508.500 million during September and October, 2011 from 12 different suppliers for disaster affected persons/ families in Sindh.

Audit observed that the management imposed penalties amounting to Rs. 63.504 million for delayed supplies from the claims of 12 suppliers. Later, the penalties were waived and the withheld amount was released to the suppliers without any provision in the agreements. Details are as under:

(Rupees)

S. No.	Supplier	Total claim	Penalty deducted
1.	M/S Media Experts , Islamabad	14,000,000	700,000
2.	M/S PS Enterprises	55,825,000	4,996,600
3.	M/S Al –Umair& Company	62,280,000	628,000
4.	M/S AKM Billah Traders	42,400,000	2,240,000
5.	M/S Pearl Associates (Food Items)	238,000,000	28,800,000
6.	M/S Pearl Associates (Tents)	344,098,528	9,930,000
7.	M/S Zahid Traders	448,000,000	350,000
8.	M/S SJS Builders	49,000,000	630,000
9.	M/S care enterprises	56,000,000	1,400,000
10.	M/S Al-Hamra Associates	42,000,000	2,100,000
11.	M/S Nazir& Company	112,000,000	11,200,000

12.	M/S Strategic Traders (Excluding Aquatabs)	44,925,000	529,442
	Total	**1,508,528,528**	**63,504,042**

Audit is of the view that undue favor was extended to the suppliers for waiver of penalties which resulted in loss to the government.

The management replied that the Clauses related to penalty for late supply were inserted in the agreements specifically to avoid any delay in supply of relief items that were required for relief operation in province of Sindh. However, most of the vendors supplied within the agreed framework except in cases where it was unavoidable due to standing water, damaged road infrastructure, non-availability of warehouses with the district authorities and riots, etc. Diversion of relief items was directed by NDMA due to exigency of emergency in some parts of Sindh. All such penalties were waived off by the competent authority after consideration of such delays on case to case basis.

The management further replied on 22.10.2012 that the vendors failed to deliver within the stipulated time due to reasons beyond their control. Further, release of funds was delayed by the government and the vendors resorted to protest and filed appeals to the government in the national newspapers for clearance of liabilities. On receipt of applications from the vendors, the Chairman, NDMA exercised his discretion to waive the penalties across the board keeping in view the situation and late payments which had caused huge financial loss to the vendors.

The replies indicate that the management has accepted the audit observations. Further, the agreements did not confer any powers on the Chairman, NDMA to waive the penalties.

During verification of record on 12.06.2013 it was established that all penalties were waived by the Chairman, NDMA without any powers in this regard.

The DAC meeting was scheduled to be held on 25.09.2013 but was postponed as the Chairman, NDMA had to monitor relief operations for earthquake affectees in Sindh and Balochistan.

During the DAC meeting held on 07.11.2013, the management requested for re-verification of record.

During verification of record on 11.11.2013 and 12.11.2013 the management claimed that the penalty was waived by the National Authority. However, the management could not provide any notification of the composition of any such "National Authority". The fact remains that it was the Chairman, NDMA who waived the penalties without lawful authority causing loss of Rs. 63.504 million to the government.

Audit recommends that responsibility should be fixed and the amount of penalties waived should be recovered from the suppliers.

CHAPTER 7

7. MINISTRY OF COMMERCE AND TEXTILE INDUSTRY

7.1 Introduction of Ministry

The Ministry of Commerce and Textile Industry 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

Following departments/functions were transferred to Textile Industry Division vide SRO No. 403(I)/2005 (F.No.4-20/2004-Min-I) dated 09.05.2005.

1. Textile Industrial Policy.

2. Coordination and liaison with Federal Agencies/Institutions, Provincial Governments and Local Government entities for facilitation and promotion of the textile sector.

3. Liaison, dialogues, negotiations, except trade negotiations, and cooperation with international donor agencies and multilateral regulatory and development organizations with regard to textile sector.

4. Setting of standards; and monitoring and maintaining vigilance for strict compliance of the standards throughout production and value chain.

5. Textile related statistics, surveys, commercial intelligence, analysis and dissemination of information and reports on international demand patterns, market access, etc.

6. Linkages with cotton and textile producing countries.

7. Training, skill development, research for quality improvement and productivity enhancement throughout the production/value chain.

8. Management of Textile Quotas.

9. Administrative control of:

   (i) Federal Textile Board.

   (ii) Textile Commissioner's Organization.

   (iii) Synthetic Fiber Development and Application Centre and Plastic Technology Center (PTC), Karachi {Inserted vide SRO No. 389(I)/2013 (F.No.4-5/2013-Min-I) dated 15.05.2013}.

   (iv) Textile City (Projects), Karachi/Faisalabad.

   (v) National Textile University, Faisalabad.

   (vi) Directorate General of Textiles & Quota Supervisory Council.

   (vii) All textiles related EPB/EDF funded institutes concerned with skill development in various sub-sectors of textile industry.

(viii) Textile Testing Laboratory, Faisalabad.

(ix) Garment City Projects at Lahore, Faisalabad and Karachi.

(x) Pakistan Cotton Standards Institute, Karachi.

10. Cotton Hedge Markets {Substituted vide SRO No. 38(I)/2007 (No. 4-5/2006-Min.I) dated 16.1.2007}.

11. Administrative control of Pakistan Central Cotton Committee {added vide SRO No. 724(I)2011 (F.No. 4-9/2011-Min-I) dated 28.07.2011}.

7.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Ministry for the financial year 2012-13 was Rs. 6,292.642 million including Supplementary Grant of Rs. 255.920 million out of which the Ministry utilized Rs. 5,422.128 million. Grant-wise detail of current and development expenditure is as under:

(Rupees)

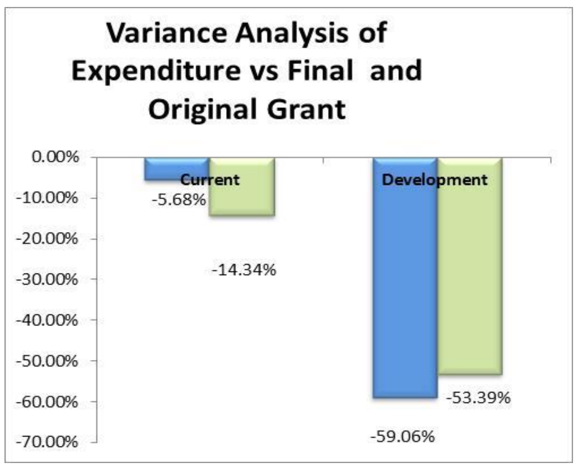
Grant No	Grant Type	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Final Grant/ Appropriation	Actual Expenditure	Excess/ (Savings)	% age Excess/ (Saving)
104	Current	195,079,000	8,517,000	203,596,000	199,615,953	(3,980,047)	(2)
16	Current	5,049,877,000	247,401,000	5,297,278,000	4,640,983,724	(656,294,276)	(12)
	Subtotal	**5,244,956,000**	**255,918,000**	**5,500,874,000**	**4,840,599,677**	**(660,274,323)**	**(14)**
139	Development	138,000,000	2,000	138,002,000	100,868,717	(37,133,283)	(27)
113	Development	653,766,000	-	653,766,000	480,659,220	(173,106,780)	(26)
	Subtotal	**791,766,000**	**2,000**	**791,768,000**	**581,527,937**	**(210,240,063)**	**(53)**
	Total	**6,036,722,000**	**255,920,000**	**6,292,642,000**	**5,422,127,614**	**(870,514,386)**	**(68)**

Audit noted that there was an overall saving of Rs. 870.514 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. 255.920 million were obtained which were 4.24 % 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 5.68% which changed to 14.34% after Supplementary Grant. While in the Development Expenditure the saving was 59.06% which changed to 53.39% after Supplementary Grant was taken into account.



7.3 Brief comments on the status of compliance with PAC Directives

Name	Years	No of audit paras	No of Actionable Points	Full Compliance	Not Complied	% of Compliance
Commerce	1987-88	3	3	2	1	67%
	1988-89	1	1	0	1	0%
	1989-90	3	3	2	1	67%
	1990-91	6	6	2	4	33%
	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	69	52	17	75%
	2001-02	12	12	3	9	25%
	2005-06	30	30	11	19	37%

	2006-07	1	1	1	0	100%
	2007-08	4	4	2	2	50%
	2008-09	8	8	0	8	0%
	Total	**155**	**155**	**83**	**72**	**54%**

7.4 AUDIT PARAS

Irregularity & Non Compliance

7.4.1 Unauthorized expenditure on rent of office building - Rs. 9.444 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 13.9.2006 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 Textile Industry Division hired two office buildings at Evacuee Trust Property Complex, F-5/1, Islamabad at a monthly rent of Rs. 1.543 million and H. No. 627, Street No. 95, I-8/4, Islamabad for Research, Development and Advisory Cell at a monthly rent of Rs. 0.123 million.

Audit observed that the Secretary, Textile Industry Division sanctioned payments of rent amounting to Rs. 9.444 million without approval of Finance Division. Details are as under:

(Rupees)

S. No.	Lessor's Address	Period	Payee's Name	Cheque No.	Date	Amount
1.	1st Floor, ETPC, Islamabad	01.01.2012 to 30.06.2012	Chairman, Evacuee Trust Property Board, Lahore	4167183	30.11.2012	9,257,952
2.	H. No. 627, St. 95, I-8/4, Islamabad	01.01.2011 to 14.02.2011	Mirza Mahfooz Iqbal S/o Haji Mirza Abdul Malik	3063997	23.02.2011	185,625
					Total	**9,443,577**

Audit is of the view that the Secretary was not competent to sanction the expenditure for payment of office rent beyond the delegated financial powers.

The management replied that payments were made due to overlook or ignorance of the instructions of the Finance Division. However, the case was being taken up with the Finance Division for post facto approval.

The reply indicates that the management has accepted the audit observation.

The PAO was informed on 04.11.2013, but DAC was not held till the finalization of the report.

Audit recommends that post facto approval may be expedited and provided to Audit.

7.4.2 Less deduction of Income Tax - Rs. 1.807 million

Section 149(1) of the Income Tax Ordinance, 2001 states that every employer paying salary to an employee shall, at the time of payment, deduct tax from the amount paid at the employee's average rate of tax computed at the rates specified in Division I of Part I of the First Schedule on the estimated income of the employee chargeable under the head "Salary" for the tax year in which the payment is made.

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.

Para 3 of FBR U.O. No. 4(32)ITP/2001 dated 08.05.2012 states that NTC was involved in research work and studies, therefore, full time researchers employed by NTC were eligible for such rebate.

The management of National Tariff Commission (NTC), Islamabad deducted an amount of Rs. 921,150 from the salaries of the employees during 2012-13. Details are at Annexure-V.

Audit observed that the management allowed 75% tax rebate to all the officers working in NTC rather than extending the rebate only to full time researchers, resulting in less deduction of Income Tax amounting to Rs. 1,807,347 from the salaries of the employees.

Audit is of the view that less deduction of Income Tax is violation of provisions of the Income Tax Ordinance, 2001 and deprived the government of its due receipts.

The management replied that NTC was a research organization and its employees were entitled to 75% reduction in payable tax under the provision of Clause (2) of Part-III of Second Schedule of Income Tax Ordinance, 2001 read with FBR U.O. No. 4(32)ITP/2001 dated 08.05.2012.

The reply was not accepted as in the light of FBR U.O. No. 4(32)ITP/2001 dated 08.05.2012 only full time researchers employed by NTC were eligible for such rebate. Furthermore, research work carried out by NTC employees and publicized by the NTC was not provided by the management in support of their reply.

The PAO was informed on 02.01.2014, but DAC was not held till the finalization of the report.

Audit recommends that the irregular grant of rebate should be recovered and deposited into the government treasury.

7.4.3 Unauthorized payment of House Building Advance to the Member, NTC - Rs. 2.033 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 servants pay in any one month of the total amount advanced, including interest, possible before the retirement of the government servant.

The management of the National Tariff Commission (NTC), Islamabad sanctioned HBA to Mr. Zamir Ahmed, Member amounting to Rs 2.033 million during March, 2011 equivalent to 36 months pay.

Audit observed as under:

i. The age of the officer was more than 57 years as his date of birth was 01.08.1953.

ii. At the time of withdrawal of HBA only 29 months service was remaining.

iii. The officer was granted HBA equal to 36 months pay amounting to Rs. 2.033 million, although under the rules he was eligible to draw HBA equal to seven months pay only, i.e. Rs. 395,360.

iv. The formalities, i.e. mortgage deed, etc. of Plot No. 1, Street No. 13, Block F, Soan Gardens, Islamabad were also not fulfilled.

Audit is of the view that the payment of HBA to the officer was irregular and unauthorized.

The management replied that the officer applied for grant of HBA which was forwarded to the Ministry of Commerce for further processing. The Secretary, Ministry of Commerce recommended the grant of HBA to the officer on priority basis. The AGPR, Islamabad issued Fund Availability Certificate which was forwarded along with necessary documents including mortgage deed in respect of Plot No. 1, Street 13, Block F, Soan Gardens, Islamabad to the Ministry of Commerce for issuance of sanction letter to AGPR, Islamabad. The Ministry of Commerce vide letter dated 17.03.2011 conveyed sanction of HBA amounting to Rs. 2.033 million in favor of Mr. Zamir Ahmed. Thereafter, HBA was paid to the officer by AGPR and not by National Tariff Commission. Since no funds on this account were paid from budget grant of NTC nor sanction was accorded by the Commission, therefore, NTC did not violate the General Financial Rules.

The reply was not accepted as HBA was sanctioned and paid in violation of the General Financial Rules. NTC was not required to process the case in excess of the actual amount payable.

The PAO was informed on 02.01.2014, but DAC was not held till the finalization of the report.

Audit recommends that responsibility may be fixed for the irregularity.

7.4.4 Irregular payment of salaries to the Members, NTC beyond the constitutional period - Rs. 2.337 million

Section 6 of the National Tariff Commission Act, 1990 states that unless otherwise directed by the Federal Government, the Chairman and a Member of the Commission shall hold office for a term of three years and shall be eligible for reappointment for a similar term.

The Ministry of Commerce vide Notification No. 8(10)/2009-Admn.III dated 05.12.2009 posted Mr. Zamir Ahmed, a BS-21 officer as Member, NTC, Islamabad with immediate effect and until further orders.

The Establishment Division vide Notification No. PF.(302)/E-5(DMG) dated 09.09.2010 posted Mr. Niamatullah Khan, a BS-21 officer as Member, NTC, Islamabad with immediate effect and until further orders.

Audit observed as under:

1. Mr. Zamir Ahmed, Member, NTC, Islamabad assumed the charge of the post on 07.12.2009 and relinquished the charge on 24.05.2013, resulting in overstay of five months and 19 days.
2. Mr. Niamatullah Khan Member, NTC, Islamabad assumed the charge of the post on 17.09.2010 and was holding the post during conduct of audit, i.e. December, 2013 resulting in overstay of three months.
3. The Federal Government did not reappoint these officers as Members, NTC after expiry of their tenures of postings.
4. Pay and allowances amounting to Rs. 2,336,678 for the period overstayed were paid by the NTC.

Audit is of the view that overstay of the officers without reappointment was violation of the National Tariff Commission Act, 1990. Further, payment of pay and allowances was irregular and unauthorized.

The management replied that Section 6 of National Tariff Commission Act, 1990 required the Federal Government to appoint Members of the National Tariff Commission. Accordingly Mr. Zamir Ahmed and Mr. Niamatullah Khan were appointed by notification of Ministry of Commerce dated 05.12.2009 and Notification of Establishment Division dated 09.09.2012, respectively. Appointment of both officers was made with immediate effect and until further orders. Therefore, the officers kept working till further orders by the Federal Government. Although their terms as Members was for three years but they could work against the same post if not transferred by the Federal Government. In case one Member was absent, the Commission would become dysfunctional in terms of order/observation of the Supreme Court of Pakistan. Since NTC could not appoint or transfer Members of the Commission on its own, the posting of its Members beyond three years cannot be termed as violation of NTC Act, 1990.

The reply was not accepted as overstay of the officers as Members, NTC without involving reappointment was violation of the National Tariff Commission Act, 1990.

The PAO was informed on 02.01.2014, but DAC was not held till the finalization of the report.

Audit recommends that the overpaid amount should be recovered from the recipients.

7.4.5 Overpayment of Foreign Allowance by allowing higher exchange rate - ¥ 7.728 million

Para 1 of Ministry of Foreign Affairs, Islamabad letter No. Rules-11/1/2006 dated 29.06.2007 states that in supersession of the order contained in letter dated 20.09.2005 and subsequent orders, the rates of Foreign & Entertainment Allowance were revised w.e.f. 01.07.2007 on the basis of UN Consumer Price Index-Non Housing (UNCPI-NH) for December, 2005. The allowance was to be paid in US$.

Audit observed that during 2008-2012, the Embassy of Pakistan, Tokyo, Japan had paid Foreign Allowance to officers and staff in local currency instead of US$ and that too by allowing excess over the dollar conversion rate of Yen instead of applying monthly rate of Yen per Dollar declared by the State Bank of Pakistan on first day of each month. Details of the resultant overpayment of ¥7.728 million are as under:

(Yen)

S. No.	Name	Designation	Overpayment
1.	Mr. Rahman Hamid	Commercial Secretary	4,793,265
2.	Mr. Aurangzeb Khan	Commercial Assistant	982,292
3.	Mr. Bashir Ahmed	Commercial Assistant	1,952,536
		Total	**7,728,093**

Audit is of the view that payment of Foreign Allowance in local currency and allowing incorrect conversion rate was irregular and unauthorized, which resulted in excess payment.

The management replied that a similar Para pertaining to Audit Report of Tokyo for 2005-06 had been regularized by the PAC. However, for further clarity the Mission had taken up the matter with the Finance Division to allow the disbursement of Foreign Allowance.

The reply was not accepted as the PAC had settled the para for a particular period which did not mean that they had allowed the Mission authorities to continue drawing Foreign Allowance as per past practice.

The PAO was informed on 07.11.2013, but DAC was not held till the finalization of the report.

Audit recommends that the overpaid amount may be recovered besides discontinuing the irregular practice.

7.4.6 Irregular utilization of receipts without approved accounting procedures - Rs. 6.882 million

Section 16(1) of Cotton Standardization (Amendment) Act, 2009 states that there shall be established a Fund to be known as the Pakistan Cotton Standards Institute Fund to meet expenses in connection with the functions of the Institute including the payment of salaries and other remunerations of the officers and staff of the Institute.

Section 20(1) of Cotton Standardization (Amendment) Act, 2009 states that the Institute may, with the approval of the Federal Government, make rules for carrying out the purpose of this Act.

The management of Pakistan Cotton Standards Institute, Karachi and Multan withdrew an amount of Rs. 6.882 million from receipt account to meet their departmental expenditure during 2011-13. Details are as under:

(Rs. in million)

S. No.	Name of Formation	Period	Amount
1.	PSCI, Karachi	2011-13	4.064
2.	PCSI, Multan	2011-13	2.818
		Total	**6.882**

Audit observed that the expenditure was incurred without framing rules with the approval of the Federal Government.

Audit is of the view that in the absence of rules the utilization of departmental receipt was irregular and unauthorized.

The management replied that the utilization of receipt was not irregular as the Section 15(2) of Cotton Standardization Act, 2009 authorizes the Institute to utilize the Standardization Fee to meet its establishment and operational expenses. Since inception, PCSI was being funded through annual lump sum government grant which was hardly sufficient to meet the establishment charges of the Institute. The amount generated by the Institute as income was being utilized for payment of pay & allowances to the employees.

The reply was not accepted because as per Section 20 of the Cotton Standardization Act, 2009 the Institute was required to frame rules with the approval of Federal Government for carrying out the purpose of the Act.

The PAO was informed on 19.11.2013, but DAC was not held till the finalization of the report.

Audit recommends that the rules should be framed with the approval of the Federal Government in order to provide legal cover to the operations of the Institute.

7.4.7 Non-realization of Cotton Standardization Fee - Rs. 329.100 million

Section 15(1) of Cotton Standardization Ordinance, 2002 states that the Institute may charge Standardization Fee as charges of standardization of the cotton at such rate as the Federal Government may, from time to time, fix by the notification in the official gazette.

Pursuant to the powers conferred by Section 15(1) of Cotton Standardization Ordinance, 2002 the Federal Government vide MINTEX-SRO No. 1012(I)/2006 dated 29.09.2006 fixed Cotton Standardization Fee @ Rupees five per pressed bale with immediate effect to be levied at the ginning stage.

The total number of bales pressed by ginners during 2011-13 was 65.808 million against which Cotton Standardization Fee amounting to Rs. 329.100 million was due. Details are as under:

(Rs. in million)

S. No.	Formation	Bales pressed (in million)	Rate Per bale (Rupees)	Amount
1.	PCSI, Karachi	27.728	5	138.640
2.	PCSI, Multan	38.080	5	190.460

Audit observed that the management did not collect Cotton Standardization Fee from the ginners.

Audit is of the view that failure to collect Cotton Standardization Fee deprived the Institute of its due receipt.

The management replied that, though the representative body of the ginners, i.e. Pakistan Cotton Ginners Association, agreed in principle to pay the Cotton Standardization Fee @ Rupees five per pressed bale but they did not accept the decision in letter and spirit since its inception which was violation of the mutual agreement. After the levy of Cotton Standardization Fee @ Rupees five per bale vide SRO No. 1013(1)/2006 dated 29.09.2006 the ginners were reluctant to deposit the fee, demanded its withdrawal and launched a country-wide strike during August, 2008. The Secretary, MINTEX (the then Controlling Ministry) held several meetings with the Pakistan Cotton Ginners Association following which the collection of Cotton Standardization Fee from the ginners was suspended as an interim measure. The Cotton Standardization Fee would be collected from the defaulters as soon as the Textile Industry Division takes a decision for restoration of Cotton Standardization Fee.

The reply indicates that the management has accepted the audit observation.

The PAO was informed on 19.11.2013, but DAC was not held till the finalization of the report.

Audit recommends that the matter of collection of Cotton Standardization Fee should be decided at the earliest so that there is no further loss of due receipt of the Institute.

CHAPTER 8

8. COMMUNICATIONS DIVISION

8.1 Introduction of Division

The 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

8.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Communications Division for the financial year 2012-13 was Rs. 6,373.203 million including Supplementary Grant of Rs. 75.007 million out of which the Division utilized Rs. 5,801.433 million. Grant-wise detail of current and development expenditure is as under:

(Rupees)

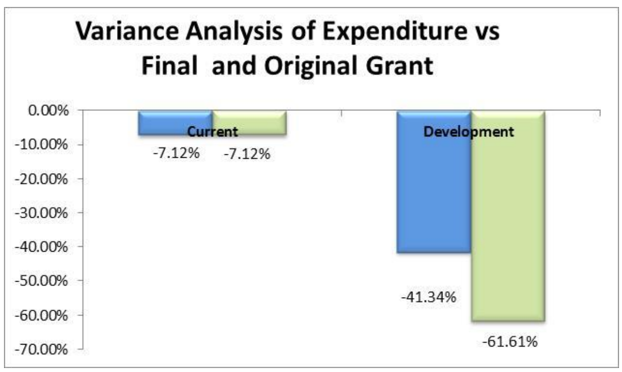
Grant No	Grant Type	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Final Grant/ Appropriation	Actual Expenditure	Excess/ (Savings)	% age Excess/ (Saving)
17	Current	3,780,994,000	6,000	3,781,000,000	3,823,596,110	42,596,110	1
18	Current	2,375,147,000	1,000	2,375,148,000	1,894,504,803	(480,643,197)	(20)
	Subtotal	**6,156,141,000**	**7,000**	**6,156,148,000**	**5,718,100,913**	**(438,047,087)**	**(7)**
114	Development	142,055,000	75,000,000	217,055,000	83,331,917	(133,723,083)	(62)
	Subtotal	**142,055,000**	**75,000,000**	**217,055,000**	**83,331,917**	**(133,723,083)**	**(62)**
	Total	**6,298,196,000**	**75,007,000**	**6,373,203,000**	**5,801,432,830**	**(571,770,170)**	**(9)**

Audit noted that there was an overall saving of Rs. 571.770 million, which was due to net saving of Rs. 438.047 million in current grants and saving of Rs. 133.723 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. 75.007 million were obtained, which were 1.19 % 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 7.12%, which, after accounting for Supplementary Grants remained at 7.12%. In development expenditure, the saving against original budget was 41.34% which came to saving of 61.61% when Supplementary Grants were taken into account.



8.3 Brief comments on the status of compliance with PAC Directives

Name	Years	No. of audit paras	No. of Actionable Points	Full Compliance	Not Complied	% of Compliance
Communication	1997-98	7	7	4	3	57%
	2000-01	31	31	30	1	97%
	2005-06	3	3	1	2	33%
	2006-07	1	1	0	1	0%
	2007-08	2	2	0	2	0%
Total		**44**	**44**	**35**	**9**	**80%**

8.4 AUDIT PARAS

Irregularity & Non Compliance

8.4.1 Non-maintenance of record pertaining to Secret Service Fund - Rs. 4.500 million

The Honorable Supreme Court of Pakistan in its judgment dated 08.07.2013 declared and directed that:

a) sub-Rule (5) of Rule 37 of the General Financial Rules, whereby the actual accounts for secret service expenditure are taken beyond the jurisdiction of the Auditor General, is illegal, unconstitutional, and of no legal effect;

b) the Auditor General, in order for him to fulfill his duties under Articles 169 and 170 of the Constitution, is not only authorized but also obliged to seek access to any and all records actually maintained by all federal and provincial governments, as well as all entities established by or under the control of the federal and provincial governments, regardless of the designation of such records as secret or otherwise;

c) an account subject to audit under Articles 169 and 170 shall be treated as "secret" only if so labeled in a federal or provincial statute and the constitutionality of such legislation will be subject to judicial review on the touchstone of Articles 19A, 169, 171 and other relevant provisions of the Constitution.

Para 4(iv) of Finance Division letter No. F.3(12)-212/75 dated 29.04.1976 states that the payments are properly authorized, made to proper persons (after due identification) and are duly acknowledged and also that Government has received value thereof. Further, the total expenditure has not exceeded the allotment sanctioned for the purpose. For verifying validity of each payment, supporting vouchers, counter foils of cheques, bank statement, invoices, etc. vis-à-vis the entries in the cash book, etc. may be examined. In these records, (a) the name of the party to whom the payment has been made, (b) the date of payment, (c) the nature of the Services/Supplies received, (d) the authorization for the payment by

the competent authority (e) the allocation to which the particular payment has been charged and other particulars may be critically checked.

The management of National Highways and Motorway Police (Headquarters) incurred an expenditure of Rs. 4.500 million on Secret Service Fund during 2012-13.

Audit observed that the management did not maintain record such as Cash Book, bills/vouchers, reconciliation statements, payments identification and acknowledgment, etc. pertaining to Secret Service Fund in violation of rules.

Audit is of the view that due to failure to maintain proper record pertaining to Secret Service Fund, the authenticity of the expenditure could not be ascertained.

The management stated that the accounts of Secret Service Expenditure were not subject to audit under General Financial Rules and audit never demanded any other record except the certificate signed by the Inspector General, NH&MP as Controlling Officer during the previous years.

The reply was not accepted because Secret Service Expenditure was subject to audit in the light of judgment of the Honorable Supreme Court of Pakistan dated 08.07.2013. Further, the Inspector General, NH&MP was not the Controlling Officer; rather it was the next superior officer who was the Controlling Officer in line with Para (3) of Finance Division letter No. F.3(12)-212/75 dated 29.04.1976.

The PAO was informed on 31.10.2013, but DAC was not held till the finalization of the report.

Audit recommends that responsibility may be fixed for the irregularity besides production of record to Audit.

8.4.2 Non-transfer of 50% share of the total fine money to NH&MP by NHA- Rs. 3,777.696 million

Rule 2(i) of National Highways and Motorway Police (Roads Safety Campaigns, Performance Reward) Rules, 2007 states that “share” means fifty percent of the total fine money, after deduction of collection charges, deposited by the violators of traffic rules and transferred to National Highway and Motorway Police after reconciliation by the National Highway Authority on monthly basis.

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.

National Highways and Motorway Police (NH&MP) received Rs. 400.433 million from National Highway Authority on account of fine deposited by the violators of traffic rules during 2012-13.

Audit observed that NH&MP imposed fine of Rs. 1,740.579 million out of which National Highway Authority collected an amount of Rs. 1,710.091 million. After deduction of operational charges, i.e. Rs. 315.015 million 50% share of NH&MP comes to Rs. 697.538 million whereas only Rs. 400.433 million were transferred to NH&MP leaving a balance of Rs. 297.105 million.

Audit further observed that this amount was in addition to previous outstanding balance of Rs. 3,480.592 million from 1997-98 to 2011-12. The total outstanding balance against National Highway Authority was Rs. 3,777.697 million.

Audit is of the view that the NH&MP did not monitor its share of collection of fine from NHA resulting in short collection of revenue.

The management replied that in the light of decisions taken in meeting held 18.05.2011 under the chairmanship of Minister for Communications, National Highway Authority agreed to transfer 50% share in fine money to NH&MP regularly and also to remit the balance amount of share of fine money from previous years to National Highways and Motorway Police. Furthermore, the Public Accounts Committee in its meetings held on 25.07.2011 and 22.05.2012 directed the Principal Accounting Officer and National Highway Authority, to clear the outstanding liabilities of fine share of NH&MP on a similar audit para raised in the Audit Report 2006-07. The matter for remittance of 50% share of NH&MP as decided by the Cabinet had been vigorously and regularly pursued with National Highway Authority. Member (Finance), National Highway Authority had been requested vide letter No. NH&MP-14/IG (E)/2005/Vol-

V/2119 dated 04.07.2013 to remit the outstanding share of fine amount to NH&MP.

The reply indicates that the management has accepted the audit observation.

The PAO was informed on 31.10.2013, but DAC was not held till the finalization of the report.

Audit recommends that efforts should be made to recover the outstanding share of fine.

8.4.3 Unauthorized opening of bank accounts in various banks without the approval of Finance Division - Rs. 538.710 million and irregular investment - Rs. 100.000 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.

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.

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 the NH&MP was maintaining following bank accounts in various banks, other than the Allied Bank of Pakistan:

(Rupees)

S. No.	Bank	Account No.	Balance as on 30.06.2013
1.	JS Bank	0000229446	452,831,909
2.	First Women Bank	0026-06000795	32,566,031
3.	Albaraka Bank	0110363947017	2,682,252
4.	Silk Bank	00372003651242	50,629,841
		Total	**538,710,033**

Audit observed that the bank accounts were opened without obtaining approval of the Finance Division.

Audit further observed that an investment of Rs. 50.000 million was made into Dubai Islamic Bank on 03.04.2013 for three months and Rs. 50.00 million into SAMBA Bank for six months on 20.05.2013 in violation of Finance Division O.M. No. F.4(1)/2002-BR-11 dated 02.07.2003.

Audit is of the view that retention of public money in commercial bank accounts, its withdrawal and subsequent investment elsewhere in violation of instructions of the Finance Division was irregular and unauthorized.

The management replied that in light of Finance Division O.M. No. F.4(1)/2002-BR-11dated 02.07.2003 rates from the leading A+ rating banks were obtained and three accounts for deposit of 50% fine share received from NHA were opened who offered highest rate of profit. Now the funds in Albarka Bank and Silk Bank Limited had been transferred to only two banks, i.e. J.S. Bank and First Women Bank Limited. Moreover, the investment of Rs. 100.000 million had been withdrawn and deposited into Regimental & Welfare Fund main account being maintained at Allied Bank, Civic Centre Branch, Islamabad along with profit.

The reply was not accepted because the management did not provide documentary evidence to substantiate the reply.

The PAO was informed on 31.10.2013, 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.

8.4.4 Unauthorized expenditure on hiring of advertising agencies - Rs. 54.736 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. 54.736 million from Road Safety Campaigns, Performance Reward and Welfare Fund on media campaign and paid to the advertising agencies.

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 advertising agencies. Similar audit observation was printed in the Audit Report 2012-13 but no action was taken by the management.

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 matter had been taken up with the PID for re-appointment of advertising agencies. PID had asked all the advertising agencies to submit their profiles against which 20 advertising agencies had participated, out of which ten advertising agencies were short listed which were busy in making their presentations. These agencies would be in a position to make their presentations within 20 days, and then the NH&MP would be able to select advertising agencies in consultation with PID.

The reply indicates that the management has accepted the audit observation. However, in order to hire the advertising agencies fresh tenders were now required.

The PAO was informed on 31.10.2013, but DAC was not held till the finalization of the report.

Audit recommends that responsibility may be fixed for the irregularity. Further, work may be awarded to the advertising agencies only through open competition.

8.4.5 Unauthorized provision of vehicles to the Ministry of Communications - Rs. 2.276 million

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, Islamabad was maintaining a fleet of 75 vehicles as "Headquarters Pool".

Audit observed that the management provided four vehicles to the Ministry of Communications and incurred an expenditure of Rs. 2.276 million on repair and POL. Details are as under:

(Rupees)

S. No.	Vehicle No.	Repair	POL
1.	IDP-2703	133,688	809,147
2.	IDP-2914	48,177	745,378
3.	IDP-2562	42,780	261,041
4.	IDP-2884	27,407	208,170
	Total	**252,052**	**2,023,736**

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 the vehicles were at the disposal of Headquarters Pool as 10% reserve and were occasionally used by high officials of Ministry of Communications for official visits to National Highways and Motorway.

The reply indicates that the management has accepted the audit observation.

The PAO was informed on 31.10.2013, but DAC was not held till the finalization of the report.

Audit recommends that the vehicles may be withdrawn from the Ministry.

8.4.6 Irregular and un-authorized expenditure on hiring of buildings - Rs. 47.579 million

According to Finance Division O.M. No. F.8(69)R.14/83/2001-452 dated 18.10.2001 hiring of private properties for office accommodation by the Federal Government must be supported by the following documents:

i. Statement of space entitlement along with details of sanctioned strength of officers/officials duly approved by Works Division as per their letter No. 10(11)/71-WIII dated 17.08.1971.

ii. Assessment Certificate issued by Pak PWD in accordance with specifications of the premises.

The policy of hiring of office accommodation was decentralized and rates for commercial buildings/office buildings were fixed by the Ministry of Housing & Works vide letter No. 2(1)2000-Policy dated 04.11.2002.

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.

The management of NH&MP forwarded a case for hiring of office accommodation for camp offices of Central Police Office to the Ministry of Housing & Works through Deputy Financial Advisor (Communications). The Ministry of Housing and Works recommended the proposal for hiring of office accommodation through National Highway Authority (NHA) subject to the condition that the hiring of office accommodation shall be processed strictly in accordance with the instructions issued for decentralization of office accommodation vide Ministry of Housing & Works letter dated 04.11.2002.

The management NH&MP and its field formations paid rent amounting to Rs. 47.579 million to National Highway Authority for hiring of office buildings during 2012-13. Details are as under:

(Rupees)

S. No	Location	Office	Amount
1.	Headquarters	CPO-I	5,182,920
2.	Headquarters	CPO-II	3,732,000
3.	Headquarters	CPO-III	2,640,000
4.	Headquarters	CPO-IV	18,00,000
5.	Headquarters	Camp Office	1,742,400
6.	Headquarters		479,160
7.	Motorway Zone	SSP M-I	150,000
8.	Motorway Zone	Beat-3	150,000
9.	Motorway Zone	SSP M-I	175,000
10.	Motorway Zone	Beat-3	100,000
11.	Motorway Zone	IMDC Camp Office, Murree	660,000
12.	N-5, North	Beat-01	330,000
13.	N-5, North	Beat-02	404,100
14.	N-5, North	Beat-3,	526,800
15.	N-5, North	LHQ Kamra	526,800
16.	N-5, North	Beat-04	330,000
17.	N-5, North	Beat-4	4,125,000
18.	N-5, Central, Lahore	DIG	10,999,000
19.	DIG, Quetta	DIG	6,000,000
20.	N-5, South, Karachi	DIG	9,326,000
		Total	**47,579,198**

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.

Audit is of the view that hiring of buildings without observing the space entitlement according to the sanctioned strength, assessment certificates, covered area, etc. was irregular and unauthorized.

The management replied that the Ministry of Communications approved the policy for hiring of buildings for NH&MP which also received assent/No Objection of the Ministry of Housing & Works on 13.01.2003 and FA's Organization had also approved the proposal on 20.01.2003 for placing the funds at the disposal of NHA. As per approved policy of NH&MP, buildings were required to be hired by the NHA for the offices of NH&MP. This office was only the occupant of the buildings and all other codal formalities were fulfilled by NHA before release of the payments to the owners. In exercise of the powers conferred by the New System of Financial Control & Budgeting (Serial No. 44 of Annex-I) circulated by the Finance Division vide O.M. No. F.3(2)/Exp-III/2006 dated 13.09.2006, Inspector General, NH&MP was competent to make advance payments to other government departments and government owned/controlled organizations.

The reply was not accepted as buildings were hired without assessing the actual requirement under the rules.

The PAO was informed on 31.10.2013, but DAC was not held till the finalization of the report.

Audit recommends that buildings may be got reassessed as per the instructions of the Ministry of Housing and Works.

CHAPTER 9

9. DEFENCE DIVISION

9.1 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 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.

Function of Defence Division as per Rules of Business, 1973.

1. Defence of the Federation or any part thereof in peace or war including:
    a. Army, naval and air forces of the Federation and any other armed forces raised or maintained by the Federation; and armed forces which are not the forces of the Federation but are attached to or operating with any of the armed forces of the Federation;
    b. Army, naval and air force works;
2. Civilian employees paid from the Defence estimates.
3. (i) Defence matters pertaining to treaties and agreements with other Governments except those relating to purchase of stores; and

   (ii) Matters regarding military assistance to foreign countries.
4. Stores and stationery for the Defence Services, other than those dealt with by the Defence Production Division.
5. Administration of National Guards Act, 1973.
6. International Red Cross and Geneva Conventions in so far as they effect belligerents.
7. Military awards and decorations.
8. Welfare of ex-servicemen.

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

23. Liaison with International Sea Bed Authorities and other International Agencies in the Maritime field.

24. Pakistan Space and Upper Atmosphere Research Commission.

9.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Defence Division for the financial year 2012-13 was Rs. 13,172.804 million including Supplementary Grant of Rs. 1,515.670 million against which the Division utilized Rs. 11,197.720 million. Grant-wise detail of current and development expenditure is as under:

(Rupees)

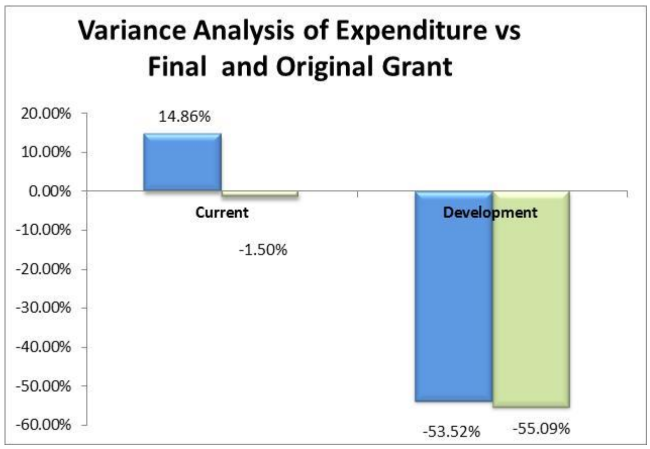
Grant No	Grant Type	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Final Grant/ Appropriation	Actual Expenditure	Excess/ (Savings)	% age Excess/ (Saving)
19	Current	1,039,741,000	84,932,000	1,124,673,000	1,107,582,062	(17,090,938)	(2)
20	Current	2,954,756,000	534,259,000	3,489,015,000	3,453,630,322	(35,384,678)	(1)
21	Current	680,347,000	73,850,000	754,197,000	750,438,749	(3,758,251)	(0)
22	Current	895,634,000	17,193,000	912,827,000	899,617,197	(13,209,803)	(1)
23	Current	2,881,490,000	693,436,000	3,574,926,000	3,496,665,561	(78,260,439)	(2)
	Subtotal	**8,451,968,000**	**1,403,670,000**	**9,855,638,000**	**9,707,933,891**	**(147,704,109)**	**(1)**
115	Development	3,192,231,000	112,000,000	3,304,231,000	1,480,213,059	(1,824,017,941)	(55)
116	Development	12,935,000	-	12,935,000	9,573,000	(3,362,000)	(26)
	Subtotal	**3,205,166,000**	**112,000,000**	**3,317,166,000**	**1,489,786,059**	**(1,827,379,941)**	**(55)**
	Total	**11,657,134,000**	**1,515,670,000**	**13,172,804,000**	**11,197,719,950**	**(1,975,084,050)**	**(15)**

Audit noted that there was an overall savings of Rs. 1,975.084 million, which was due to savings of Rs. 1,827.380 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. 1,515.670 million were obtained, which was 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 14.86%, which, after accounting for Supplementary Grants changed to savings of 1.50%. In development expenditure, savings against original budget was 53.52% which came to 55.09% when Supplementary Grants were taken into account.



9.3 Brief comments on the status of compliance with PAC Directives

Name	Years	No of audit paras	No of Actionable Points	Full Compliance	Not Complied	% of Compliance
Defence	1996-97	1	1	0	1	0%
	1997-98	30	30	17	13	57%
	2000-01	34	34	29	5	85%
	2005-06	6	6	2	4	33%
Total		**72**	**72**	**49**	**23**	**68%**

9.4 AUDIT PARAS

Irregularity & Non Compliance

9.4.1 Unauthorized expenditure on account of entertainment - Rs. 1.229 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.

The management of Ministry of Defence, Rawalpindi incurred an expenditure of Rs. 1.229 million on entertainment during 2012-13.

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 expenditure on entertainment was incurred on participants of official meetings which prolonged beyond office hours, serving lunch up to Rs. 200 per head for duty officers/staff on Sunday and other closed holiday, serving soft drink such as Rooh Afza, ice to the policemen and services guards occasionally during very hot season. List of participants of meetings and details of other expenditure is available with the bills.

The reply indicates that the management has accepted the audit observation because the expenditure was not incurred in terms of Serial No. 9(38) of Annexure-I of Finance Division O.M. No. F.3(2)Exp.III/2006 dated 13.09.2006.

During verification of record on 26.11.2013 list of participants of the meetings as well as their purpose was not provided.

The PAO was informed on 08.11.2013, but DAC was not held till the finalization of the report.

Audit recommends that responsibility may be fixed for the irregularity.

9.4.2 Unauthorized retention of vehicles beyond the authorized strength - Rs. 2.010 million

Serial No. xv of the "Compulsory Monetization of Transport Facility for Civil Servants in BS-20 to BS-22" states that the Ministries/Divisions/Departments needing operational vehicles shall get their authorization of such vehicles fixed from the Vehicle Committee constituted with a representative each from Cabinet Division, Finance Division and the respective Ministry/Division/Department.

Serial No. xvi of the "Compulsory Monetization of Transport Facility for Civil Servants in BS-20 to BS-22" states that the 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.

Para 5 of the Cabinet Division's letter No.6/7/2011-CPC dated 12.12.2011 states that vehicles which will become surplus due to enforcement of the Monetization Policy shall be surrendered to the Cabinet Division, Central Pool of Cars, immediately.

Cabinet Division vide letter No. 2/5/2011-CPC dated 23.02.2012 authorized Ministry of Defence to use one car of 1300 cc and six vehicles of 800/1000 cc for protocol/general/ operational duties.

The management of Ministry of Defence, Rawalpindi was using four vehicles in excess of the strength authorized by the Cabinet Division and incurred an expenditure of Rs. 2.010 million during 2012-13. Details are as under:

(Rupees)

S. No.	Vehicle No	Make	POL	Repair	Total
1.	RIG-1223	Toyota Corolla, 1300 cc	316,000	88,749	**404,749**
2.	RL-5923	Toyota Corolla, 1300 cc	119,100	48,144	**167,244**
3.	RLV-4925	Honda Civic, 1600 cc	239,200	118,731	**357,931**
4.	GT-361	Toyota Hilux, 3000 cc	826,700	253,261	**1,079,961**
		Total	**1,501,000**	**508,885**	**2,009,885**

Audit is of the view that the use of vehicles beyond the authorized strength was irregular and unauthorized.

The management replied that the Vehicle Committee had authorized 1600cc and above vehicles to the Minister for Defence, Minister of State, Parliamentary Secretary of Ministry of Defence. It was also clarified that Secretary, Ministry of Defence was performing duty on contract basis and did not come within the purview of the Monetization Policy. It was intimated that Ministry of Defence had been authorized a total strength of 15 vehicles.

The reply was not accepted because it was not based on facts. During verification of record on 26.11.2013 it was established that Cabinet Division had only authorized seven vehicles. Further, the vehicles for the use of Minister for Defence, Minister of State for Defence and Parliamentary Secretary are provided by the Cabinet Division not by Ministry of Defence. Further, under Rule 24(2)(b) of Use of Staff Car Rules, 1980 Federal Secretaries are entitled to the use of 1300cc vehicles.

The PAO was informed on 08.11.2013, but DAC was not held till the finalization of the report.

Audit recommends that the additional vehicles should be surrendered to Cabinet Division besides regularizing the past irregularity.

CHAPTER 10

10. ECONOMIC AFFAIRS DIVISION

10.1 Introduction of Division

The Economic Affairs Division is responsible for assessment of requirements, programming and negotiations of external economic assistance related to the Government of Pakistan and its constituent units from foreign Governments and multilateral agencies. The issues regarding external debt management and matters relating to technical assistance to foreign countries, credit to friendly countries on lending/re-lending of foreign loans and monitoring of aid utilization are being handled by this Division. The functions and responsibilities of the Economic Affairs Division as listed in Schedule II of Rules of Business, 1973 are as under:

i. Assessment of requirements, programming and negotiations for external economic assistance from foreign governments and organizations

ii. Matters relating to International Bank for Reconstruction and Development, International Development Agency, International Finance Corporation, Asian Development Bank, International Fund for Agricultural Development

iii. Economic matters pertaining to Economic and Social Council of the United Nations, Governing Council of United Nations Development Program, Economic and Social Commission for Asia and Pacific, Colombo Plan and Organization for Economic Cooperation and Development (Development Assistance Committee)

iv. Negotiations and coordination activities, etc. pertaining to economic cooperation with other countries

v. Assessment of requirements, programming and negotiations for securing technical assistance to Pakistan from foreign governments and organizations, including nominations for EDI courses

vi. Matters relating to technical assistance to foreign countries

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

viii. Review and appraisal of international and regional economic trends and their impact on the national economy. Proposals concerning change in international economic order

ix. Matters relating to transfer of technology under UNDP assistance

x. Matters relating to Islamic Development Bank

10.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Economic Affairs Division for the financial year 2012-13 was Rs. 460,480.246 million including Supplementary Grant of Rs. 2,202.922 million out of which the Division utilized Rs. 408,657.797 million. Grant-wise detail of current and development expenditure is as under:

(Rupees)

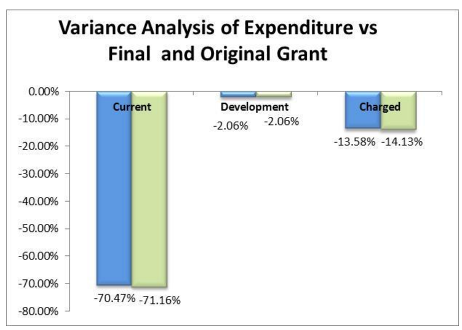
Grant No	Grant Type	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Final Grant/ Appropriation	Actual Expenditure	Excess/ (Savings)	% age Excess/ (Saving)
26	Current	2,822,596,000	68,005,000	2,890,601,000	833,506,258	(2,057,094,742)	(71)
	Subtotal	**2,822,596,000**	**68,005,000**	**2,890,601,000**	**833,506,258**	**(2,057,094,742)**	**(71)**
118	Development	289,581,000	-	289,581,000	89,874,407	(199,706,593)	(69)
142	Development	123,020,273,000	3,000	123,020,276,000	120,680,810,505	(2,339,465,495)	(2)
	Subtotal	**123,309,854,000**	**3,000**	**123,309,857,000**	**120,770,684,912**	**(2,539,172,088)**	**(2)**
B	Charged	80,175,352,000	-	80,175,352,000	70,614,489,538	(9,560,862,462)	(12)
C	Charged	215,961,783,000	-	215,961,783,000	178,592,370,733	(37,369,412,267)	(17)
D	Charged	36,007,739,000	2,134,914,000	38,142,653,000	37,846,745,505	(295,907,495)	(1)
	Subtotal	**332,144,874,000**	**2,134,914,000**	**334,279,788,000**	**287,053,605,776**	**(47,226,182,224)**	**(14)**
	Total	**458,277,324,000**	**2,202,922,000**	**460,480,246,000**	**408,657,796,946**	**(51,822,449,054)**	**(11)**

Audit noted that there were overall savings of Rs. 51,822.449 million against final allocation of Rs. 460,480.246 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. 2,202.922 million were obtained, which were 0.48% 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 savings in current expenditure were 70.47%, which, after accounting for Supplementary Grants changed to 71.16%. There were savings of 2.06% in development expenditure. There were savings of 13.58% in charged expenditure, which, after accounting for Supplementary Grants changed to 14.13%.



10.3 Brief comments on the status of compliance with PAC Directives

Name	Years	No of audit paras	No of Actionable Points	Full Compliance	Not Complied	% of Compliance
Economic Affairs Division	1989-90	1	1	1	0	100%
	1992-93	5	5	5	0	100%
	1996-97	2	2	1	1	50%
	2000-01	5	5	0	5	0%
	2005-06	2	2	0	2	0%
	2006-07	5	5	2	3	40%
	2007-08	1	1	0	1	0%
	2008-09	2	2	0	2	0%
Total		**23**	**23**	**9**	**14**	**39%**

10.4 AUDIT PARAS

Irregularity & Non Compliance

10.4.1 Unauthorized 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.

The management of Economic Affairs Division (EAD) incurred an expenditure of Rs. 4.026 million on account of entertainment during 2011-13. Details are as under:

(Rupees)

S. No	Bill No	Cheque No.	Date	Amount
1.	336	3613089	02.12.2011	98131
2.	590	3653434	06.02.2012	112,891
3.	745	3663750	21.03.2012	392,512
4.	746	3663751	21.03.2012	367,072
5.	898	3747454	27.04.2012	88,630
6.	810	3805860	16.05.2012	126,429
7.	204	3924991	14.09.2012	112,047
8.	205	3925992	14.09.2012	111,766
9.	152	3926465	19.09.2012	285,690
10.	150	3927445	24.09.2012	1,168,758
11.	151	3927446	24.09.2012	563,125
12.	688	3661685	08.03.2013	200,310
13.	026	4433270	25.06.2013	398,716
			Total	**4,026,077**

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 lunches/dinners/receptions on the occasion of the arrival of the foreign delegations had been served according to the system of Financial Control and Budgeting, 2006. In this regard individual approval on the files of entertainment and gifts were obtained and the names of delegates as well as the lists of participants of bill numbers 150, 151, 152, 026, 746 and 745 were attached. Regarding bills No. 810, 668, 898, 336, 590, 204 and 205, the policy sections normally provide only the number of participants, instead of their names. The specimen/proforma duly approved by the concerned Joint Secretaries is enclosed.

The reply was not accepted because the reply was not supported by the relevant documents.

The PAO was informed on 23.10.2013, but DAC was not held till the finalization of the report.

Audit recommends that original record may be provided to verify the observance of the prescribed ceiling.

10.4.2 Irregular monetization of vehicle - Rs. 1.592 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 from 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 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 EAD received vehicle No. GA-120 Toyota Corolla1300 CC from Cabinet Division on 07.03.2012 which was monetized to Capt® Iftikhar Ahmed Rao, Additional Secretary-II on 08.03.2012. The current market value of the vehicle was Rs. 1,592,500.

Audit observed as under:

i. Vehicle No. GU-273 Suzuki Cultus 1000 cc was allotted to Additional Secretary-II on 26.12.2011 and the same was monetized to the officer on 30.12.2011.
ii. Vehicle No. GA-120 Toyota Corolla 1300cc was monetized to the officer on 08.03.2012 after canceling the already monetized vehicle No. GU-273 Suzuki Cultus 1000cc for which deduction from the monthly salary of the officer had also started.

Audit is of the view that replacement of the already monetized vehicle after 01.01.2012 was irregular and unauthorized.

The management replied that after assumption of charge of Additional Secretary in EAD Capt ® Iftikhar Ahmed Rao was given Suzuki Cultus for official use and the Cabinet Division was requested vide this Division O.M. No. 4(8)EAD/Protocol/2011 dated 29.12.2011 to provide vehicle. In response Cabinet Division allocated staff car Toyota Corolla No. GA-120 (2004) 1300 CC to EAD for newly posted Additional Secretary Capt ® Iftikhar Ahmed Rao.

The reply indicates that the management has accepted the audit observation as the officer had already been monetized Suzuki Cultus GU-273 which was allocated to him prior to 01.01.2012.

The PAO was informed on 23.10.2013, but DAC was not held till the finalization of the report.

Audit recommends that the vehicle may be retrieved from the officer besides taking the disciplinary action against those who approved the irregularity.

10.4.3 Irregular payment of honorarium to the employees of other departments - Rs. 3.979 million

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

The management of Economic Affairs Division incurred an expenditure of Rs. 26.445 million on account of honorarium during 2011-13.

Audit observed that an amount of Rs. 3.979 million was paid as honorarium to the employees of other departments, i.e. AGPR, CDA, Police, etc. who were not on the payroll of the Economic Affairs Division.

Audit is of the view that the payment of honorarium to the employees of the other departments was irregular and unauthorized.

The management admitted that an amount of Rs. 3.979 million was paid as honorarium to the employees of other departments, because these employees provided their services for smooth functioning of the Economic Affairs Division. The honorarium was allowed with the approval of the Chairman, Economic Coordination Committee (ECC).

The management has accepted the irregularity.

The PAO was informed on 23.10.2013, but DAC was not held till the finalization of the report.

Audit recommends that the amount paid to the employees of other departments may be recovered besides taking disciplinary action against the person involved for extending undue favour to the employees of other departments.

10.4.4 Irregular and unauthorized monetization of vehicle - Rs. 1.592 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 Vehicle Condemnation/Replacement Committee of Economic Affairs Division in its meeting held on 27.12.2011 recommended 11 vehicles of different models and makes for monetization to the entitled officers of the Division. Vehicle No. GH-149 (Toyota Corolla-1300 cc) was also included in the list of vehicles recommended for monetization.

The management of Economic Affairs Division monetized official vehicle No. GH-149, Toyota Corolla 1300cc Model 2007 at a depreciated value of Rs. 521,830 to Mr. Javid Iqbal, Secretary, Economic Affairs Division. The current market value of the vehicle was Rs. 1,592,500.

Audit observed as under:

i. The officer assumed the charge of the post of Secretary on 06.07.2012.

ii. Vehicle No. GH-149 was not allotted to the officer before 31.12.2011 as he was not on the strength of Economic Affairs Division on that date.

iii. The officer was drawing Monetization Allowance @ Rs. 95,910 per month as per Last Pay Certificate issued by the AGPR.

iv. No record containing the proceeding/approval of monetization of vehicle to the officer was provided.

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 23.10.2013, but DAC was not held till the finalization of the report.

Audit recommends that the vehicle may be retrieved from the officer besides taking the disciplinary action against those who approved the irregularity.

CHAPTER 11

11. EDUCATION, TRAININGS AND STANDARDS IN HIGHER EDUCATION DIVISION

11.1 Introduction of Division

The following departments/offices and functions were assigned to Education, Trainings and Standards in Higher Education Division vide SRO No. 622(I)/2013(F. No. 4-8/2013-Min-I) dated 28.06.2013:

i. National Vocational and Technical Education Commission

ii. Academy of Educational Planning and Management, Islamabad

iii. Federal Board of Intermediate and Secondary Education, Islamabad

iv. National Education Assessment Centre, Islamabad

v. National Internship Programme

vi. National Talent Pool, Islamabad

vii. Youth Centres and Hostels

viii. All matters relating to National Commission for Human Development and National Education Foundation

ix. Pakistan National Commission for UNESCO (PNCU) added vide SRO No. 1013(I)/2012 (F. No. 4-2/2012-Min-I) dated 16.08.2012

x. Higher Education Commission added vide SRO No. 128(I)/2013 dated 22.02.2013 (F. No. 4-2/2012-Min-I)

xi. External examination and equivalence of degrees and diplomas

xii. Commission for standards for higher education

xiii. Pakistan Technical Assistance Program in the field of education, professional and technical training

11.2 Comments on Budget & Accounts (Variance Analysis)

No separate grant was allocated to the Division during 2012-13, therefore, grant analysis could not be performed.

11.3 Brief comments on the status of compliance with PAC Directives

Name	Years	No of audit paras	No of Actionable Points	Full Compliance	Not Complied	% of Compliance
Education, Training and standards in Higher Education (Printed under M/o Education)	1993-94	1	1	0	1	0%
	1994-95	1	1	0	1	0%
	1996-97	1	1	0	1	0%
	2000-01	7	7	0	7	0%
	2005-06	2	2	1	1	50%
	2006-07	1	1	0	1	0%
	2007-08	5	5	1	4	20%
Total		**18**	**18**	**2**	**16**	11%

11.4 AUDIT PARAS

Non Production of Record

11.4.1 Non-production of record of Endowment Fund - Rs. 164.387 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 Basic Education Community Schools (BECS), Regional office, Gilgit-Baltistan was maintaining an Endowment Fund with a balance of Rs. 164.387 million as on 30.06.2013.

Despite repeated requests the management did not provide the following record:

i. Cash book

ii. Detail of expenditure incurred and profit earned on investment

iii. Copy of the Term Deposit Receipts

iv. Bank Statement

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

The management replied that the record of the Regional office, Gilgit-Baltistan Endowment Funds had been provided to the Audit vide BECS letter No. F 1-8/BECS Audit/2012-13 dated 10.12.2013.

The reply was not accepted because only a statement showing a balance of Rs. 164.387 million of the Endowment Fund was provided whereas the remaining relevant record was not provided.

The PAO was informed on 02.01.2014, 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 relevant record.

Irregularity & Non Compliance

11.4.2 Non deposit of unspent balances - Rs. 92.000 million

Para 95 of GFR Volume-I states that all anticipated savings should be surrendered to Government immediately they are foreseen but not later than 15th May of each year in any case, unless they are required to meet excesses under some other unit or units which are definitely foreseen at the time. However, savings accruing from funds provided after 15th May 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.

Para 3.33 of Project Management Guidelines issued by the Planning and Development Division states that the final stage of the project is its completion. The project is considered to be completed/closed when all the funds have been utilized and objectives achieved, or abandoned due to various reasons. At this stage the project has to be closed formally, and reports to be prepared on its overall level of success, on a PC-IV, and forwarded to the Projects Wing of the Planning Commission.

The record of National Vocational and Technical Training Commission (NVTTC), Islamabad indicated that various Partner Institutes located in Punjab, Sindh, Khyber Pakhtunkhwa, Balochistan, Gilgit-Baltistan, Azad Jammu & Kashmir and Regional Director, Islamabad were retaining unspent balances amounting to Rs. 92.000 million as on 29.11.2013 after the close of projects during 2006-13.

Audit observed that neither the unspent balances were deposited into the government account nor PC-IVs of the projects were submitted.

Audit is of the view that retention of unspent balances of closed projects and non-submission of PC-IV was irregular and unauthorized.

The management replied that the matter to ascertain actual left over balances with the Implementation Partners and deposit thereof in the Federal Treasury had been taken up with the Regional Offices. The Implementation Partners had been approached to submit PC-IV in respect of completed projects.

The reply indicates that the management has accepted the audit observation.

The PAO was informed on 02.01.2014, but DAC was not held till the finalization of the report.

Audit recommends that the unspent balances should be deposited into the government treasury besides submission of PC-IV.

11.4.3 Loss due to less realization of interest - Rs. 4.555 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 National Education Foundation invested Rs. 144.077 million in Term Deposit Receipts in National Bank of Pakistan and Faysal Bank Limited during 2009-13.

Audit observed that the interest due on investments was Rs. 25.173 million whereas only Rs. 20.618 million was realized. Details are as under:

(Rs. in million)

S. No.	Bank	Amount	Date of		Interest			Loss
			Investment	Maturity	Rate	Due	Realized	
1.	NBP	50.000	15.02.2010	16.02.2011	11.95%	5.975	3.836	2.139
2.	Faysal Bank Ltd	33.000	03.05.2010	04.05.2013	12.05%	11.930	9.662	2.268
3.	-do-	61.077	15.03.2012	16.03.2013	11.90%	7.268	7.120	0.148
	Total	**144.077**				**25.173**	**20.618**	**4.555**

Audit is of the view that less realization of interest on investment resulted in a loss of Rs. 4.555 million to the government.

The management did not reply.

The PAO was informed on 02.01.2014, but DAC was not held till the finalization of the report.

Audit recommends that the matter may be inquired besides recovery of interest less realized.

11.4.4 Irregular payment of final balance of Contributory Provident Fund (CPF) - Rs. 1.394 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 management of National Education Foundation (NEF), Islamabad paid Rs. 1.394 million to 11 employees as final settlement of CPF account out of Endowment Fund vide cheque No. 07183134 dated 23.04.2011.

Audit observed that instead of making payment of final settlement out of CP Fund Account No. 32582 the payment was made from Endowment Fund Account.

Audit is of the view that payment of CP Fund out of Endowment Fund was irregular and unauthorized.

The management replied that at the time of withdrawal of CP Fund, the investment of CP Fund was with National Saving Centre for three years. To avoid any premature loss to CP Fund, the payment was made from Daily Product Account of Endowment Fund. The case for reimbursement of CP Fund amount to Endowment Fund would be initiated after change of signatories.

The reply indicates that the management has accepted the audit observation.

The PAO was informed on 02.01.2014, but DAC was not held till the finalization of the report.

Audit recommends that responsibility may be fixed for the irregularity besides recoupment in Endowment Fund Account.

11.4.5 Non-disposal of seven off road vehicles

Para 167 of GFR Volume-I states that subject to any special rules or orders applicable to any particular department, stores which are reported to be obsolete, surplus or unserviceable may be disposed of by sale or otherwise under the orders of the authority competent to sanction the writing off of a loss caused by deficiencies and depreciation equivalent to their value.

Rule 26 of Staff Car Rules, 1980 states that all vehicles shall be disposed of by the Ministry/Division concerned through public auction.

The management of National Education Foundation, Islamabad was in possession of seven off road vehicles. Details are as under:

S. No.	Vehicle No.	Make	Model	Off Road Since
1.	IDN-9506	Suzuki Potohar Jeep	2003	July, 2007
2.	IDG-9507	Suzuki Potohar Jeep	2003	July, 2007
3.	IDL-9342	Suzuki Potohar Jeep	2003	July, 2007
4.	IDM-3294	Suzuki Potohar Jeep	2003	July, 2007

5.	IDM-3295	Suzuki Potohar Jeep	2003	July, 2007
6.	IDE-9540	Suzuki Khyber	1995	July, 2013
7.	GF-192	Double Cabin, Hilux	2006	November, 2013

Audit observed that the management did not auction the off road vehicles.

Audit is of the view that non-disposal of vehicles deprived the government of its due receipt.

The management replied that the vehicles would be auctioned after approval of the Board of Governors.

The reply indicates that the management has accepted the audit observation.

The PAO was informed on 02.01.2014, but DAC was not held till the finalization of the report.

Audit recommends that the vehicles may be disposed of and sale proceeds should be deposited into the government treasury.

11.4.6 Irregular payment of Project Allowance - Rs. 6.589 million

Finance Division O.M. No. F.13(1)Reg/14/2003 dated 18.04.2012 states that Project Allowance was discontinued in all types of projects with immediate effect to remove distortion in the system.

The management of Basic Education Community School (BECS), Islamabad paid Project Allowance amounting to Rs. 6.589 million @10% of running basic pay to its employees from April, 2012 to June, 2013.

Audit observed that Project Allowance was paid in violation of the instruction of the Finance Division.

Audit is of the view that payment of the Project Allowance was irregular and unauthorized.

The management replied that the PC-I of BECS Project had clear budget provision for Project Allowance, which was paid to the BECS project employees @ 10% as per approved PC-I (2006-2009). The ECNEC approved the revised PC-

I of BECS vide Cabinet Division U.O. No. 7/19/2012-Com dated 15.08.2012 which included Project Allowance @ 10% of basic pay to the BECS project employees.

The reply was not accepted because Project Allowance was discontinued vide Finance Division O.M. No. F.13(1)Reg/14/2003 dated 18.04.2012 in all types of projects.

The PAO was informed on 02.01.2014, but DAC was not held till the finalization of the report.

Audit recommends that irregular payment of Project Allowance should be recovered besides discontinuing the irregular practice.

11.4.7 Unauthorized promotion of 39 project employees

Para 2(1)(b)(ii) of Chapter 1 of Esta Code states that 'civil servant' means a person who is a member of an All-Pakistan Service or of a civil service of the Federation, or who holds a civil post in connection with the affairs of the Federation, including any such post connected with defence, but does not include a person who is employed on contract, or on work-charged basis or who is paid from contingencies.

Para 9(1) of Chapter 1 of Esta Code states that a civil servant possessing such minimum qualifications as may be prescribed shall be eligible for promotion to a higher post for the time being reserved under the rules for departmental promotion in the service or cadre to which he belongs.

The management of BECS promoted 39 project employees in higher grades. Details are at Annexure-VI.

Audit observed that these employees were recruited on contract basis and there was no provision in the government rules for promotion against project posts.

Audit is of the view that promotion of project employees was irregular and unauthorized as they were contract employees and not civil servants.

The management replied that the audit para on same issue was already raised in the year 2009-10. The DAC in its meeting held on 23.05.2012 directed that promotion of project employees was irregular and the para would be discussed in the PAC. The affected employees approached the Islamabad High Court and other Courts, and the Honourable Court issued Stay Order directing no adverse action against them. The main responsibility for illegal promotions lies with ex-Chairman, NEF, ex-Managing Director and ex-Project Director, BECS who served from 2007 to 2011. The Ministry of Education, Training & Standards in Higher Education constituted an inquiry committee under the chairmanship of Joint Secretary vide letter No. F.1/16/2011Admn dated 05.09.2013**.** The inquiry was yet to be finalized and the final decision of the Ministry was awaited. The case will be processed in the light of instructions of the government and superior courts.

The reply indicates that the management has accepted the audit observation.

The PAO was informed on 02.01.2014, but DAC was not held till the finalization of the report.

Audit recommends that irregular promotions be reverted, difference of pay accruing from the unauthorized promotions be calculated and recovered and disciplinary action be taken against the officers responsible for the irregular promotions.

CHAPTER 12

12. ELECTION COMMISSION OF PAKISTAN

12.1 Introduction of Commission

Election Commission came into being on 23rd 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 would be determined by the President. The 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. The Election Commission was charged with 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 adult franchise basis. A separate institution of '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 the Electoral College consisting of 80,000 Basic Democracy Members. This time the Chief Election Commissioner was to be appointed by the President of Pakistan for a term of three years. The 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 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 recommendations of a Joint Parliamentary Committee consisting of 16 members of the Senate and the National Assembly belonging equally to the Government and the Opposition. The Members have to be former Judges of High Courts of the Provinces.

12.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Election Commission for the financial year 2012-13 was Rs. 5,980.810 million including Supplementary Grant of Rs. 4,408.833 million out of which the Commission utilized Rs. 5,810.933 million. Grant-wise detail of current and development expenditure is as under:

(Rupees)

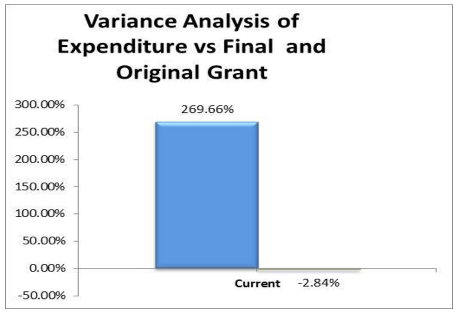
Grant No	Grant Type	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Final Grant/ Appropriation	Actual Expenditure	Excess/ (Savings)	% age Excess/ (Saving)
J	Charged	1,571,977,000	4,408,833,000	5,980,810,000	5,810,933,311	(169,876,689)	(3)
	Total	**1,571,977,000**	**4,408,833,000**	**5,980,810,000**	**5,810,933,311**	**(169,876,689)**	**(3)**

Audit noted that there was an overall saving of Rs. 169.876 million against final allocation of Rs. 5,980.810 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. 4,408.833 million were obtained, which was 280.464% 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 269.66%, which, after accounting for Supplementary changed to savings of 2.84%.



12.3 Brief comments on the status of compliance with PAC Directives

Name	Years	No of audit paras	No of Actionable Points	Full Compliance	Not Complied	% of Compliance
Election Commission of Pakistan	1990-91	1	1	1	0	100%
	1991-92	1	1	1	0	100%
	1994-95	1	1	1	0	100%
	1996-97	2	2	0	2	0%
	2005-06	3	3	0	3	0%
Total		**8**	**8**	**3**	**5**	38%

12.4 AUDIT PARAS

Irregularity & Non Compliance

12.4.1 Wasteful expenditure on procurement of screened-off compartments - Rs. 29.667 million

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

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

The management of Election Commission of Pakistan procured 46,500 screened-off compartments @ Rs. 638 per unit from M/s BMITCO, Islamabad on 10.04.2013.

Audit observed that the actual requirement of screened-off compartments for General Election-2013 worked out by the management of Election Commission of Pakistan was 237,003. At the time of procurement the management already had a stock of 242,112 screened-off compartments in store.

Audit is of the view that procurement of additional 46,500 screened-off compartments in the presence of available stock, which was already in excess of the actual requirement resulted in loss to government.

The management did not reply.

The PAO was informed on 21.11.2013, but DAC was not held till the finalization of the report.

Audit recommends that responsibility may be fixed for purchase in excess of the actual requirement, which resulted in loss to the government.

12.4.2 Irregular expenditure on purchase of Indelible Ink and magnetized stamp pads - Rs. 160.103 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 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 Election Commission of Pakistan issued work order for an amount of Rs. 160.103 million including transportation charges of Rs. 2.914 million to Pakistan Council for Scientific and Industrial Research, Karachi for supply of Indelible Ink (Vials) and magnetized Stamp Pads for use in General Elections-2013.

Audit observed that the work was awarded without calling open tenders.

Audit is of the view that the government was deprived of the benefit of competitive rates.

The management did not reply.

The PAO was informed on 21.11.2013, but DAC was not held till the finalization of the report.

Audit recommends that matter may be investigated for making purchases in violation of rules.

12.4.3 Unauthorized expenditure on purchase of un-inked pads - Rs. 7.500 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.

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 Election Commission of Pakistan issued work order to Pakistan Council for Scientific and Industrial Research (PCSIR), Karachi for supply of magnetized stamp pads for use in General Elections-2013 vide letter No. F.4(6)/2012-GS dated 01.03.2013.

Audit observed as under:

i. The work was awarded to PCSIR without open competition.

ii. PCSIR was not a manufacturer of un-inked pads.

Audit is of the view that the government was deprived of the benefit of competitive rates.

The management did not reply.

The PAO was informed on 21.11.2013, but DAC was not held till the finalization of the report.

Audit recommends that matter may be investigated for making purchases in violation of rules.

12.4.4 Unauthorized payment of Election Allowance @ 20% of running basic pay - Rs. 3.250 million

Para 9(e) of Finance Division O.M. No. F.3(2)Exp.III/2006 dated 13.09.2006 states that financial sanctions relating to service rules and regulations which are accorded with the concurrence of the Finance Division (Regulations Wing) will be endorsed to audit through that Wing and not through the Deputy Financial Adviser of the Ministries/Divisions.

Rule 12(1) 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, or their statutory rights and privileges, which have financial implications.

The management of Election Commission of Pakistan, Islamabad paid Election Allowance @ 20% of the running basic pay to its employees' w.e.f. 01.03.2013.

Audit observed that the Election Allowance @ 20% was approved by the Adviser, Finance Division and conveyed by the Financial Advisors' Organization vide U.O. 5(4)/2007-12-DFA(J)-623 dated 02.04.2013.

Audit is of the view that the allowance was irregular and unauthorized, as it was neither approved by the Prime Minister nor endorsed to audit by the Regulations Wing of the Finance Division.

The management did not reply.

The PAO was informed on 21.11.2013, but DAC was not held till the finalization of the report.

Audit recommends that the irregularity may either be got condoned from the competent authority, i.e. Prime Minister of Pakistan or the amount may be recovered.

12.4.5 Irregular purchase of Digital Photocopiers without open competition - Rs. 3.278 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 Provincial Election Commission of Pakistan, Balochistan purchased 11 Ricoh Digital Photocopiers from M/s Galaxy International, Quetta at a cost of Rs. 3.278 million during 2012-13.

Audit observed that the procurement was made without open competition.

Audit is of the view that failure to adopt open competition deprived the government of the benefit of competitive rates.

The management did not reply.

The PAO was informed on 18.11.2013, but DAC was not held till the finalization of the report.

Audit recommends that responsibility may be fixed for the irregularity.

CHAPTER 13

13. ESTABLISHMENT DIVISION

13.1 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, 1973 includes:

1. Regulation of all matters of general applicability to civil posts in connection with the affairs of the Federation:
   - (i) Recruitment;
   - (ia) Promotion;
   - (ii) Verification of character and antecedents;
   - (iii) Conduct and discipline; and
   - (iv) Terms and conditions of service (including re-employment after retirement) other than those falling within the purview of the Finance Division.
2. (i) Formation of Occupational Groups.
   - (ii) Policy and administration of:
     - (a) All-Pakistan Unified Grades
     - (b) Office Management Group (Federal Unified Grades).
3. Policy regarding recruitment to various grades.
4. Grant of ex-officio status to non-Secretariat officers.
5. (i) Training in Public Administration.
   - (ii) Matters relating to National School of Public Policy, Lahore

6. Federal Government functions in regard to the Federal Public Service Commission.

7. General service matters, such as:

    (i) Casual leave;

    (ii) Office hours;

    (iii) Liveries of Government servants;

    (iv) Policy regarding association of Federal Government employees;

    (v) List of persons debarred from future employment under Government.

8. Matters relating to:

    (i) Central Selection Board;

    (ii) Special Selection Board, except the Special Selection Boards constituted in the Divisions relating to selection of officers for posting in Pakistan Missions abroad.

    (iii) Selection Committee for Provincial posts borne on All Pakistan Unified Grades;

9. (i) Career Planning;

    (ii) Instructions for writing and maintenance of annual Performance Evaluation Reports on civil servants;

    (iii) Centralized arrangements in managing original or duplicate annual Performance Evaluation Reports dossiers of officers.

10. (i) Staff Welfare;

    (ii) Federal Employees Benevolent Fund and Group Insurance Act, 1969.

11. Service Tribunals Act, 1973.

12. Administrative Reforms.

13. Administration of the Civil Servants Act, 1973, and the rules made thereunder.

14. To act as Management Consultants to the Federal Government and to undertake case studies to solve specific management problems utilizing techniques like PERT, CPM, system analysis, operations research and O&M.

15. Review of organizations, functions and procedures of the Divisions, attached departments, all other Federal Government offices and departments, autonomous organizations and taken over industries with the objective of improving their efficiency.

16. Periodic review of staff strength in the Divisions, attached departments and all other Federal Government Offices.

17. Initiation of proposals for simplification of systems, forms, procedures and methods for efficient and economic execution of Government business, minimizing public inconvenience and evolution of built-in safeguards against corruption.

18. Training of Government functionaries in techniques like O&M, CPM, PERT, systems analysis and operations research both within the country and abroad.

19. Promotion of knowledge and use of O&M concepts, PERT and CPM techniques, systems analysis and operations research within all government offices and organizations.

20. Idea Award Scheme.

21. Pakistan Public Administration Research Centre.

22. (a) Reorganization of a Division or an Attached Department or a change in the status of an Attached Department.

    (b) Organization, on a permanent basis, of a working unit in a Division other than as a Section.

23. Determination of the status of Government offices.

13.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Establishment Division for the financial year 2012-13 was Rs. 3,439.627 million including Supplementary Grant of Rs. 76.928

million out of which the Division utilized Rs. 3,356.267 million. Grant-wise detail of current expenditure is as under:

(Rupees)

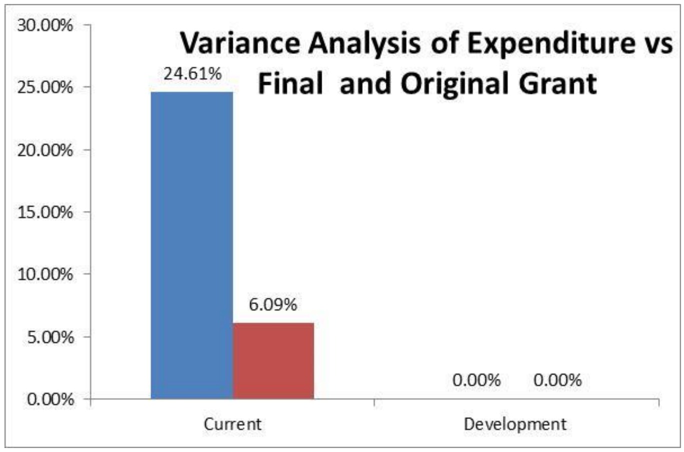
Grant No	Grant Type	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Final Grant/ Appropriation	Actual Expenditure	Excess/ (Savings)	% age Excess/ (Saving)
5	Current	2,022,315,000	6,198,000	2,028,513,000	1,913,990,591	(114,522,409)	(6)
6	Current	357,542,000	50,721,000	408,263,000	467,678,034	59,415,034	15
7	Current	982,842,000	20,009,000	1,002,851,000	974,598,590	(28,252,410)	(3)
	Total	**3,362,699,000**	**76,928,000**	**3,439,627,000**	**3,356,267,215**	**(83,359,785)**	**6**

Audit noted that there was an overall saving of Rs. 83.360 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. 76.928 million were obtained, which was 2.29% 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 24.61%, which, after accounting for Supplementary Grants changed to 6.09% due to savings in Grant No. 5.



13.3 Brief comments on the status of compliance with PAC Directives

Name	Years	No of audit paras	No of Actionable Points	Full Compliance	Not Complied	% of Compliance
Establishment	1989-90	1	1	0	1	0%
	1990-91	1	1	0	1	0%
	1992-93	2	2	1	1	50%
	1994-95	2	2	2	0	100%
	1995-96	3	3	2	1	67%
	2000-01	14	14	0	14	0%
	2005-06	2	2	0	2	0%
	2008-09	2	2	0	2	0%
Total		**29**	**29**	**7**	**22**	24%

13.4 AUDIT PARAS

Irregularity & Non Compliance

13.4.1 Irregular and unauthorized investments in non-government shares and securities - Rs. 2,768.302 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.

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.

The management of FEB&GIF invested funds of Rs. 22,203.536 million in various schemes/banks as on 30.06.2013.

Audit observed that the management of FEB&GIF invested Rs. 2,768.302 million in non-government shares and Terms Finance Certificates (TFCs) without approval from the Federal Government.

Audit is of the view the investments in non-government shares and securities were irregular and unauthorized.

The management replied that the Finance Division was approached on 26.01.2004 to clarify whether the securities which had been approved by the State Bank of Pakistan or Securities Exchange Commission of Pakistan could be treated as 'profitable ventures' in terms of Section 7(f) of the Federal Employees Benevolent Fund & Group Insurance Act, 1969 and whether FEB&GIF could invest in such securities or not. The Finance Division vide letter dated 20.02.2004 clarified that instructions contained in O.M. No. F.4(1)/2002-BR.II dated 2.07.2003 did not apply to FEB&GIF. Moreover, the FEB&GIF may consider to invest in private securities approved by SBP and SECP for the sake of higher profits in the light of guidance contained in para 5 of the Finance Division's O.M referred above. It is very clear that investment in non-government shares and TFCs was not against the provision of Section 7(f) of the FEB&GIF Act, 1969.

The reply was not accepted because Para 4 of Finance Division O.M. No. F.4(1)/2002-BR.II dated 02.07.2003 did not allow entities holding trust funds, such as benevolent funds and insurance funds to invest their surplus funds in non-government securities/Term Finance Certificate/shares.

The PAO was informed on 12.12.2013, but DAC was not held till the finalization of the report.

Audit recommends that responsibility be fixed for investing trust funds in violation of government instructions, while the unauthorized investment may be withdrawn.

13.4.2 Loss on investment made in Pace Pakistan Limited - Rs. 37.037 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.

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.

The management of FEB&GIF invested Rs. 131.169 million in Term Finance Certificates (TFCs) of Pace Pakistan Limited during 2009-10 at a profit rate of six month KIBOR plus 1.50%. According to the Redemption Schedule, profit and principal were payable semi-annually and the entire investment would mature on 15.02.2013.

Audit observed as under:

i. The investments in non-governmental securities were made in violation of Section 7(f) of FEB&GIF Act, 1969.

ii. An amount of Rs. 31.693 million was credited in FEB&GIF account as profit for the period 15.08.2009 to 15.02.2011 and an amount of Rs. 0.090 million was redeemed during the period. However, no profit after 15.02.2011 was paid to FEB&GIF on these TFCs.

iii. Due to nonpayment of profit on TFC for the period 15.02.2011 to 15.02.2013, FEB&GIF had sustained a loss of Rs. 37.037 million.

iv. The remaining principal amount of Rs. 131.079 million was also not redeemed.

Audit is of the view that investment in non-government securities is against the provision of Section 7(f) of the Federal Employees Benevolent Fund and Group Insurance Act, 1969. Non-payment of profit and non-redemption of principal amount by the company resulted in to a loss of Rs.37.037 million to FEB&GIF.

The management replied that the Finance Division was approached on 26.01.2004 to clarify whether the securities which had been approved by the State Bank of Pakistan or Securities Exchange Commission of Pakistan could be treated as 'profitable ventures' in terms of Section 7(f) of the Federal Employees Benevolent Fund & Group Insurance Act, 1969 and whether FEB&GIF could invest in such securities or not. The Finance Division vide letter dated 20.02.2004 clarified that instructions contained in O.M. No. F.4(1)/2002-BR.II dated 2.07.2003 did not apply to FEB&GIF. Moreover, the FEB&GIF may consider to invest in private securities approved by SBP and SECP for the sake of higher profits in the light of guidance contained in para 5 of the Finance Division's O.M referred above. It is very clear that investment in non-government shares and TFCs was not against the provision of Section 7(f) of the FEB&GIF Act, 1969.

The management also stated that the Company could reschedule the profit payment and principal by consent of 51% TFC holders, which was legally covered and approved by the SECP. Further, TFCs were secured against the assets of the Company. Moreover, non-payment of profit could not be termed as loss to the extent of Rs. 37.037 million. The profit payments were delayed which have loss to the FEB&GIF.

The reply was not accepted because Para 4 of Finance Division O.M. No. F.4(1)/2002-BR.II dated 02.07.2003 did not allow entities holding trust funds, such as benevolent funds and insurance funds to invest their surplus funds in non-government securities/Term Finance Certificate/shares. Further, since the Company could reschedule the profit payment, therefore, it was clear that the investment was prone to risk and the invested funds were now at the mercy of the private company.

The PAO was informed on 12.12.2013, but DAC was not held till the finalization of the report.

Audit recommends that the matter may be inquired and responsibility be fixed for making investment in non-government securities resulting in loss to the government.

13.4.3 Irregular and unauthorized payment of House Rent Allowance over and above the approved amount - Rs. 16.226 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.

Rule 1(2) of the Employees of the Board of Trustees of the Central Employees Benevolent and Insurance Funds Rules, 1971 issued through SRO No. 1111(K)/71 dated 23.09.1971 states that the rules shall apply to all the employees of the Board.

Rule 2 of the Employees of the Board of Trustees of the Central Employees Benevolent and Insurance Funds Rules, 1971 issued through SRO No. 1111(K)/71 dated 23.09.1971 states that the Rules specified in the Schedule, and 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.

Para 2 of Finance Division U.O. No. F.8(1)Exp.IV.2004 dated 01.03.2006 states that a representative of the Ministry of Finance represented on the Board of Directors does not constitute approval of the Ministry of Finance.

The management of the FEB&GIF notified the Federal Employees Benevolent and Group Insurance Fund (Employees Service) Rules, 2011 vide SRO No. 454(1)/2011 dated 23.05.2011 with the approval of the Board. Para 8(1) of the Appendix-4 of Federal Employees Benevolent and Group Insurance Fund (Employees Service) Rules, 2011 states that House Rent Allowance shall be admissible to the employees of FEB&GIF @ 90% of the running basic pay.

Audit observed that the management of FEB&GIF paid an amount of Rs. 20.412 million to 141 employees during 2012-13 as House Rent Allowance @ 90% of the running basic pay instead of 45% of minimum of 2008 pay scales resulting in overpayment of Rs. 16.226 million.

Audit is of the view that the management paid the House Rent Allowance @ 90% of running basic pay without seeking approval of the Federal Government, which was unauthorized and resulted in overpayment.

The management replied that the FEB&GIF was a body corporate in terms of Section 5 of the Federal Employees Benevolent & Group Insurance Act, 1969. Its affairs were governed by a Board of Trustees under the Chairmanship of Secretary, Establishment Division. The organization was not funded by the Federal Government and was established for management of the Benevolent & Group Insurance Funds. The organization had its own finances and resources. The Finance Division had confirmed that nothing was or could be paid to the Fund by the Finance Division. Since the establishment of the FEB&GIF, the annual budget was approved by the Board of Trustees and all administrative expenses and pay and allowances were being paid with the approval of the Board. The Board of Trustees in its 82nd meeting held on 21.04.2011 enhanced the rates of House Rent Allowance from 60% to 90% of the basic pay. The Pay & Allowances in terms of Rule 112 of the FEB&GIF (Employees Service Rules), 2011 were approved by the Board of Trustees in its 82nd meeting held on 21.04.2011, which had representation of the Finance Division at the level required by Rule 9(5) of the Rules of Business, 1973 dispensing with further reference to that Division.

The reply was not accepted because only the Federal Government had the authority to make the rules under Section 23 of FEB&GIF Act, 1969, which were prescribed in SRO No. 1111(K)/71 dated 23.09.1971 issued by the Secretary, Establishment Division. Therefore, the FEB&GIF (Employees Service Rules), 2011 approved by the Board of Trustees were in violation of Section 23 of the Act. Further, having a representative of the Ministry of Finance on the Board of Trustees did not constitute approval of the Ministry of Finance as clarified vide U.O. No. F.8(1)Exp.IV.2004 dated 01.03.2006. The FEB&GIF was being financed through monthly subscriptions of Group Insurance and Benevolent Fund contributed by the federal government employees, which could not be attributed by FEB&GIF as its ‘own finances’.

The PAO was informed on 12.12.2013, but DAC was not held till the finalization of the report.

Audit recommends that unauthorized payment of Rs. 16.226 million may be recovered besides discontinuing the irregular practice forthwith.

CHAPTER 14

14. FEDERALLY ADMINISTERED TRIBAL AREAS (FATA)

14.1 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 Regulations, 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.

14.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Federally Administered Tribal Areas (FATA) for the financial year 2012-13 was Rs. 30,317.487 million including Supplementary Grant of Rs. 1,779.081 million against which the FATA Secretariat utilized Rs. 28,402.242 million. Grant-wise detail of current and development expenditure is as under:

(Rupees)

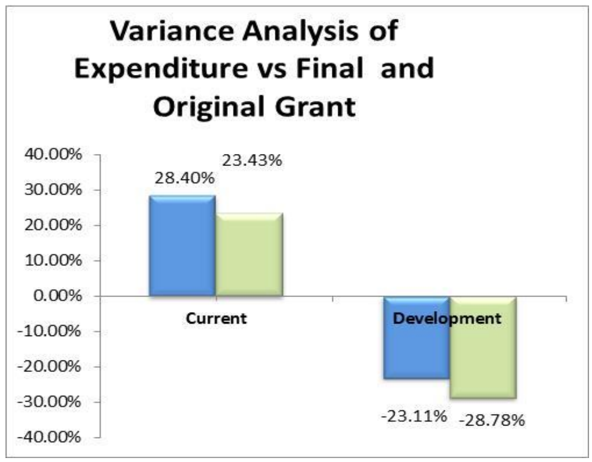
Grant No	Grant Type	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Final Grant/ Appropriation	Actual Expenditure	Excess/ (Savings)	% age Excess/ (Saving)
101	Current	12,538,406,000	505,000,000	13,043,406,000	16,099,435,644	3,056,029,644	23
138	Development	16,000,000,000	1,274,081,000	17,274,081,000	12,302,806,520	(4,971,274,480)	(29)
	Total	**28,538,406,000**	**1,779,081,000**	**30,317,487,000**	**28,402,242,164**	**(1,915,244,836)**	**(5)**

Audit noted that there was an overall saving of Rs. 1,915.245 million, which was due to saving of Rs. 4,971.274 million in Development Grant which was partly offset by excess expenditure of Rs. 3,056.030 million in 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. 1,779.081 million were obtained, which was 6.23% 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 28.40%, which, after accounting for Supplementary Grants, reduced to 23.43%. In development expenditure, saving in original budget was 23.11% which increased to 28.78% when Supplementary Grants were taken into account.



14.3 Brief comments on the status of compliance with PAC Directives

Name	Years	No. of audit paras	No. of Actionable Points	Full Compliance	Not Complied	% of Compliance
FATA	1989-90	6	6	0	6	0%
	1990-91	4	4	1	3	25%
	1992-93	8	8	7	1	88%
	1993-94	24	24	17	7	71%
	1994-95	10	10	10	0	100%
	1999-00	2	2	0	2	0%
	2000-01	24	24	0	24	0%
	2005-06	12	12	3	9	25%
	2006-07	8	8	0	8	0%
	2007-08	5	5	1	4	20%
Total		**103**	**103**	**39**	**64**	38%

14.4 AUDIT PARAS

Irregularity & Non Compliance

14.4.1 Non-deduction of Retention Money from Running Bills - Rs. 206.284 million (USD 2.419 million)

Clause 12 of the Memorandum of Understanding (MoU) signed between the FATA Secretariat and Frontier Works Organization (FWO) states that 5% Retention Money shall be deducted on all running payments for the subject works. The amount of Retention Money will be refunded on completion of work.

The management of FATA Secretariat paid Rs. 4,225.250 million (USD 49.717 million) to Frontier Works Organization (FWO) for 10 projects under agreements with United States Agency for International Development (USAID) during 2011-12.

Audit observed that Retention Money @ 5% amounting to Rs. 206.284 million (USD 2.419 million) was not deducted from the payments made to FWO. Details are as under:

(Amount in million)

S. No.	Name of Project	Agreement No.	USD	Rupees
1.	Jandola-Kotkai-Sararogha Road (Section 3)	391-SWA-FARA-001-00	0.014	1.207
2.	Tank-Kaur and Kaur-Jandola Road (Section 1 & 2)	391-AAG-11-SWA-Tank	0.033	2.787
3.	Kaur-Gomal-Tanai Wana Road (Section 1 to 5)	391-013-002	0.751	63.872
4.	Widening and Improvement of Section 4 Sararogha-Janjal Bridge and Section 5 Janjal Bridge-Makin of the Tank-Jandola-Sararogha-Makin Road	391-013-004	0.924	78.580
5.	2010 Flood damages-Kaur-Wana Road	391-013-008	0.248	21.140
6.	2010 Flood damages-Takin Makin Road	391-013-009	0.204	17.830
7.	Widening and reconstruction of Ahmed Wam Tunnel	391-013-010	0.013	1.190
8.	Widening and reconstruction of Jandola Tunnel and Construction of Kotkai Tunnel bypass on Tank-Jandola Makin Road	391-013-011	0.083	7.019
9.	Reconstruction of Jandola Bridge	391-013-012	0.137	11.633
10.	Repair of Kotkai Bridge	391-013-013	0.012	1.026
		Total	**2.419**	**206.284**

Audit is of the view that the objective of deducting Retention Money from the payments was defeated, as the management could not ensure that the work done was according to the projects' design and specifications. Therefore, non-deduction of Retention Money did not protect the interests of government and undue favor was extended to the contractor.

The management replied that all projects were of similar nature having undergone repeated quality assurance checks, as such deduction of Retention Money was not considered necessary.

The reply was not accepted because the management did not protect the interests of the government in terms of Defect Liability Period, etc. Further, the quality assurance checks were internal arrangements and did not relieve the management from mandatory requirements.

The PAO was informed on 13.11.2013. The DAC scheduled for 19.12.2013 was not held due to other commitments of the PAO. No further meeting could be held till the finalization of the report.

Audit recommends that responsibility be fixed for the irregularity.

14.4.2 Non-deduction of Withholding Tax - Rs. 253.533 million (USD 3.336 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.

Item No. 7 of the PC-Is of 10 USAID projects states that the Capital Cost Estimates were based on National Highway Authority (NHA) Composite Schedule of Rates (CSR), 2009 - District Tank.

Para 2.5(d) "Tax" of NHA CSR, 2009 of District Tank states that tax has been included as per government rules.

The management of FATA Secretariat paid Rs. 4,225.253 million (USD 49.705 million) to Frontier Works Organization (FWO) for the following 10 projects during 2011-12:

(Amount in million)

S. No.	Name of Project	Agreement No.	Total Payments		Tax @ 6%	
			USD	Rupees	USD	Rupees
1.	Jandola-Kotkai-Sararogha Road (Section 3)	391-SWA-FARA-001-00	0.284	24.136	0.017	1.448
2.	Tank-Kaur and Kaur-Jandola Road (Section 1 & 2)	391-AAG-11-SWA-Tank	0.656	55.753	0.394	3.345
3.	Kaur-Gomal-Tanai Wana Road (Section 1 to 5)	391-013-002	15.028	1277.450	0.902	76.647
4.	Widening and Improvement of Section 4 Sararogha-Janjal Bridge and Section 5 Janjal Bridge-Makin of the Tank-Jandola-Sararogha-Makin Road	391-013-004	18.485	1571.270	1.109	94.290
5.	2010 Flood damages-Kaur-Wana Road	391-013-008	6.255	531.640	0.375	31.900
6.	2010 Flood damages-Takin Makin Road	391-013-009	4.09	347.670	0.245	20.860
7.	Widening and reconstruction of Ahmed Wam Tunnel	391-013-010	0.279	23.780	0.017	1.430
8.	Widening and reconstruction of Jandola Tunnel and Construction of Kotkai Tunnel bypass on Tank-Jandola Makin Road	391-013-011	1.650	140.382	0.099	8.422
9.	Reconstruction of Jandola Bridge	391-013-012	2.737	232.659	0.164	13.960
10.	Repair of Kotkai Bridge	391-013-013	0.241	20.513	0.014	1.231
		Total	**49.705**	**4,225.253**	**3.336**	**253.533**

Audit observed that payment amounting to Rs. 4,225.253 million (USD 49.705 million) was made to FWO including payment of Rs. 253.533 million (USD 3.336 million) Withholding Tax @ 6%, whereas, tax was already included in the NHA (CSR, 2009) - District Tank.

Audit is of the view that undue favour was extended to the contractor by not deducting the Withholding Tax, which was irregular and unauthorized and deprived the government of its due receipt.

The management replied that tax laws were not extended to FATA. Therefore, no tax was deducted from the contractor. Similarly, under Section B.4 (Taxation) of Annex 2 of the Assistance Agreement, purchases financed from grant funds shall be exempted from sales tax, excise duties and custom duties imposed under laws in effect in Pakistan. Further, Fixed Amount Reimbursement

Agreements (FARA) was the guiding document for payments to the executing agency (FWO), wherein PC-I cost projection instead provided basis for the reasonably agreed cost estimation of the milestones. However, FWO was being approached for comments on the audit observation.

The reply was not accepted because tax was included in the NHA CSR, 2009 of District Tank and the management was required to deduct Withholding Tax from the payments made.

The PAO was informed on 13.11.2013. The DAC scheduled for 19.12.2013 was not held due to other commitments of the PAO. No further meeting could be held till the finalization of the report.

Audit recommends that Withholding Tax should be recovered from the contractor, i.e. M/s FWO.

*14.4.3 Excess payment over and above NHA CSR, 2009 of District Tank - Rs. 674.311 million (USD 7.967 million)**

Item No. 7 of the PC-Is of the projects states that the Capital Cost Estimates were based on National Highways Authority (NHA) Composite Schedule of Rates (CSR), 2009 - District Tank.

Para 2.4 "Formulae for Construction Items" of NHA CSR, 2009 of District Tank provided 25% for overheads, profit and preliminaries.

Para 2.5(b) "Head Office Overheads" of NHA CSR, 2009 of 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.

The Engineer's Estimate summarized in the PC-I(s) provided that in addition to the premiums on NHA CSR, 2009 of 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 management of FATA Secretariat paid Rs. 4,225.253 million (USD 49.705 million) to Frontier Works Organization (FWO) for the 10 projects for the work done during 2011-12. Details are as under:

(Amount in million)

S. No.	Name of Project	Agreement No.	Amount	
			USD	Rupees
1.	Jandola-Kotkai-Sararogha Road (Section 3)	391-SWA-FARA-001-00	0.284	24.136
2.	Tank-Kaur and Kaur-Jandola Road (Section 1 & 2)	391-AAG-11-SWA-Tank	0.656	55.753
3.	Kaur-Gomal-Tanai Wana Road (Section 1 to 5)	391-013-002	15.028	1,277.450
4.	Widening and Improvement of Section 4 Sararogha-Janjal Bridge and Section 5 Janjal Bridge-Makin of the Tank-Jandola-Sararogha-Makin Road	391-013-004	18.485	1,571.270
5.	2010 Flood damages-Kaur-Wana Road	391-013-008	6.255	531.640
6.	2010 Flood damages-Takin Makin Road	391-013-009	4.09	347.670
7.	Widening and reconstruction of Ahmed Wam Tunnel	391-013-010	0.279	23.780
8.	Widening and reconstruction of Jandola Tunnel and Construction of Kotkai Tunnel bypass on Tank-Jandola Makin Road	391-013-011	1.650	140.382
9.	Reconstruction of Jandola Bridge	391-013-012	2.737	232.659
10.	Repair of Kotkai Bridge	391-013-013	0.241	20.513
		Total	**49.705**	**4,225.253**

Audit observed that excess expenditure of Rs. 674.311 million (USD 7.967 million) was incurred in the 10 projects over and above the construction cost permissible under the NHA CSR, 2009 of District Tank rates which already included 25% on the estimated unit cost for overheads, profit and preliminaries. Details are as under:

(Amount)

S. No.	Item of expenditure paid	USD	Rupees
1.	Contingencies @ 0.5%	276,352	20,623,555
2.	Risk of Quantity Variation @ 7%	3,424,687	291,093,892
3.	Market Fluctuations @ 4.5%	2,237,129	190,148,978

4.	Security Charges @ 4%	2,028,684	172,444,247
	Total	**7,966,852**	**674,310,672**

Audit is of the view that since the NHA CSR, 2009 of District Tank already catered for overheads, profit and preliminaries, therefore, the inclusion of the additional items, as a percentage on the adjusted construction cost, was irregular.

The management replied that NHA CSR, 2009 of District Tank adopted for cost estimates of the projects for working out milestones, was a basic requirement for Fixed Amount Reimbursement Agreements (FARA). The CSR, 2009 for District Tank was basically for settled area but not for FATA. The instant projects were executed in South Waziristan Agency, combat zone, where no contractor was willing to undertake the construction work. It was turnkey project, whereby, the contractor was responsible to take care of all eventualities.

The reply was not accepted because the management had adopted the NHA CSR, 2009 of District Tank in the approved PC-Is of the projects. Therefore, excess payment over and above the NHA CSR, 2009 of District Tank was made. The development work in respect of Communications and Works Department of FATA was being carried out by private contractors.

The PAO was informed on 13.11.2013. The DAC scheduled for 19.12.2013 was not held due to other commitments of the PAO. No further meeting could be held till the finalization of the report.

Audit recommends that excess payment made should be recovered from the contractor.

*** Note:** Ten paras were merged with the titles "Overpayment regarding Risk of Quantity Variation, Market Fluctuations and Security/Hard Area Charges"

*14.4.4 Irregular payment without maintenance of Measurement Books - Rs. 4,225.253 million (USD 49.705 million)**

Section 9.01 of Agreements dated 10.03.2011 signed between FATA Secretariat and USAID for the 10 projects states that Grantee (FATA Secretariat) shall maintain, or cause to be maintained, in accordance with its laws and regulations, and Generally Accepted Accounting Principles and practice, supporting documents of deposits to, withdrawal from, and use of account or accounts set forth in its Activity Agreements.

Para 208 of Central Public Works Account (CPWA) Code states that payments of all work done otherwise than by daily labour and for all supplies are made on the basis of measurements recorded in Measurement Books (MBs) in Form 23 in accordance with rules in Para 209 of CPWA Code.

The management of FATA Secretariat paid Rs. 4,225.253 million (USD 49.705 million) to Frontier Works Organization (FWO) for 10 projects for the work done during 2011-12. Details are as under:

(Amount in million)

S. No.	Name of Project	Agreement No.	Amount	
			USD	Rupees
1.	Jandola-Kotkai-Sararogha Road (Section 3)	391-SWA-FARA-001-00	0.284	24.136
2.	Tank-Kaur and Kaur-Jandola Road (Section 1 & 2)	391-AAG-11-SWA-Tank	0.656	55.753
3.	Kaur-Gomal-Tanai Wana Road (Section 1 to 5)	391-013-002	15.028	1,277.450
4.	Widening and Improvement of Section 4 Sararogha-Janjal Bridge and Section 5 Janjal Bridge-Makin of the Tank-Jandola-Sararogha-Makin Road	391-013-004	18.485	1,571.270
5.	2010 Flood damages-Kaur-Wana Road	391-013-008	6.255	531.640
6.	2010 Flood damages-Takin Makin Road	391-013-009	4.09	347.670
7.	Widening and reconstruction of Ahmed Wam Tunnel	391-013-010	0.279	23.780
8.	Widening and reconstruction of Jandola Tunnel and Construction of Kotkai Tunnel bypass on Tank-Jandola Makin Road	391-013-011	1.650	140.382
9.	Reconstruction of Jandola Bridge	391-013-012	2.737	232.659
10.	Repair of Kotkai Bridge	391-013-013	0.241	20.513
		Total	**49.705**	**4,225.253**

Audit observed as under:

i. Measurement Books (MBs) for execution of work were not maintained.

ii. Claims of the contractor were paid on the basis of copies of Interim Payment Certificates.

iii. The consultant, M/s Associate in Development, did not verify the quantities of work done and only certified that the Interim Payment Certificates were issued on the basis of Monitoring and Evaluation protocols, without certification of quantities of work.

Audit is of the view that in the absence of MBs the actual execution of works could not be scrutinized and the payments made on the basis of copies of Interim Payment Certificates were irregular and unauthorized.

The management replied that the projects were executed on turnkey basis with agreed milestones, which were reflected in Fixed Amount Reimbursement Agreement (FARA)/Project Implementation Letters, measured and Interim Payment Certificates (IPCs) verified and certified by Third Party consultant. The IPCs reflect all the required details which were maintained at FATA Secretariat.

The reply was not accepted because the management was required to maintain record in accordance with laws and regulations as per Agreement and the claim of the management that the projects were executed on turnkey basis was not based on facts as the PC-I was silent in this regard.

The PAO was informed on 13.11.2013. The DAC scheduled for 19.12.2013 was not held due to other commitments of the PAO. No further meeting could be held till the finalization of the report.

Audit recommends that responsibility be fixed for the irregularity and proper record should be maintained.

*** Note:** Ten paras were merged with the titles "Non-maintenance of Measurements Books and project completion certificates"

*14.4.5 Irregular and unauthorized payment of Design, Consultancy and Supervision charges to Frontier Works Organization - Rs. 253.536 million (USD 3.872 million)**

The Engineer's Estimate summarized in the PC-I(s) of the projects provided 6% Design, Consultancy and Supervision cost.

The management of FATA Secretariat paid Rs. 253.536 million (USD 3.872 million) @ 6% cost for Design, Consultancy and Supervision on 10 projects to Frontier Works Organization (FWO) during 2011-12. Details are as under:

(Amount in million)

S. No.	Name of Project	Agreement No.	USD	PKR
1.	Jandola-Kotkai-Sararogha Road (Section 3)	391-SWA-FARA-001-00	0.017	1.448
2.	Tank-Kaur and Kaur-Jandola Road (Section 1 & 2)	391-AAG-11-SWA-Tank	0.039	3.345
3.	Kaur-Gomal-Tanai Wana Road (Section 1 to 5)	391-013-002	0.902	76.65
4.	Widening and Improvement of Section 4 Sararogha-Janjal Bridge and Section 5 Janjal Bridge-Makin of the Tank-Jandola-Sararogha-Makin Road	391-013-004	1.109	94.29
5.	2010 Flood damages-Kaur-Wana Road	391-013-008	0.375	31.9
6.	2010 Flood damages-Takin Makin Road	391-013-009	0.245	20.86
7.	Widening and reconstruction of Ahmed Wam Tunnel	391-013-010	0.017	1.43
8.	Widening and reconstruction of Jandola Tunnel and Construction of Kotkai Tunnel bypass on Tank-Jandola Makin Road	391-013-011	0.99	8.422
9.	Reconstruction of Jandola Bridge	391-013-012	0.164	13.96
10.	Repair of Kotkai Bridge	391-013-013	0.014	1.231
		Total	**3.872**	**253.536**

Audit observed that the FATA Secretariat had neither appointed the consultant nor conducted Design, Consultancy and Supervision but paid 6% Design, Consultancy and Supervision cost to FWO.

Audit is of the view that payment of Design, Consultancy and Supervision cost to FWO was irregular and unauthorized.

The management replied that under Engineering, Procurement and Construction (EPC)/Turnkey projects, executing agency was responsible for Engineering, Procurement and Construction of all works within the scope of the project. NESPAK was the design and supervision consultant of FWO and working as a sub-consultant was not disallowed under the projects. Direct payments were not made to NESPAK by FATA Secretariat.

The reply was not accepted because FATA Secretariat was required to appoint consultant for Design, Consultancy & Supervision whereas payments were made to NESPAK by FWO.

The PAO was informed on 13.11.2013. The DAC scheduled for 19.12.2013 was not held due to other commitments of the PAO. No further meeting could be held till the finalization of the report.

Audit recommends that inquiry may be initiated and responsibility may be fixed for the irregularity, while the unauthorized payment made to FWO for Design, Consultancy and Supervision should be recovered.

*** Note:** Ten paras were merged with the titles "Unauthorized hiring of services of consultant by Frontier Works Organization"

*14.4.6 Audit of sub-recipient of funds provided to Frontier Works Organization not undertaken**

Para 3.2.1(a) of Automated Directives System (ADS) Chapter 591, Financial Audits of USAID Contractors, Recipients, and Host Government Entities, states that sub-recipients that expend USD 300,000 or more in USAID awards (i.e. organizations that receive USAID funds either directly or through a prime contractor or recipient) during their fiscal year, must have an annual audit conducted of those funds in accordance with the Guidelines for Financial Audits Contracted by Foreign Recipients.

Para 1.6 of the Guidelines for Financial Audits Contracted by the Foreign Recipients states that for sub-recipients expending USD 300,000 or more in USAID awards in their fiscal year, USAID standard audit provisions require that recipients ensure that audit of sub-recipients are performed annually in accordance with these guidelines.

The management of FATA Secretariat paid Rs. 4,180.604 million (USD 49.180 million) to Frontier Works Organization (FWO) for the work done on eight projects during 2011-12. Details are as under:

(Amount in million)

S. No.	Name of Project	Agreement No.	Amount	
			USD	Rupees
1.	Tank-Kaur and Kaur-Jandola Road (Section 1 & 2)	391-AAG-11-SWA-Tank	0.656	55.753
2.	Kaur-Gomal-Tanai Wana Road (Section 1 to 5)	391-013-002	15.028	1,277.450
3.	Widening and Improvement of Section 4 Sararogha-Janjal Bridge and Section 5 Janjal Bridge-Makin of the Tank-Jandola-Sararogha-Makin Road	391-013-004	18.485	1,571.270
4.	2010 Flood damages-Kaur-Wana Road	391-013-008	6.255	531.640
5.	2010 Flood damages-Takin Makin Road	391-013-009	4.09	347.670
6.	Widening and reconstruction of Ahmed Wam Tunnel	391-013-010	0.279	23.780
7.	Widening and reconstruction of Jandola Tunnel and Construction of Kotkai Tunnel bypass on Tank-Jandola Makin Road	391-013-011	1.650	140.382
8.	Reconstruction of Jandola Bridge	391-013-012	2.737	232.659
		Total	**49.180**	**4,180.604**

Audit observed that Frontier Works Organization (FWO) was the sub-recipients of USAID funds who was released Rs. 4,180.604 million (USD 49.180 million) during 2011-12, but the FATA Secretariat did ensure that funds provided to FWO were audited in violation of Para 1.6 of the Guidelines for Financial Audits Contracted by the Foreign Recipients.

Audit is of the view that failure to conduct audit of funds provided to FWO beyond the threshold limit established by the USAID was irregular.

The management replied that these requirements of USAID apply to non-profit organizations, which were not applicable to FWO. Moreover, a sub-recipient has to be defined as such in the contract agreement or MoU. FWO had not been defined as a sub-recipient in the contract agreement or MoU.

The reply was not accepted because USAID Guidelines for Financial Audits Contracted by the Foreign Recipients are applicable to all recipients of USAID funds, and not to non-profit organizations only. The FATA Secretariat is the recipient of the funds while the FWO is the sub-recipient, and there is no requirement for defining the sub-recipient as such. The FATA Secretariat was required to ensure that funds provided to the sub-recipient, i.e. FWO, beyond the threshold limit be audited.

The PAO was informed on 13.11.2013. The DAC scheduled for 19.12.2013 was not held due to other commitments of the PAO. No further meeting could be held till the finalization of the report.

Audit recommends that the FATA Secretariat should arrange audit of the sub-recipient, i.e. FWO and submit its audited reports to both the USAID and Audit.

*** Note:** Eight paras were merged with the titles "Audit of sub-recipient of funds provided to Frontier Works Organization not undertaken"

14.4.7 Excess payment over and above PC-I cost for items of work - Rs. 57.760 million

Summary of the PC-I of the project "2010 Flood Damages-Kaur Gomal Tanai Wana Road in South Waziristan Agency" provided that Capital Cost Estimates of Drainage & Erosion Works (Flood Protection Works) was based on National Highway Authority (NHA) Composite Schedule of Rates (CSR), 2009 District Tank.

The management of FATA Secretariat paid Rs. 422.890 million for items of work done by Frontier Works Organization (FWO) during 2011-12. Details are as under:

(Rs. in million)

S. No.	Items of Work	Cost as per PC-I	Actual payments made	Excess over provision of PC-I
1.	Structures retaining walls	365.130	397.110	31.980
2.	Drainage and erosion work	0	25.780	25.780
	Total	**365.130**	**422.890**	**57.760**

Audit observed that excess payment of Rs. 57.760 million was made to FWO in excess of approved rates in the PC-I for the items of work done.

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

The management replied that the PC-I was based on the quantities initially agreed between FWO, USAID and FATA Secretariat. The quantities were revised and the cost reflected in the FARA and payments made thereafter, were less than the original PC-I cost. The item cost might vary but the project cost of Rs. 531.640

million still remained within the approved cost of PC-I. The payment was made on the basis of agreed milestones rather than the PC-I quantities.

The reply indicates that the management has accepted the audit observation that excess payment was made for the items of work done.

The PAO was informed on 13.11.2013. The DAC scheduled for 19.12.2013 was not held due to other commitments of the PAO. No further meeting could be held till the finalization of the report.

Audit recommends that responsibility may be fixed for the irregularity.

CHAPTER 15

15. FINANCE DIVISION

15.1 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:

    i) State Bank of Pakistan;

    ii) Other banking (not including co-operative banking) and investment and financial corporations with objects and business not confined to one Province;

    iii) Incorporation, regulation and winding up of corporations including banking, insurance and financial corporations not confined to or controlled by or carrying on business in one Province.

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. Competition Commission of Pakistan 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

15.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Finance Division for the financial year 2012-13 was Rs. 1,791,772.778 million including Supplementary Grants of Rs. 603,633.777 million out of which the Division utilized Rs. 1,599,645.026 million. Grant-wise details of current, development and charged expenditure are as under:

(Rupees)

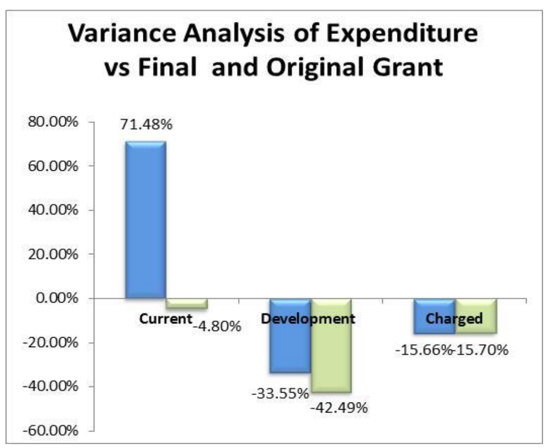
Grant No	Grant Type	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Final Grant/ Appropriation	Actual Expenditure	Excess/ (Savings)	% age Excess/ (Saving)
28	Current	950,000,000	197,990,000	1,147,990,000	1,098,203,046	(49,786,954)	(4)
29	Current	3,386,480,000	355,652,000	3,742,132,000	3,696,628,684	(45,503,316)	(1)
30	Current	316,878,000	14,998,000	331,876,000	323,537,426	(8,338,574)	(3)
31	Current	1,621,211,000	185,810,000	1,807,021,000	1,759,682,596	(47,338,404)	(3)
32	Current	8,246,500,000	649,570,000	8,896,070,000	11,397,903,228	2,501,833,228	28
33	Current	129,066,762,000	30,991,766,000	160,058,528,000	172,635,274,594	12,576,746,594	8
34	Current	84,238,771,000	13,835,004,000	98,073,775,000	96,082,294,000	(1,991,481,000)	(2)
35	Current	465,251,943,000	167,296,001,000	632,547,944,000	576,885,147,032	(55,662,796,968)	(9)
107	Current	14,780,225,000	358,008,249,000	372,788,474,000	353,349,324,835	(19,439,149,165)	(5)
108	Current	12,519,583,000	5,744,725,000	18,264,308,000	18,107,432,107	(156,875,893)	(1)
	Subtotal	**720,378,353,000**	**577,279,765,000**	**1,297,658,118,000**	**1,235,335,427,548**	**(62,322,690,452)**	**(5)**
120	Development	17,535,235,000	24,396,000	17,559,631,000	13,488,439,858	(4,071,191,142)	(23)
121	Development	29,885,691,000	19,200,205,000	49,085,896,000	41,807,117,688	(7,278,778,312)	(15)
122	Development	74,520,000,000	2,118,689,000	76,638,689,000	17,624,260,450	(59,014,428,550)	(77)
143	Development	262,266,000	-	262,266,000	153,675,952	(108,590,048)	(41)
144	Development	46,620,321,000	4,881,691,000	51,502,012,000	39,108,620,000	(12,393,392,000)	(24)
	Subtotal	**168,823,513,000**	**26,224,981,000**	**195,048,494,000**	**112,182,113,948**	**(82,866,380,052)**	**(42)**
E	Charged	2,800,000,000	129,031,000	2,929,031,000	2,920,624,803	(8,406,197)	(0)
F	Charged	80,175,352,000	-	80,175,352,000	70,614,489,538	(9,560,862,462)	(12)
G	Charged	215,961,783,000	-	215,961,783,000	178,592,370,733	(37,369,412,267)	(17)
	Subtotal	**298,937,135,000**	**129,031,000**	**299,066,166,000**	**252,127,485,074**	**(46,938,680,926)**	**(16)**
	Total	**1,188,139,001,000**	**603,633,777,000**	**1,791,772,778,000**	**1,599,645,026,570**	**(192,127,751,430)**	**(11)**

Audit noted that there was an overall savings of 34.63% amounting to Rs. 192,472.995 million, which was due to savings of Rs. 62,322.690 million in current expenditure and savings of Rs. 82,866.380 million in development expenditure and savings of Rs. 46,938.680 million in Charged 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. 603,633.777 million were obtained, which was 51.80% 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 71.48%, which, after accounting for Supplementary Grants changed to saving of 4.80%. In development expenditure, savings against original budget were 33.55% which changed to saving of 42.49% when Supplementary Grants were taken into account. Whereas there was saving of 15.66% in charged expenditure against original budget which changed to saving of 15.70% when supplementary grant was taken into account.



15.3 Brief comments on the status of compliance with PAC Directives

Name	Years	No. of audit paras	No. of Actionable Points	Full Compliance	Not Complied	% of Compliance
Finance	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	2	1	1	50%
	2000-01	25	25	21	4	84%
	2005-06	6	6	4	2	67%

	2006-07	6	6	1	5	17%
	2007-08	4	4	2	2	50%
	2008-09	5	5	2	3	40%
Total		**86**	**86**	**53**	**33**	62%

15.4 AUDIT PARAS

Non Production of Record

15.4.1 Non-production of record of "Automation project of CDNS"- Rs. 397.317 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 PC-I of the project titled "Automation Project of CDNS" was approved by CDWP on 30.4.2009 at a cost Rs. 398.650 million. The project commenced on 01.07.2009 and was closed on 28.02.2013. Total expenditure incurred during the life of the project was Rs. 397.317 million.

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

i. Procurement files of generators, computer hardware, computer software, vehicles, office equipment, site preparation, furniture & fixtures, stationery, office buildings, advertisement & publicity, WAN connectivity, etc.

ii. Bank statement of the assignment account.

iii. Books of accounts of all types, along with ledgers and vouchers.

iv. Appropriation/contingent/expenditure control registers.

v. Stock registers of the project.

vi. Movement Registers and Log Books of vehicles.

vii. Detail of POL and repair & maintenance expenditure, year and vehicle-wise.

viii. Payroll of the project.

ix. Copy of Sanctioned and Actual working strength along with organogram.

x. Certificate regarding theft, fraud, embezzlement or any other losses due to fire or any other accident, if any.

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

The management replied that copies of PC-I of the project, PC-IV of the project, Cash Book, reconciled expenditure statements, copy of NIS/BO, Supplementary Grants, re-appropriation and surrender orders, list of bank accounts, list of vehicles and list of DDOs was provided.

The reply was not accepted because no record was presented to the audit team as evident from CDNS U.O. No. F.9(1)IT-CDNS/2013 dated 12.11.2013 wherein CDNS agreed to provide all relevant record for audit purpose. CDNS was informed vide letter No. CA/CDNS/2012-13/107 dated 22.11.2013 to keep the entire record ready for audit scrutiny, date for which would be provided by Audit.

The PAO was informed on 26.11.2013, but DAC was not held till the finalization of the report.

Audit recommends that CDNS should provide record as and when requisitioned as the matter is also under review of the Supreme Court of Pakistan.

Irregularity & Non Compliance

15.4.2 Irregular and unauthorized procurement of physical assets during period of ban - Rs. 5.147 million

Finance Division vide O.M. No. F.7(1)Exp.IV/2012 dated 24.07.2012 imposed ban on purchase of physical assets including all types of vehicles for the financial year 2012-13 w.e.f. 01.07.2012.

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 management of Finance Division procured physical assets amounting to Rs. 5.147 million during 2012-13. Details are as under:

(Rupees)

S. No.	Voucher No.	Date	Item	Amount
1.	1156-C	08.06.2013	Plant & Machinery	246,650
2.	748-C	01.03.2013	Plant & Machinery	26,408
3.	1002-C	17.05.2013	Plant & Machinery	5,500
4.	974-C	14.05.2013	Plant & Machinery	11,000
5.	1013-C	21.05.2013	Plant & Machinery	88,350
6.	1145-C	07.06.2013	Hardware	1,068,650
7.	775-C	07.03.2013	Hardware	77,952
8.	1204-C	18.06.2013	Information Technology	626,400
9.	1155-C	08.06.2013	Plant & Machinery	1,398,000
10.	1200-C	15.06.2013	Information Technology	1,048,000
11.	574-C	31.12.2012	Furniture	69,600
12.	457-C	14.11.2012	Information Technology	417,103
13.	461-C	15.11.2012	Plant & Machinery	63,800
			Total	**5,147,413**

Audit observed that physical assets were purchased during the period of ban imposed by the federal government.

Audit is of the view that the procurement of physical assets without relaxation from the Establishment Division, as required under Rule 11(g) of Rules of Business, 1973, was irregular and unauthorized.

The management replied that the Cabinet advised the Finance Ministry to initiate necessary measures to curtail the expenditure and it was not mandatory but a part of a strategy mechanism for austerity where necessary exceptions were given, including Finance Division. Physical assets were purchased only when and where necessary for the official requirement and in public interest, which could not be avoided. All purchases were made after completing all codal formalities and obtaining the relaxation from Expenditure Wing, Finance Division.

The reply was not accepted because only Establishment Division was competent to relax the ban involving expenditure proposals relating to the Finance Division.

The PAO was informed on 26.11.2013, but DAC was not held till the finalization of the report.

Audit recommends that relaxation of expenditure may be obtained from the Establishment Division.

15.4.3 Irregular appointment and extension of Director General, CDNS in MP-I Scale - Rs. 25.027 million

Para 2 of S.R.O. 1271(I)90 dated 06.12.1990 of the CDNS Recruitment Rules states that the method of appointment to the post of Director General (BS-20) shall be 100% by promotion.

Provided that if no one is found suitable for promotion, then the post or posts reserved for promotion (except the post of Director General), shall be filled by initial recruitment and failing that by transfer. If no one is available/eligible for promotion to the post of Director General, it shall be filled by transfer, and failing that by initial appointment.

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 Management Positions is meant for professionals from the private sector.

Para 1 of Establishment Division O.M. No. 1(72)/2002-E-6 dated 11.04.2005 states that the Prime Minister approved the constitution of the

Committee for selection of professionals in Management Position Scales (MP Scales) in the respective Ministries/Division comprising as follows:

1.	Minister In-charge/Minister of State	Chairman
2.	Secretary of the Division (in case the Minister In-charge/Minister of State is not in position, the Secretary would preside)	Member
3.	Additional Secretary-II, Establishment Division	Member
4.	Additional Secretary/Joint Secretary (concerned) of the Division	Member
5.	Head of concerned Agency/Organization/Body/Corporation	Co-opt Member

Regulation 26(1) of the State Bank of Pakistan Staff Regulations provides that no employees shall accept, solicit, or seek any outside employment, office, or membership of any club whether stipendiary, or honorary, without obtaining prior permission in writing from the competent authority.

Para 3 of the Summary for the Prime Minister dated 07.04.2007 states that extension in deputation period of Mr. Zafar M. Shaikh, Additional Director General (Debt) may kindly be approved for the period of two years, on the same terms and conditions w.e.f. 02.05.2007.

Para 2 of the Summary for the Prime Minister dated 05.09.2007 proposed the appointment Mr. Zafar M. Shaikh, Additional Director General (Debt) as Director General, CDNS at the maximum of MP-I Scale.

The Establishment Division vide Para 6 of the Summary for the Prime Minister dated 05.09.2007 stated that in terms of Finance Division O.M. No. 3(7)R-4/98 dated 18.08.1998 Management Positions were meant for professionals from the private sector appointed on contract basis. All such cases were processed through a Selection Committee notified vide Establishment Division O.M. No. No. 1(72)/2002-E-6 dated 11.04.2005.

Establishment Division vide Notification No. 1/85/2007-E-6 dated 30.10.2007 appointed Mr. Zafar M. Shaikh, Additional Director General (Debt), Finance Division as Director General National Savings (CDNS) in MP-I scale, w.e.f. 30.10.2007 till further orders.

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, which was further extended for a period of one year from 30.10.2011 to 29.10.2012.

The Establishment Division vide Notification No. 1/85/2007-E-6 dated 07.03.2013 extended the contract in MP-I scale of Mr. Zafar M. Shaikh from 30.10.2012 to 29.10.2013, on existing terms and conditions.

The management of Central Directorate of National Savings (CDNS) paid Rs. 25.027 million to Mr. Zafar M. Shaikh, Director General from 01.11.2007 to 30.06.2013. Details are as under:

(Rupees)

S. No.	Pay	House Rent Allowance	Utilities	Total
1.	16,824,000	7,362,000	841,200	25,027,200

Audit observed as under:

i. The sanctioned post of Director General is that of BS-20 and there was no sanctioned post equivalent to MP-I in CDNS.

ii. Director General was appointed on contract in MP-I instead of filling the post by promotion, by transfer or by initial appointment as laid down under Para 2 of S.R.O. 1271(I)90 dated 06.12.1990 of the CDNS Recruitment Rules.

iii. The incumbent was on deputation in the Debt Office of Finance Division from the State Bank of Pakistan and did not fall in the ambit of professionals from the private sector.

iv. No Objection Certificate was not obtained from SBP for appointment on contract in MP-I scale, in violation of Regulation 26(1) of the SBP Staff Regulations.

v. The post was not advertised as required under the rules.

vi. The Establishment Division vide para 7 of the Summary for the Prime Minister dated 05.09.2007 provided a dissenting note that the proposal for appointment was not tenable due to fact that the procedural requirements for appointment against MP scale were not fulfilled and the status of the incumbent was that of a deputationist.

vii. No Selection Committee was constituted for the selection of Mr. Zafar M. Sheikh in MP-I Scale.

Audit is of the view that the appointment and subsequent extensions of the incumbent were irregular, unauthorized and in violation of rules.

The management replied that the Mr. Zafar M. Shaikh was appointed as Director General, CDNS in the maximum of MP-I scale by Establishment Division, Hence, Finance Division and Establishment Division would be in a better position to comment.

The reply was not accepted being irrelevant.

The PAO was informed on 26.11.2013, but DAC was not held till the finalization of the report.

Audit recommends that responsibility may be fixed for the irregularity.

15.4.4 Irregular payment of Gratuity Contribution - Rs. 2.076 million

Para (b)(ii) of Finance Division letter No. PF.9(14)/Admn.I/2005-1179 dated 06.06.2005 allowed Mr. Zafar M. Shaikh's Gratuity Contribution as per Bank rules under the terms and conditions regarding appointment/posting as Additional Director General, Debt Office, Finance Division on deputation basis, approved by the Prime Minister.

Regulation 26(1) of the SBP Staff Regulations provides that no employees shall accept, solicit, or seek any outside employment, office, or membership of any club whether stipendiary, or honorary, without obtaining prior permission in writing from the competent authority.

Establishment Division vide notification No. 1/852007-E-6 dated 30.10.2007 appointed Mr. Zafar M. Shaikh, Additional Director General (Debt), Finance Division as Director General, Central Directorate of National Savings (CDNS) in maximum of MP-I scale with immediate effect and until further orders.

Para 4 of Finance Division O.M. No. F.3(7)R-4/98 dated 18.08.1998 states that no other benefit of any kind would be admissible or may be considered for the contract appointees over and above those terms indicated in the salary and perquisites packages under reference, which states that only one month's pay for each completed year of service was allowed as gratuity.

The management of Central Directorate of National Savings paid Rs. 2.076 million to State Bank of Pakistan on account of Gratuity Contribution in lieu of services of the officer borrowed on deputation basis. Details are as under:

(Rupees)

S. No.	Period	Amount
1.	30.10.2007 to 30.06.2010	1,384,461
2.	01.07.2010 to 30.06.2011	373,128
3.	01.07.2011 to 17.04.2012	318,675
	Total	**2,076,264**

Audit observed as under:

i. Salary and perquisites packages of MP Scales did not provide for contribution of gratuity payment to the lending department.

ii. Gratuity was paid in lieu of services of the officer borrowed on deputation basis but later converted to contract basis in MP-I scale.

iii. As per salary and perquisites package of MP-I scale, the officer was entitled for payment of Rs. 1.524 million as gratuity for the period 30.10.2007 to 29.10.2013 @ one month salary for each completed year of service.

Audit is of the view that:

i. The deputation of the incumbent stood discontinued the day he was appointed in MP-I Scale.

ii. The gratuity was required to be paid to the incumbent and not to the State Bank of Pakistan.

iii. An amount of Rs. 552,264 (Rs. 2,076,264 – Rs. 1,524,000) was paid to the State Bank of Pakistan in excess of the actual amount required to be paid.

The management replied that the Finance Division vide their U.O. No. F.1(27)GS-II/07-873 dated 01.10.2009 clarified that according to terms and conditions of deputation settled vide Finance Division letter No. PF.9(14)Admin-I/2005-1179 dated 06.06.2005, the Government of Pakistan was bound to pay gratuity contribution as per SBP rates. The Finance Division letter was also endorsed to Governor State Bank of Pakistan wherein the State Bank replied that gratuity contribution were determined as per the actuarial value of benefit earned during service with the host organization, less actuarial value of contribution received by the host. The same information was forwarded to AGPR for endorsement which was received on 06.11.2009. Accordingly, CDNS issued the sanctions for gratuity contribution. The State Bank of Pakistan, Finance Division as well as AGPR were on board and the gratuity contributions were paid as per their instructions.

The reply was not accepted because the terms and conditions were settled with the State Bank of Pakistan for the period the officer remained on deputation in the Finance Division, which had not been objected by the Audit. After appointment in MP-I scale, the deputation of the incumbent was automatically discontinued and his service was governed under the salary and perquisites package applicable to MP-I scale. The officer was not entitled to reap the benefits of two different packages simultaneously. Further, CDNS was not under obligation to pay gratuity on behalf of the officer to his parent department, i.e. State Bank of Pakistan, which was payable to the officer @ one month salary for each completed year of service directly to the officer.

The PAO was informed on 26.11.2013, but DAC was not held till the finalization of the report.

Audit recommends that responsibility be fixed for the irregularity and the excess amount of gratuity paid may be recovered from State Bank of Pakistan.

15.4.5 Irregular payment of House Rent Allowance - Rs. 6.319 million

Rule 15(4)(c) of Accommodation Allocation Rules, 2002 states that 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 26(5) of Accommodation Allocation Rules, 2002 states that a Federal Government Servant (FGS) who vacates a house or quarter or flat or government accommodation, shall be allowed house rent allowance only after obtaining a certificate from concerned Estate Office that the official is not occupying a Government or hired accommodation.

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 Central Directorate of National Savings paid Rs. 7.362 million on account of House Rent Allowance (HRA) to Mr. Zafar M. Shaikh, Director General for the period November, 2007 to June, 2013.

Audit observed as under:

i. The Director General was paid monthly House Rent Allowance despite the fact that he was allotted residential accommodation No. P-8, State Bank Bungalows, KDA Scheme No. 1, Karachi. According to CDNS letter No. F.1(26)/DG/NS/ Rent/2011 dated 16.04.2012 the official accommodation was handed back to the SBP on 01.05.2011.

ii. The excess House Rent Allowance amounting to Rs. 3.367 million paid to the incumbent was not deposited into the government treasury in violation of Rule 15(4)(c) of Accommodation Allocation Rules, 2002. Details are as under:

(Rupees)

S. No.	Period	HRA Paid	HRA paid to SBP	Balance
1.	November, 2007 to June, 2008	840,000	148,878	691,122
2.	July, 2008 to June, 2009	1,260,000	297,756	962,244
3.	July, 2009 to June, 2010	1,260,000	297,756	962,244
4.	July, 2010 to April, 2011	1,050,000	298,504	751,496
	Total	**4,410,000**	**1,042,894**	**3,367,106**

iii. According to CDNS letter No. F.5(1)Admin-II/2007 dated 18.07.2011, the current residential address of Director General was Training Institute of National Savings (TINS), Building No. 3-S, Sitara Market, G-7 Markaz, Islamabad. According to the Telephone Directory of 2012 issued by the Cabinet Division, the same address was provided at page No. 256 with residential telephone No. 9253179.

iv. The monthly House Rent Allowance paid has become a source of profit to the incumbent.

v. House Rent Allowance amounting to Rs. 2.952 million paid to the incumbent was not deposited into the government treasury in violation of Rule 15(4)(c) of Accommodation Allocation Rules, 2002. Details are as under:

(Rupees)

S. No.	Period	HRA Paid	HRA Deducted	Balance
1.	May, 2011 to June, 2011	210,000	0	210,000
2.	July, 2011 to June, 2012	1,260,000	0	1,260,000
3.	July, 2012 to June, 2013	1,482,000	0	1,482,000
	Total	**2,952,000**	**0**	**2,952,000**

Audit is of the view that Director General was not entitled to monthly House Rent Allowance as he was provided with State Bank of Pakistan official accommodation and was also residing in TINS, Islamabad.

The management replied that before appointment as Director General, CDNS, Mr. Zafar M. Shaikh was paid House Rent Allowance by the AGPR when the incumbent was posted as Additional Director General (Debt) in the Finance Division. The Last Pay Certificate reflects that the officer was being paid House Rent Allowance @ Rs. 50,000 per month and the pay bill reflects that an amount of Rs. 24,813 was deducted from his salary and deposited into SBP, Karachi through AGPR. Regional Account Office, National Savings, Islamabad followed the AGPR's pattern and kept on deducting and depositing the amount into SBP, Karachi through Government cheque.

The reply was not accepted because the deputation of the incumbent stood discontinued the day he was appointed in MP-I Scale. Further, according to Rule 15(4)(c) of Accommodation and Allocation Rules, 2002 the whole amount was required to be deposited into government treasury, even during the period of deputation.

The PAO was informed on 26.11.2013, but DAC was not held till the finalization of the report.

Audit recommends that excess amount of Rs. 6.319 million paid be recovered and deposited into government treasury.

15.4.6 Irregular up-gradation/re-designation of 724 Upper Division Clerks (BS-09) to Junior National Saving Officers (BS-11) and 208 Deputy National Savings Officers from BS-15 to BS-16

Para 2 of Finance Division O.M. No. F.No.1(89)R-I/2012-1266 dated 24.01.2013 conveyed the concurrence of the Finance Division in pursuance of Prime Minister's approval for up-gradation/re-designation of the following posts in the National Savings Organization with immediate effect:

S. No.	Name of Post	Existing Scale	Proposed Scale
1.	Director General	BS-20	BS-21
2.	Director	BS-19	BS-20
3.	Joint Director/Deputy Director/System Analyst	BS-18	BS-19
4.	Assistant Director/Programmer	BS-17	BS-18
5.	National Saving Officer/CO/Computer Operator	BS-16	BS-17
6.	Deputy National Saving Officer	BS-15	BS-16
7.	Upper Division Clerk (Also to be re-designated as Junior National Saving Officer)	BS-09	BS-11

Para 3 of Finance Division O.M. No. F.No.1(89)R-I/2012-1266 dated 24.01.2013 states that the above up-gradation/re-designation of posts is subject to amendment in the Recruitment Rules, filling up the posts in accordance with the procedure laid down in the Establishment Division's D.O. No. 8/36/2000/R-I dated 31.12.2008 and estimated financial impact of Rs. 86.700 million per annum.

The management of Central Directorate of National Savings (CDNS) up-graded/re-designated 724 Upper Division Clerks (BS-09) to Junior National Saving Officers (BS-11) and 208 Deputy National Savings Officers from BS-15 to BS-16 w.e.f. 24.01.2013 during 2012-13.

Audit observed that the up-gradation/re-designation of post was carried out without amendment in the Recruitment Rules in violation of Para 3 of Finance Division O.M. No. F.No.1 (89)R-I/2012-1266 dated 24.01.2013.

Audit is of the view that the up-gradation/re-designation of posts was irregular and unauthorized without the amendment in the CDNS Recruitment Rules.

The management replied that the posts were upgraded by the Finance Division vide their O.M. No. F.No.1(89)R-I/2012-1266 dated 24.01.2013. Subsequent to the recommendations of Departmental Promotion Committee, the posts were upgraded and the case for amendment in Recruitment Rules was moved to the Ministry of Finance for approval simultaneously. In respect of appointing authority, the posts of Junior National Savings Officer and Deputy National Savings Officer fall in the purview of the head of the department, i.e. Director General. The Finance Division, however, referred the matter to Law & Justice Division on 06.06.2013 seeking the advice whether the action of CDNS could be rescinded ab-initio in the absence of amendment in the Recruitment Rules, which is still awaited. Further action would be taken after receipt of advice of Law & Justice Division.

The reply was not accepted because the posts were upgraded/re-designated without amendment in the Recruitment Rules as directed in Finance Division O.M. No. F.No.1(89)R-I/2012-1266 dated 24.01.2013.

The PAO was informed on 26.11.2013, but DAC was not held till the finalization of the report.

Audit recommends that responsibility be fixed for the irregularity.

15.4.7 Selection of advertising agencies without transparent competition - Rs. 22.710 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.

Rule 13(1) of the Public Procurement Rules, 2004 states that under no circumstances the response time shall be less than fifteen days for national competitive bidding and thirty days for international competitive bidding from the date of publication of advertisement or notice.

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(IV) of Ministry of Information and Broadcasting letter No. F.15(77)/96-Advt. dated 23.05.1997 states that all accredited advertising agencies will be invited to participate in the competition process by the PID. The advertising agencies will submit their art-pulls/design within 15 days to the client Department.

The Press Information Department vide letter No. F.15(45)/90-Advt. dated 02.04.2012 requested all accredited advertising agencies based in Islamabad to submit their art-pulls/designs, etc. by 10.04.2012 to Central Directorate of National Savings (CDNS), Islamabad.

The management of Central Directorate of National Savings sought campaign proposals through Press Information Department (PID) from Islamabad based accredited advertising agencies to handle publicity of National Savings Schemes in print and electronic media.

Para 2 of the Minutes of the meeting held on 10.05.2012 states that 20 agencies submitted their campaign proposals by 10.04.2012, out of which 14 advertising firms were shortlisted.

Para 4 and 5 of the Minutes of the meeting held on 27.06.2012 state that after detailed presentations before the Selection Committee, the following four advertising agencies were shortlisted for print media for two years w.e.f. 01.07.2012:

S. No.	Advertising Agency
1.	M/s Adreach Advertising
2.	M/s Midas Communications
3.	M/s Orient Advertisement
4.	M/s M. Communications

The management of Central Directorate of National Savings paid Rs. 22.710 million to the following advertising agencies during 2012-13:

(Rupees)

S. No.	Advertising Agency	Amount
1.	M/S Midas Communications	14,254,631
2.	M/s M. Communications	2,105,190
3.	M/S Orient Advertisement	6,350,918
	Total	**22,710,739**

Audit observed as under:

i. All accredited advertising agencies were not invited to submit their art-pulls/designs, etc. Only Islamabad-based agencies were invited in violation of Para 2(IV) of Ministry of Information and Broadcasting letter No. F.15(77)/96-Advt. dated 23.05.1997.

ii. Only eight days were provided instead of 15 days for submission of art-pulls/designs, etc. as per Press Information Department vide letter No. F.15(45)/90-Advt. dated 02.04.2012 in violation of Para 2(IV) of Ministry of Information and Broadcasting letter No. F.15(77)/96-Advt. dated 23.05.1997 and Rule 13(1) of Public Procurement Rules, 2004.

iii. No initial evaluation report was available, in the absence of which it was not possible to ascertain how the advertising agencies were shortlisted.

iv. No evaluation criteria were formulated to evaluate the bids.

v. The external media expert, i.e. Malik Muhammad Ashraf, ex-Director, Pakistan Broadcasting Corporation was not part of the first meeting held on 10.05.2012 where 14 out of 20 advising firms were shortlisted as he was requested vide CDNS letter No. F.1(1)NS-2/Sele.Agen/2010-11 dated 08.06.2012 for the first time to participate in the presentation for final selection to be held on 27.06.2012.

vi. Copies of the presentations made by the 14 shortlisted advertising agencies on 27.06.2012 were not available in the record.

Audit is of the view that the selection of advertising agencies without a transparent competition was irregular.

The management replied as under:

i. The CDNS, Headquarters is based in Islamabad, hence, PID considered it more appropriate to invite Islamabad based firms.

ii. CDNS requested PID on 22.03.2012 for circulation among the accredited agencies to submit their advertising campaigns by 10.04.2012 which was well before the specified time but PID circulated the same on 02.04.2012. Hence, there was no violation on part of CDNS.

iii. The departmental committee comprising of PID representative in its meeting held on 10.05.2012 shortlisted 14 advertising agencies on the basis of concept/art material to be considered for the final round.

iv. There were no prescribed evaluation criteria of shortlisting mentioned in the guidelines issued by the Ministry of Information and Broadcasting. The departmental committee shortlisted on the basis of soundness and effectiveness of contents and concepts of art material during the course of presentation.

v. According to the guidelines issued by the Ministry of Information and Broadcasting, the departmental committee includes the PID representative. Therefore, there was no need to invite the external media expert for initial shortlisting.

vi. Regarding presentations, the Selection Committee selected four advertising agencies in its meeting held on 27.06.2012.

The reply was not accepted for the following reasons:

i. CDNS had requested PID on 22.03.2012 to invite Islamabad-based accredited agencies only.

ii. It was the responsibility of CDNS to ensure that appropriate time was provided to firms to submit their proposals as per rules.

iii. The Minutes of the meeting held on 10.05.2012 were silent regarding the process of shortlisting of the 14 advertising agencies.

iv. It was the responsibility of CDNS to develop evaluation criteria according to the publicity needs so as to obtain maximum response from the general public for whom the advertising campaigns were meant.

v. According to the guidelines issued by the Ministry of Information and Broadcasting the external media expert was required to be involved in the whole process.

vi. The reply indicates that the management has accepted the audit observation regarding copies of presentations made by the 14 advertising firms were not available on record.

The PAO was informed on 26.11.2013, but DAC was not held till the finalization of the report.

Audit recommends that responsibility be fixed for the irregularity and the advertising agencies be appointment afresh through open and transparent competition.

15.4.8 Irregular expenditure on purchase of physical assets - Rs. 9.414 million

Finance Division vide O.M. No. F.7(1)Exp-IV/2012 dated 24.07.2012 imposed ban on purchase of physical assets.

The management of the Competition Commission of Pakistan incurred an expenditure of Rs. 9.414 million on purchase of physical assets during 2012-13. Details are as under:

(Rupees)

S. No.	Item	Amount
1.	Computers and Electronics	1,965,946
2.	Vehicles	2,572,069
3.	Plant and Machinery	259,069
4.	Furniture and Fixtures	4,617,218
	Total	**9,414,302**

Audit observed that the items were purchase during the period of ban.

Audit is of the view that the expenditure incurred during the period of ban was irregular and unauthorized.

The management did not reply.

The PAO was informed on 02.01.2014, but DAC was not held till the finalization of the report.

Audit recommends that responsibility may be fixed for the irregularity.

15.4.9 Irregular payment of law charges - Rs. 6.647 million

Section 57(1) the Competition Act, 2010 states that subject to sub-section (2), the Commission may, by notification in the Official Gazette and with the approval of the Federal Government, make rules for all or any of the matters in respect of which it is required to make rules or to carry out the purposes of this Act.

Section 20(3) of the Competition Act, 2010 states that the Commission shall make regulations for incurring expenditure as well as investment from the Fund.

Rule 14(1)(g) of the Rules of Business, 1973 states that the Law, Justice and Human Rights Division shall be consulted before the appointment of a legal adviser in any Division or any office or corporation under its administrative control and the Law, Justice and Human Rights Division will make its recommendations after consultation with the Attorney General.

Para 4(i)(ii)(iii) of Establishment Division U.O. No. II-3/2001-MSW-III dated 25.01.2002 states that General/Management Consultancy to provide expert advice, unavailable in-house, to introduce innovative solutions to Financial/ Human Resources Management/Technical issues or to act as agents of change for status-quo oriented permanent employees and commonly paid for out of non-development budget should be widely advertised indicating the requirements. Advertisement of the consultancy will indicate the range of compensation package, including various facilities, depending on the nature of work involved. The applicants will be short listed and prioritized by an in-house committee of the client organization. For General/Non-Development Budget funded consultancies, a Selection Board, headed by the Secretary of the Ministry/Division concerned and including a representative each of Establishment Division and Finance Division will recommend a panel of at least three candidates in order of merit for consideration of the appointing authority. The Selection Board should also recommend the compensation package for the consultants placed on the panel.

The management of Competition Commission of Pakistan incurred an expenditure of Rs. 6.647 million on Law Charges during 2012-13.

Audit observed that the management neither prepared rules nor followed government instructions for appointment of Legal Advisors.

Audit is of the view that the expenditure incurred without framing rules was irregular and unauthorized.

The management did not reply.

The PAO was informed on 02.01.2014, but DAC was not held till the finalization of the report.

Audit recommends that the management should frame rules/regulations for making such appointments till which time the government instructions should be followed.

15.4.10 Non constitution of Competition Appellate Tribunal

Section 43(1) of the Competition Act, 2010 states that as soon as may be within thirty days of the commencement of this Act, the Federal Government shall constitute the Competition Appellate Tribunal which shall consist of a Chairperson who shall be a person who has been a judge of the Supreme Court or is a retired Chief Justice of a High Court and two technical members who shall be persons of ability, integrity and have special knowledge and professional experience of not less than ten years in international trade, economics, law, finance and accountancy.

The Competition Commission of Pakistan was fully functional since 02.10.2007.

Audit observed that the Competition Appellate Tribunal as required under Section 43(1) of the Competition Act, 2010 had not been constituted.

Audit is of the view that failure to constitute the Competition Appellate Tribunal resulted in delay in implementation of the decisions of the Commission.

The management did not reply.

The PAO was informed on 02.01.2014, but DAC was not held till the finalization of the report.

Audit recommends that the Competition Appellate Tribunal should be constituted as required under the Act.

15.4.11 Irregular payment of advances to Members of the Competition Commission of Pakistan - Rs. 5.915 million

Rule 4(1) of the 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 the 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 the 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 Competition Commission of Pakistan (CCP) paid various advances to its Members appointed in MP-I Scales. Details are as under:

(Rupees)

S. No.	Nature of Advance	Amount
1.	House Rent Allowance Advance	3,071,476
2.	General Purpose Loan	2,844,000
	Total	**5,915,476**

Audit observed that the management granted advances to the Members of the Commission in violation of Schedule to Rule 4(3) of the Competition Commission (Salary, Terms and Conditions of Chairman and Members) Rules, 2009.

Audit is of the view that the payment of advances was irregular and unauthorized.

The management did not reply.

The PAO was informed on 02.01.2014, but DAC was not held till the finalization of the report.

Audit recommends that the amount paid as House Rent Allowance Advance and General Purpose Loan irregularly should be recovered in full and the practice should be discontinued immediately.

15.4.12 Irregular payment of allowances to Members of the Competition Commission of Pakistan - Rs. 4.291 million

Rule 4(1) of the 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 the 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 the 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 Competition Commission of Pakistan (CCP) paid an amount of Rs. 4.291 million to the Members of the Commission appointed in MP-I Scales. Details are as under:

(Rs. in million)

S. No.	Purpose	Amount
1.	Leave Fare Assistance	1.726
2.	Security Services	0.689
3.	Mobile Phone Charges	0.392
4.	Leave Encashment	1.046
5.	Orderly Allowance	0.438
	Total	**4.291**

Audit observed that the allowances were not covered under Schedule to Rule 4(3) of the Competition Commission (Salary, Terms and Conditions of Chairman and Members) Rules, 2009.

Audit is of the view that payment of the allowances to the Members of the Commission who were appointed in MP-I scales was irregular and unauthorized.

The management did not reply.

The PAO was informed on 02.01.2014, but DAC was not held till the finalization of the report.

Audit recommends that the irregular payment of allowances should be recovered in full and the practice should be discontinued immediately.

15.4.13 Irregular payment of Additional Charge Allowance - Rs. 1.661 million

Establishment Division O.M. No. 1/21/76-AR.I/R-II dated 18.06.1980 states that the current charge arrangement should not be made for a period of less than one month and should not exceed three months. However, it may be extended by another three months with the approval of the next higher authority.

Finance Division O.M. No. F.2(9)-R.3/85 dated 15.03.1987 states that in case of higher posts, special pay/current charge allowance shall be admissible @ 20% of pay subject to a maximum of Rs. 6,000.

The management of Competition Commission of Pakistan (CCP) granted Additional Charge of the post of Director General (Corporate Affairs) to Mr. Ikram-Ul-Haque, Director General (Legal) w.e.f. 20.09.2010 vide letter No. 45(2)CCP/Admn/2010 dated 20.09.2010.

Audit observed that the current charge arrangement continued for nearly three years up to 27.08.2013 and was discontinued vide letter No. 23(1)CCP/ Admn/2013 dated 27.08.2013. During this period the officer was paid an amount of Rs. 1.661 million as Additional Charge Allowance.

Audit is of the view that grant of additional charge for a period of three years was violation of instructions of the Establishment Division and Finance Division. The payment of Rs. 1.661 million was, therefore, irregular and unauthorized.

The management did not reply.

The PAO was informed on 02.01.2014, but DAC was not held till the finalization of the report.

Audit recommends that the irregular payment of Rs. 1.661 million may be recovered besides fixing responsibility for the irregularity.

15.4.14 Irregular appointments without adopting open competition, without making recruitment rules and without observing regional /provincial quotas

Section 57(1) of the Competition Act, 2010 states that subject to sub-Section (2), the Commission may, by notification in the official Gazette and with approval of Federal Government, make rules for all or any of the matters in respect of which it is required to make rules or to carry out the purposes of this Act.

Establishment Division D.O. No. 10(1)/91-CP-1 dated 01.01.1992 states that regional/provincial quotas have been made applicable in Autonomous Bodies/corporations as being observed in the Federal Services.

Para 3(1) of Chapter 2 of the Competition Commission of Pakistan (Service) Manual, 2007 states that direct appointments shall be made on the basis of the qualifications, experience and subject to age limit as may be determined by the Commission for the respective posts. All vacant posts to be filled up by direct appointment shall be, as far as possible, advertised in one or more newspapers having circulation throughout the country.

Para 3(3) of Chapter 2 of the Competition Commission of Pakistan (Service) Manual, 2007 states that appointments shall be made purely on merit.

The management of the Competition Commission of Pakistan made the following appointments during 2012-13:

a) Eight employees were appointed on regular basis.
b) Five appointments were made on contract basis, including two Consultants, one Office Assistant, one Naib Qasid and one Sanitary Worker.
c) The contract services of seven employees were regularized.
d) The contracts of four employees were extended.

Audit observed as under:

i. Appointments were made without framing recruitment rules.
ii. Regional/Provincial quotas were neither maintained nor observed.
iii. Services of contract employees/internees were regularized who were appointed without open competition.
iv. Medical certificates/fitness certificates of employees appointed were not found on record.

Audit is of the view that the management neither framed the recruitment rules nor adopted open competition/merit while making the appointments.

The management did not reply.

The PAO was informed on 02.01.2014, but DAC was not held till the finalization of the report.

Audit recommends that responsibility should be fixed for making appointments without rules and without observing merit.

15.4.15 Irregular expenditure on leasing of vehicles - Rs 8.507 million

Section 57(1) of the Competition Act, 2010 states that subject to sub-Section (2), the Commission may, by notification in the official Gazette and with approval of Federal Government, make rules for all or any of the matters in respect of which it is required to made rules or to carry out the purposes of this Act.

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 Competition Commission of Pakistan (CCP) paid an amount of Rs. 8.507 million to Bank Islami Pakistan Limited for leasing of vehicles during 2012-13.

Audit observed that the payment was made as monthly installments of 14 leased vehicles, which included an amount of Rs. 3.241 million as interest/finance charges.

Audit is of the view that purchase of vehicles on lease basis was a departure from general policy of the government wherein interest charges were also paid in addition to the principal amount, which was unauthorized and irregular.

The management did not reply.

The PAO was informed on 02.01.2014, but DAC was not held till the finalization of the report.

Audit recommends that responsibility may be fixed for the irregularity.

CHAPTER 16

16. HIGHER EDUCATION COMMISSION

16.1 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 (UGC) 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, 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.

16.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Higher Education Commission for the financial year 2012-13 was Rs. 36,622.217 million including Supplementary Grant of Rs. 3,843.919 million out of which the Commission utilized Rs. 36,278.213 million. Grant-wise detail of current expenditure is as under:

(Rupees)

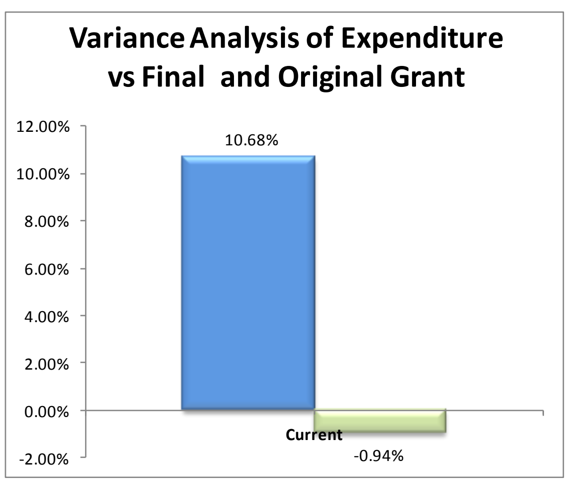
Grant No	Grant Type	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Final Grant/ Appropriation	Actual Expenditure	Excess/ (Savings)	% age Excess/ (Saving)
36	Current	32,778,298,000	3,843,919,000	36,622,217,000	36,278,213,230	(344,003,770)	(0.94)
	Total	**32,778,298,000**	**3,843,919,000**	**36,622,217,000**	**36,278,213,230**	**(344,003,770)**	**(0.94)**

Audit noted that there was an overall saving of Rs. 344.004 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. 3,843.919 million were obtained, which was 11.73% 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 10.68%, which, after accounting for Supplementary Grants changed to saving of 0.94%.



16.3 Brief comments on the status of compliance with PAC Directives

Name	Years	No of audit paras	No of Actionable Points	Full Compliance	Not Complied	% of Compliance
HEC	1991-92	1	1	0	1	0%
	1992-93	2	2	0	2	0%
	1993-94	4	4	0	4	0%
	1996-97	1	1	0	1	0%
	1997-98	24	24	9	15	38%
	1999-00	11	11	9	2	82%
	2000-01	26	26	0	26	0%
	2005-06	8	8	3	5	38%
	2006-07	15	15	7	8	47%
	2007-08	8	8	7	1	88%
	Total	100	100	35	65	35%

16.4 AUDIT PARAS

Non Production of Record

16.4.1 Non-production of record by Karakorum International University - Rs. 37.468 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.

Article 5 of the MoU signed on 03.10.2005 by EV-K2-CNR, Government of Italy and Karakoram International University, Gilgit states that the Executive Committee through Karakorum International University will make available sufficient funding to finance the Project Management Unit and the Partner’s participation in the Project upon receipt of project funding. The terms and arrangements for said funding will be agreed upon separately.

The management of Karakorum International University, Gilgit incurred expenditure of Rs. 37.468 million out of project titled 'Social, Economic and Environmental Development' for payment of salaries to resource persons, scholarships to Ph.D students, execution of Water Supply Schemes and other allied expenses during 2010-12.

Audit requested record of terms and arrangements of the project under which the funds were raised and expenditure was incurred. But, despite written and verbal requests no record was provided.

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

The management replied that it had proper record of the project which was provided to Audit. The agreement between Karakorum International University and EV-K2-CNR for carrying out research activities under the Social, Economic and Environmental Development was a well-known project. The project activities were audited by the Chartered Accountants appointed by the Project Management Unit which was established by the Italian and Pakistani Government to monitor the project activities.

The reply was not accepted because it was not based on facts as the record related to terms and arrangements of the funding agreed by the parties was not provided to Audit. Further, audit of the project carried out by the Chartered Accountants appointed by the Project Management Unit did not exempt the project authorities from the audit to be carried out by the Auditor General of Pakistan.

The PAO was informed on 11.12.2013, but DAC was not held till the finalization of the report.

Audit recommends that the matter may be investigated to determine the facts and responsibility be fixed for hindering the auditorial functions of the Auditor General of Pakistan, besides providing the relevant record.

Irregularity & Non Compliance

16.4.2 Irregular appointment and payment of salary to the Executive Director - Rs. 2.703 million

Section 3 of the Higher Education Commission Ordinance, 2002 states that the Controlling Authority of the Commission shall be the Prime Minister who may supervise the affairs of the Commission.

Section 21 of the Higher Education Commission Ordinance, 2002 states that the Commission may, with the prior approval of the Controlling Authority, by notification in the official Gazette, make rules for carrying out the purposes of this Ordinance.

Serial No. 1 of Schedule-I to the Higher Education Commission Employees (Recruitment) Rules, 2009 notified vide SRO No. 822(I)/2009 dated 01.09.2009 states that the post of the Executive Director of the HEC is that of MP-I Scale.

The Supreme Court of Pakistan in Constitutional Petition No. 33 to 35 of 2011 in its Order dated 17.12.2012 directed that as the Commission had already received applications for appointment of its Executive Director, therefore, these applications should be processed in a transparent manner and in accordance with the prescribed procedure for recruitment/appointment of Executive Director of the Commission.

The Higher Education Commission (HEC), Islamabad advertised the post of the Executive Director for appointment in MP-I Scale on contract basis on 29.07.2012. On 01.02.2013, HEC appointed Professor Dr. Mukhtar Ahmed as Executive Director and the following salary package was notified vide Office Order No. 5-489/HEC/HRM/2013/4132 dated 21.06.2013:

i.	a) Pay Scale	As admissible to Vice Chancellors: Rs. 234,000 – 11,400 – 405,600
	b) Pay Admissible w.e.f. 01.02.2013	Rs. 325,520 p.m.
ii.	Allowance: 20% of Basic Pay	Rs. 46,800 – 81,120
iii.	Any other perk and privilege granted	Rs. 150,000 p.m.
iv	One chauffer driven car at HEC’s expense for official and private use with petrol limit of 340 liters p.m. or monetization of transport facility as per government policy, i.e. Rs. 95,910 p.m. for private use	

The management of HEC paid Rs. 2.703 million as Pay and Allowances to Prof. Dr. Mukhtar Ahmed, Executive Director during 2012-13.

Audit observed as under:

i. The incumbent was not paid the salary and perquisites of MP-I Scale according to HEC Employees (Recruitment) Rules, 2009, as advertised.

ii. A modified salary package admissible to Vice-Chancellors of Federally Chartered Universities was granted without the approval of the Controlling Authority, i.e. Prime Minister of Pakistan.

Audit is of the view that payment of Pay and Allowances other than the approved pay package for the post of Executive Director was irregular and unauthorized.

The management replied that the Selection Board had recommended appointment of the Executive Director on salary package of Vice-Chancellor of Federally Chartered Public Universities or any other package, and accordingly consents from the candidates were obtained. The Chairperson, HEC constituted a sub-committee comprising Commission members to recommend the terms and conditions of appointment of the Executive Director, HEC. The sub-committee in its meeting held on 04.03.2013 recommended Vice-Chancellors Salary Package and other terms and conditions which were accordingly approved by the Commission in its 28th Meeting held on 09.04.2013.

The reply was not accepted because payment of Pay and Allowances was made without the approval of the Controlling Authority, i.e. Prime Minister of Pakistan. The Commission was not competent to approve the terms and conditions of the Executive Director.

The PAO was informed on 25.11.2013, but DAC was not held till the finalization of the report.

Audit recommends that the Executive Director should be paid salary package of MP-I according to Serial No. 1 of Schedule-I to the Higher Education

Commission Employees (Recruitment) Rules, 2009 notified vide SRO No. 822(I)/2009 dated 01.09.2009.

16.4.3 Irregular transfer of funds from Assignment Account - Rs. 2,007.757 million

Rule 170-B(8) of the FTR Volume-I states that it shall not be permissible to draw the whole amount authorized or part thereof and to place it in a separate account at the treasury or in a commercial bank.

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 laps of a grant could be avoided.

The management of Higher Education Commission (HEC), Islamabad obtained funds amounting to Rs. 35,778.000 million from the federal government through Assignment Account No. 2159-7 during 2012-13.

Audit observed as under:

i. Funds amounting to Rs. 2,007.757 million were transferred from Assignment Account No. 2159-7 to other commercial bank accounts. Details are at Annexure-VII.

ii. Out of Rs. 2,007.757 million, Rs. 700.248 million were transferred on 28.06.2013, i.e. last working day of the financial year to avoid laps of funds.

Audit is of the view that transfer of funds to other commercial bank accounts was irregular and unauthorized.

The management replied that funds amounting to Rs. 1,764.808 million were transferred from Assignment Account No. 2159-7 to NBP Account No. 7060-4 for foreign remittances for transfer of Tuition Fee and Living Allowance to the Embassies/High Commission and foreign universities for further payment of scholars studying in universities. The NBP recommended to HEC to transfer funds from Assignment Account to a current account to be maintained with NBP in order to avoid delays in foreign remittances. Further, the last installment of recurring grant was received in last week of June, 2013 and in order to avoid lapse of recurring grant to universities, the funds were transferred from Assignment

Account. Funds amounting to Rs. 221.750 million were released for HEC's employees' salary, Pension and Gratuity Funds.

The reply indicates that the management has accepted the audit observation. NBP had no authority to direct the management for transferring funds to commercial bank accounts.

The PAO was informed on 25.11.2013, but DAC was not held till the finalization of the report.

Audit recommends that the irregular practice should be stopped forthwith and responsibility may be fixed for the irregularity.

16.4.4 Unauthorized payment of membership fee to Islamabad Club - Rs. 1.000 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(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 Higher Education Commission (HEC), Islamabad paid an amount of Rs. 1.000 million to Islamabad Club during 2009-10. Details are under:

(Rupees)

S. No.	Cheque No.	Date	Amount
1.	3340990	03.03.2010	300,000
2.	3341607	16.04.2010	200,000
3.	3342003	13.05.2010	500,000
		Total	**1,000,000**

Audit observed that the payment was made for 'private membership' fee of the Chairman, HEC.

Audit is of the view that payment of 'private membership' fee for the Chairman was irregular and unauthorized.

The management replied that keeping in view the security situation in the country viz-a-viz HEC's need for liaison with the international organizations such as World Bank, foreign delegates and counterparts in foreign countries, etc. as well as local partners, the Commission, in its 20th meeting held on 12.10.2009 authorized membership of Islamabad Club for the Chairman, HEC. The management of Islamabad Club informed that the Club issued membership by name, and not by designation. HEC was left with no option but to get the membership in the name of Dr. Javed R. Leghari, Chairperson, HEC at that time.

The reply was not accepted because undue favour was extended to the Chairman, HEC and payment was made in violation of General Financial Rules.

The PAO was informed on 25.11.2013, but DAC was not held till the finalization of the report.

Audit recommends that the amount may be recovered and deposited in to government treasury

16.4.5 Unauthorized payment of Special Allowance - Rs. 7.627 million

Finance Division O.M. No. F.10(2)R-3/2012 dated 06.03.2013 conveyed approval of the Prime Minister to the grant of Special Allowance @ 20% of running Basic Pay with effect from 01.03.2013 to all the officers and staff working in the Federal Ministries/Divisions only.

Para 2 of Finance Division U.O. No. F.8(1)Exp.IV.2004 dated 01.03.2006 states that a representative of the Ministry of Finance represented on the Board of Directors does not constitute approval of the Ministry of Finance.

The management of Higher Education Commission (HEC), Islamabad paid Rs. 7.627 million on account of Special Allowance @ 20% of running Basic Pay to all the employees of HEC during 2012-13.

Audit observed that payment of Special Allowance for the period March to June, 2013 was made to the employees of HEC, in violation of instructions issued by the Finance Division.

Audit is of the view that payment of Special Allowance was irregular and unauthorized.

The management replied that the Finance and Planning Committee of HEC, represented by GoP, Ministry of Finance, in its 11th meeting held on 21.06.2013 recommended to grant Special Allowance @ 20% w.e.f. 01.07.2013 to HEC employees who were drawing pay in Basic Pay Scales.

The reply was not accepted because Special Allowance was admissible to the officers and staff working in the Federal Ministries/Divisions only. Further, Special Allowance approved by a Committee consisting of a representative of the Ministry of Finance did not constitute approval of the Ministry of Finance as clarified vide U.O. No. F.8(1)Exp.IV.2004 dated 01.03.2006.

The PAO was informed on 25.11.2013, but DAC was not held till the finalization of the report.

Audit recommends that the irregular practice may be stopped forthwith besides recovery of the amount already paid.

16.4.6 Unauthorized retention and utilization of receipts - Rs. 239.120 million

Section 14(1) of the Higher Education Commission Ordinance, 2002 states that the Commission shall have an account to which shall be credited all grants and contributions made by the Federal Government or a Provincial Government or by any person or authority and out of which shall be disbursed the grants and other expenditure to be made and incurred by the Commission.

Section 14(2) of the Higher Education Commission Ordinance, 2002 states the Federal Government shall provide funds to the Commission for meeting all expenses required for discharging its functions and for all the public sector institutions and shall, subject to availability of funds, provide annual grants regularly.

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.

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 management of Higher Education Commission (HEC), Islamabad collected receipts amounting to Rs. 239.120 million during 2011-13. Details are as under:

(Rs. in million)

S. No.	Description	2011-12	2012-13	Total
1.	Degrees Attestation Fee	89.750	119.630	209.380
2.	Equivalence Certificates Fee	15.610	14.130	29.740
	Total	**105.360**	**133.760**	**239.120**

Audit observed as under:

i. The receipts collected were not deposited into the government treasury.

ii. The receipts collected were deposited into HBL Account No. 14430-1, Shalimar Recording Branch, Islamabad to meet departmental expenditure.

iii. The fee structure and rates were not approved by the Finance Division.

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 replied that Section 6.1 of Higher Education Commission Accounting Procedure duly approved by the Auditor General of Pakistan provided that the Commission would have an account to which shall be credited all grants and contributions made by the (i) Federal Government, (ii) Provincial Governments, (iii) other organizations, donor agencies and by any person or authority, (iv) Donations and Endowments; and (v) Income of the Commission. The Government of Pakistan provided Grant-in-Aid for HEC Secretariat which was 54% of its annual budget. Remaining 46% budget was met from HEC's own income. The income derived from attestation and equivalence of degrees was reflected in the annual budget of HEC which was approved by the Commission.

The reply was not accepted because the HEC Ordinance, 2002 did not provide any provision for retention and utilization of government receipts.

The PAO was informed on 25.11.2013, but DAC was not held till the finalization of the report.

Audit recommends that the receipts collected should be deposited into the government treasury.

16.4.7 Irregular procurement of physical assets during the ban period - Rs. 3.375 million

Finance Division vide U.O. No. F.7(1)Exp.IV/2012 dated 24.07.2012 imposed ban on purchase of physical assets w.e.f. 01.07.2012 during 2012-13.

The management of Higher Education Commission (HEC), Islamabad procured physical assets amounting to Rs. 3.375 million during 2012-13. Details are as under:

(Rupees)

S. No.	Firm Name	Item	Amount
1.	M/s Imbaco, Islamabad	Furniture	3,143,948
2.	M/s Venus Carpet	Carpet	134,847
3.	M/s Akbar and Co.	Furniture	96,628
		Total	**3,375,423**

Audit observed that the physical assets were purchased during the period of ban imposed by the Finance Division.

Audit is of the view that expenditure on purchase of physical assets was irregular and unauthorized.

The management replied that purchase orders were issued prior to imposition of ban on procurement of physical assets and no purchase orders was issued after issuance of austerity measure dated 26.07.2012.

The reply was not accepted because the ban on purchase of physical assets was imposed w.e.f. 01.07.2012.

The PAO was informed on 25.11.2013, but DAC was not held till the finalization of the report.

Audit recommends that responsibility be fixed for the irregularity.

16.4.8 Non-formulation of policy for awarding research projects under National Research Program for Universities - Rs. 426.221 million

Section 10(1)(a) of Higher Education Commission Ordinance, 2002 states that for the evaluation, improvement, and promotion of higher education, research and development, the Commission may formulate policies, guiding principles and priorities for higher education Institutions for promotion of socio-economic development of the country.

Section 11(2) of Higher Education Commission Ordinance, 2002 states that the Executive Director shall be the head of the Secretariat. The Secretariat shall act as the executing wing of the Commission and shall be responsible for implementation of all the orders, decisions, directives and policy of the Commission.

The management of Higher Education Commission (HEC), Islamabad incurred an expenditure of Rs. 426.221 million under National Research Program for Universities (NRPU) during 2012-13.

Audit observed that the Commission did not approve the policy for:

i. Awarding projects under NRPU.
ii. Number of projects to be allocated to a single Principal Investigator at a time.
iii. Projects involving payment of honoraria to Principal Investigator, Co-Principal Investigator and Research Associates, contingency expenditure and overhead charges.
iv. Delayed, non-completed projects and their assets utilization.
v. Selection of focal persons as currently they were nominated by the Director (R&D).

Audit is of the view that in the absence of approved policy by the Commission the authenticity of expenditure incurred on research projects could not be ascertained.

The management replied that policy for the National Research Program for Universities was approved by the Chairman, HEC and notified by the Executive Director, HEC. Policy for NRPU would be presented in the next meeting of the Commission for approval.

The reply indicates that the management has accepted the audit observation.

The PAO was informed on 25.11.2013, but DAC was not held till the finalization of the report.

Audit recommends that the policy may be got approved from the Commission besides regularization of the expenditure.

16.4.9 Irregular payment of extra duty/Second Shift Allowance - Rs. 32.599 million

Para 13(i) of Allama Iqbal Open University Statutes, 1978 states that whole time of an employee shall be at the disposal of the University and he may be required to perform without additional compensation, such duties as the competent authority may deem fit in the interest of the University.

The management of Allama Iqbal Open University (AIOU), Islamabad paid Rs. 32.599 million as extra duty/Second Shift Allowance to its employees during 2012-13.

Audit observed that the management paid extra duty/Second Shift Allowance as additional compensation to its employees was violation of Para 13(i) of AIOU Statutes, 1978.

Audit is of the view that additional compensation in the name of extra duty/Second Shift Allowance was irregular and unauthorized.

The management replied that under the provision of AIOU Act, the Executive Council was the supreme body to hold, control and administer funds of the University. According to the Section 27(2) of AIOU Act the Executive Council could make rules to regulate any matter relating to the affairs of the University, which, by the Act, were not specifically required to be provided for by statutes or regulations.

The reply was not accepted because extra duty/Second Shift Allowance could not be granted under Para 13(i) of AIOU Statutes, 1978 even though the Executive Council had power to make rules under Section 27(2) of the AIOU Act.

The PAO was informed on 25.11.2013, but DAC was not held till the finalization of the report.

Audit recommends that the practice may be discontinued forthwith and irregular amount should be recovered.

16.4.10 Irregular payment of Conveyance Allowance - Rs. 12.234 million

Para 17 of Allama Iqbal Open University Statutes, 1978 states that if there arises a situation which is not covered by these statutes, it may be dealt with according to the Civil Service Rules of the Federal Government till such time as the Statutes are framed to meet the situation.

Supplementary Rule 25 states that a competent authority may grant, on such conditions as it thinks fit to impose, a monthly conveyance or horse allowance to any government servant who is required to travel extensively at or within a short distance from his headquarters under conditions which do not render him eligible for daily 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 (AIOU), Islamabad paid an amount of Rs. 12.234 million as Conveyance Allowance to its employees and recovered Rs. 5.207 million as Bus Charges from the employees during 2012-13.

Audit observed that the Conveyance Allowance was paid to employees who were provided pick and drop facility through buses.

Audit is of the view that payment of Conveyance Allowance to the employees availing the pick and drop facility was irregular and unauthorized.

The management replied that AIOU was providing the conveyance facility to the employees only on main routes and not from the University to the residence of each individual and back to the University. The employees were supposed to reach at the specific points on the main routes. The employees had to share partly the conveyance charges for the purpose. The pick and drop facilities at the door steps to the employees were not at all provided. The charges as fixed from time to time were recovered from the employees after getting the approval from AIOU Statutory Bodies.

The reply indicates that the management has accepted the audit observation. Further, as required under Para 17 of AIOU Statutes, 1978 government rules were applicable which require full recovery of Conveyance Allowance.

The PAO was informed on 25.11.2013, but DAC was not held till the finalization of the report.

Audit recommends that the payment of Conveyance Allowance should be stopped forthwith besides recovery of the excess amount paid be deposited in to the government treasury.

16.4.11 Irregular procurement of physical assets during the ban period - Rs. 9.620 million

Finance Division vide U.O. No. F.7(1)Exp.IV/2012 dated 24.07.2012 imposed ban on purchase of physical assets w.e.f. 01.07.2012 during 2012-13.

The management of Allama Iqbal Open University (AIOU), Islamabad procured physical assets amounting to Rs. 9.620 million during 2012-13. Details are as under:

(Rupees)

S. No.	Items purchased	Amount
1.	IT Equipment	4,971,762
2.	Hardware and software	2,160,000
3.	Laboratory equipment	2,018,000
4.	Furniture and Fixture.	250,000
5.	Plant and Machinery	220,000
	Total	**9,619,762**

Audit observed that the physical assets were purchased 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 replied that the purchase of assets made during 2012-13 were immediate in nature for students related activities. Laboratory equipment was essential to make the laboratories of related courses operative. Similarly, hardware and IT equipment were acquired to facilitate students of different courses, enrolled in the University.

The reply indicates that the management has accepted the audit observation regarding purchase of physical assets during the period of ban.

The PAO was informed on 25.11.2013, but DAC was not held till the finalization of the report.

Audit recommends that responsibility may be fixed for the irregularity.

16.4.12 Irregular payment of 1/3rd savings of the project among employees - Rs. 2.414 million

Para 23 of CIIT Employees Service Statutes, 2009 states that unless otherwise distinctly provide, the whole time of an employee shall be at the disposal of the Institute, and he/she may be employed in any manner required by the Competent Authority without claim or additional remuneration.

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 COMSATS Institute of Information Technology (CIIT), Abbottabad Campus paid an amount of Rs. 2.414 million to its employees who were also working for United Nations Children's Fund (UNICEF) project Long Term Agreement No. 20140/0068.

Audit observed that 1/3rd of the savings amounting to Rs. 2.414 million of the project were paid to the persons who were whole time employees of the Institute. Details are as under:

(Rupees)

S. No.	Name	Amount
1.	Dr. Abdur Rehman Khan (Chemistry Department)	579,283
2.	Mr. Adam Zahoor (COMSATS Community Development Unit)	579,283
3.	Mr. Salman M. Nadeem (CCD Unit)	458,599
4.	Ms. Absaria Tallat Lodhi	362,052
5.	Ms. SehrishWali	241,368
6.	Accounts Section	156,889
7.	Engr. M. Shoaib	36,205
	Total	**2,413,679**

Audit is of the view that distribution of savings of the project among the employees of the Institute was irregular and unauthorized.

The management replied that according to Para 25 of CIIT Employees Service Statutes, 2009 the competent authority could sanction undertaking of such consultancy by an employee for which a consultancy fee was offered by any outside Organization. According to Para 25(c), as amended, after working out net savings of such projects, 50% of savings was payable as honorarium to project team, 25% was payable to Department Lab as rent, etc. for use of facilities and remaining 25% was payable to CIIT Campus for promotion of such activities. In the case under objection, 33% of savings were paid to project team as honorarium and remaining 67% was retained by Institute to remain on the safer side.

The reply was not accepted because Para 25 of CIIT Employees Service Statutes, 2009 related to consultancy offered by any outside organization to the employee individually whereas the UNICEF project was offered to and carried out by the Institute. Therefore, any savings that arose from the project should not have been retained by the management and distributed among the employees.

The PAO was informed on 25.11.2013, but DAC was not held till the finalization of the report.

Audit recommends that the amount paid to the employees should be recovered and the saving of the project should be deposited in to the government account.

16.4.13 Irregular maintenance of guest house - Rs. 2.304 million

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

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 COMSATS Institute of Information Technology, Abbottabad Campus incurred an expenditure of Rs. 2.304 million on maintenance of guest house during 2011-13. Details are as under:

(Rupees)

S. No.	Year	Rent	Utility Charges	Telephone Charges	Total
1.	2011-12	950,400	106,673	30,470	1,087,543
2.	2012-13	1,045,440	144,424	26,180	1,216,044
	Total	**1,995,840**	**251,097**	**56,650**	**2,303,587**

Audit observed as under:

i. There were no provisions under the rules to maintain a guest house.

ii. The guest house was maintained in a rented building.

iii. No receipts were collected from the occupants.

Audit is of the view that maintenance of guest house was irregular and unauthorized.

The management replied that the construction work of faculty guest house within the Campus was near completion. The hired guest house would be de-hired and no further payment would be made on this account.

The reply indicates that the management has accepted the audit observation. Further, the faculty residing in the guest house was provided rent free accommodation.

The PAO was informed on 25.11.2013, but DAC was not held till the finalization of the report.

Audit recommends that the expenditure incurred on the maintenance of the guest house may be recovered from the occupants.

16.4.14 Irregular procurement of physical assets during ban period - Rs. 24.141 million

Finance Division vide U.O. No. F.7(1)Exp.IV/2012 dated 24.07.2012 imposed ban on purchase of physical assets w.e.f. 01.07.2012 during 2012-13.

Finance Division vide O.M. No. F.7(2)Exp.IV/2011 dated 17.08.2011 imposed ban on purchase of physical assets during 2011-12.

The management of COMSATS Institute of Information Technology, Abbottabad Campus procured physical assets amounting to Rs. 24.141 million during 2011-13. Details are as under:

(Rupees)

S. No.	Items purchased	Amount
1.	Equipment	11,997,641
2.	Computers	6,313,631
3.	Furniture	5,829,867
	Total	**24,141,139**

Audit observed that the physical assets were purchased during the period of ban imposed by the Finance Division.

Audit is of the view that the expenditure on purchase of physical assets was irregular and unauthorized.

The management replied that though austerity measures were in force, only vital and unavoidable procurement was made to cater least basic requirements for smooth functioning of the system. Major purchases in above heads were made for the employees/students who were newly inducted during that period to cater the basic needs of furniture and IT equipment, etc.

The reply indicates that the management has accepted the audit observation regarding purchase of physical assets during the period of ban.

The PAO was informed on 25.11.2013, but DAC was not held till the finalization of the report.

Audit recommends that responsibility may be fixed for the irregularity.

16.4.15 Irregular expenditure on establishment of COMLABS - Rs. 6.801 million

Section 4(a) of the COMSATS Institute of Information Technology Ordinance, 2000 states that the institute shall have the power to provide for instruction and training in computer and information technology and to make provision for the advancement and dissemination of knowledge in such manner as it may deem fit.

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 COMSATS Institute of Information Technology (CIIT), Abbottabad Campus incurred an expenditure of Rs. 6.801 million on establishment of COMLABS, i.e. a medical laboratory, during the year 2011-13.

Audit observed as under:

i. The establishment of medical laboratory was not function of the CIIT, Abbottabad Campus.

ii. An amount of Rs. 1.064 million was collected on account of tests conducted by the laboratory.

Audit is of the view that establishment of the COMLABS was irregular and unauthorized.

The management replied that under Para 25 of CIIT Employees Service Statutes, 2009, the Competent Authority of CIIT could sanction undertaking of consultancy by an employee/department for which a Consultancy Fee was offered. The COMLABS was established with prior approval of the Competent Authority, by the Pharmacy Department, in order to generate funds for CIIT and enhancement of research work from own resources.

The reply was not accepted because para 25 of CIIT Employees Service Statutes, 2009 relates to Consultancy Fee offered by any outside organization to the employee individually and not for establishment of a medical laboratory for commercial purposes. Further, it was not the function of CIIT to establish a medical laboratory.

The PAO was informed on 25.11.2013, but DAC was not held till the finalization of the report.

Audit recommends that the inquiry be held for the establishment of COMLABS and responsibility be fixed for the irregularity.

16.4.16 Irregular appointment during ban period and unauthorized award of advance increments under Tenure Track System - Rs. 3.866 million

Section 2.10.1(a) of Model Tenure Track Process Statutes (Version 2.0) dated 01.01.2008 states that the initial pay of a faculty member appointed to a post shall be determined as sum of the salary plus up to a maximum of 4 advance increments based on the following factors:

i. Quality and number of HEC recognized international refereed journal publications, conference presentations and publications and reports.

ii. Number of Ph.D. and MS thesis supervised.

iii. Funding record: Amount of funding received from sources other than one's own institutions.

iv. Market factors.

Section 10(1)(q) of Higher Education Commission Ordinance, 2002 states that for the evaluation, improvement and production of higher education, research and development, the commission may provide guidelines as regards minimum critreria and qualifications for appointment, promotion, salary structure in consultation with Finance Division and other terms and conditions of service of faculty for adoption by individual Institutions and review its implementation.

Clause 8(c) of CIIT Employees Services Statutes, 2009 states that appointments to the posts of faculty members and officers shall be made by the Board, on the recommendations of the Selection Board in accordance with the conditions of Educational Qualifications and Experience, as shown in the Schedules appended with these Statutes.

Finance Division vide O.M. No. F.7(1)Exp.IV/2011 dated 18.03.2011 and vide O.M. No. F.7(2)Exp.IV/2011 dated 17.08.2011 imposed ban on new recruitment during remaining period of financial year 2010-11 during financial year 2011-12 to enforce economy/austerity measures.

The management of COMSATS Institute of Information Technology (CIIT), Islamabad Campus appointed nine faculty members under Tenure Track System during 2011-12.

Audit observed as under:

i. The nine incumbents were appointed during the period of ban.

ii. The nine incumbents were awarded advance increments ranging from 05 to 13 in violation of salary packages for faculty employed under Tenure Track System resulting in excess payment of Rs. 3.866 million.

iii. The salary offered to the new appointees was not mentioned in the minutes of the Selection Board of CIIT.

iv. The Selection Board and Board of Governors did not recommend the advance increments.

Audit is of the view that awarding of advance increments over and above the provision of statutes was irregular and unauthorized.

The management replied that Tenure Track System appointments of faculty were governed by “CIIT Tenure Track System Statutes, 2009” which did not impose any limitation on number of advance increments to TTS faculty, at the time of their appointment. The advance increments were granted on the basis of experience/discipline and research work of the candidate/faculty member. Further, in order to formulize the advance increments/additional benefits to TTS faculty, the matter was placed before the Board of Governors (BoG) in its 24th meeting held on 16.08.2013 and the BoG very kindly approved the proposal.

The reply was not accepted because "CIIT Tenure Track System Statutes, 2009" could not override the Model Tenure Track Process Statutes (Version 2.0) dated 01.01.2008 circulated by HEC, therefore, the BoG was not competent to grant excess advance increments.

The PAO was informed on 06.11.2013, but DAC was not held till the finalization of the report.

Audit recommends that the irregular advance increments paid may be recovered.

16.4.17 Irregular and unauthorized purchase of vehicles on lease basis during period of ban - Rs. 1.326 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.

Finance Division vide U.O. No. F.7(1)Exp.IV/2012 dated 24.07.2012 imposed ban on purchase of physical assets, including all types of vehicles, w.e.f. 01.07.2012 during 2012-13.

Finance Division vide O.M. No. F.7(2)Exp.IV/2011 dated 17.08.2011 imposed ban on purchase of physical assets, including all types of vehicles, during 2011-12.

The management of COMSATS Institute of Information Technology (CIIT), Islamabad purchased on lease basis one Toyota Corolla Altis car for the Chancellor and four Toyota Corolla XLI cars for Dean Faculty Offices from Habib Bank Limited and paid Down Payment of Rs. 0.306 million and Rs. 1.020 million, respectively during 2011-12.

Audit observed as under:

i. The vehicles were procured (on lease) without the approval of the Vehicles Committee of the Finance Division.

ii. The vehicles were procured during the period of ban imposed by the Finance Division.

Audit is of the view that the purchase of vehicles without the approval of the Vehicles Committee during ban period was irregular and unauthorized.

The management replied that the BoG of CIIT had approved leasing of vehicles for CIIT.

The reply was not accepted because the BoG was not competent to violate government instructions for procurement of new vehicles and that too during ban period.

The PAO was informed on 06.11.2013, 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 besides regularization from the Finance Division.

16.4.18 Irregular procurement of physical assets during ban period - Rs. 28.046 million

Finance Division imposed ban on purchase of physical assets during financial year 2011-12 to enforce austerity measures vide O.M. No. F.7(2)Exp.IV/2011 dated 17.08.2011.

The management of COMSATS Institute of Information Technology, Islamabad procured physical assets amounting to Rs. 28.046 million during 2011-12. Details are as under:

(Rupees)

S. No.	Items purchased	Islamabad Campus	Principal Seat	Total
1.	IT Equipment	17,192,563	574,421	17,766,984
2.	Plant & Machinary	3,781,913	1,517,923	5,299,836
3.	Furniture and fixture	3,307,077	299,446	3,606,523
4.	Hardware	0	1,372,904	1,372,904
	Total	**24,281,553**	**3,764,694**	**28,046,247**

Audit observed that the physical assets were purchased during the period of ban imposed by the Finance Division.

Audit is of the view that the purchase of the physical assets during the period of ban was irregular and unauthorized.

The management replied that since austerity measures were in force, therefore, only vital and unavoidable procurement was made to cater the least basic requirements for smooth functioning of the system.

The reply indicates that the management has accepted the audit observation.

The PAO was informed on 06.11.2013, but DAC was not held till the finalization of the report.

Audit recommends that responsibility may be fixed for the irregularity.

16.4.19 Irregular purchase of 1,000 laptops and transfer to employees - Rs. 24.633 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 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 COMSATS Institute of Information Technology, Islamabad Campus entered into an agreement with M/s Congsong (Beijing) Import

& Export Co. Ltd. for purchase of 1,000 Haier laptops and incurred an expenditure of Rs. 24.633 million during 2011-12. Details are as under:

(Rupees)

S. No.	Name of Firm	Date	Ref. No	Amount
1.	M/s BIL Pakistan (Pvt) Ltd.	01.12.2011	3955824	1,378,000
2.	M/s Congsong (Beijing) Import & Export Co. Ltd.	22.12.2011	FTT-001	9,978,646
3.	M/s Global Industrial Solution, representative of M/s Congsong (Beijing) in Pakistan.	29.03.2012	833430	13,109,135
4.	M/s United Insurance Company	21.05.2012	6240264	167,304
			Total	**24,633,085**

Audit observed as under:

i. The laptops were purchased without open competition.

ii. The laptops purchased were handed over to the employees of various campuses against 60% of the purchase price which was to be recovered in 24 equal installments.

iii. An amount of Rs. 1.378 million was paid to M/s BIL Pakistan (Pvt.) Ltd. as consultant for the purchase of the laptops which was irregular as there was no provision in rules to hire agents.

Audit is of the view that purchase of laptops without open competition and subsequent transfer thereof to the employees without any provision in government rules was irregular and unauthorized.

The management replied that the Letter of Credit could not be established. Therefore, M/s BIL was appointed as a consultant for the job on the recommendations of the President of Islamabad Chamber of Commerce and Industries (ICCI). Engagement of M/s BIL was considered keeping in view Rule 42(c) of Public Procurement Rules, 2004. Further, it was the responsibility of the Institution to provide laptops to the faculty members who were supposed to be connected with Institute as well as with the students carrying out Research and Development (R&D). In order to dispose of this liability CIIT was bound to spend 100% investment on the procurement of laptops including maintenance and safety. The Institute saved 60% of its expenditure by convincing the faculty to share the cost of laptops.

The reply was not accepted because the procurement was made without open competition and subsequent transfer thereof to employees was without any provision in government rules.

The PAO was informed on 06.11.2013, but DAC was not held till the finalization of the report.

Audit recommends that responsibility be fixed for the irregularity besides recovery of remaining 40% investment of the Institute from the employees.

16.4.20 Irregular and unauthorized expenditure due to excess withdrawal of 70 posts - Rs. 24.039 million

Section 14(1)(g) of the COMSATS Institute of Information Technology Ordinance, 2000 state that the Board shall exercise the powers and perform the functions, namely to create professional, research, administrative posts and such other posts as may be required to carry out for the purposes of the Institute and to suspend or abolish such posts.

The management of COMSATS Institute of Information Technology, Lahore Campus appointed 70 staff and paid Rs. 24.039 million during 2011-13. Details are as under:

(Rs. in million)

S. No.	Name of post	Sanctioned strength	Working strength	Excess strength	Salary per month	Amount
Faculty						
1.	Research Associate/ Teaching Assistant	36	42	06	19,750	2.844
Non-Faculty						
2.	Officer, OG-IV	0	01	01	105,100	0.105
3.	Officer, OG-III	02	03	01	72,725	0.072
4.	Officer, OG-I	51	53	02	21,600	1.037
5.	Staff, SG-IV	15	25	10	16,355	3.925
6.	Staff, SG-II	69	119	50	13,380	16.056
	Total	**173**	**243**	**70**		**24.039**

Audit observed that 70 posts in different cadres were drawn in excess of the approved sanctioned strength without the approval of the Board.

Audit is of the view that appointment against unsanctioned posts resulted in excess expenditure which was irregular and unauthorized.

The management replied that there were 972 sanctioned posts in Lahore Campus in different grades/scales. The posts of Research Associate/Teaching Assistant scales were adjusted against the Officer Grade-I Scale, however, the excess 56 posts of Staff Grade would be got approved from the BoG.

The reply indicates that the management has accepted the audit observation. Further, the management had clubbed the faculty and non-faculty posts to calculate 56 excess posts, whereas faculty and non-faculty posts should be treated separately. Therefore, the actual excess withdrawal of posts was 70.

The PAO was informed on 12.11.2013, but DAC was not held till the finalization of the report.

Audit recommends that responsibility be fixed for the irregularity besides regularization of the posts and expenditure.

16.4.21 Irregular and unauthorized investment of surplus funds - Rs. 197.250 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 COMSATS Institute of Information Technology, Lahore Campus invested Rs. 197.250 million during 2008-13.

Audit observed as under:

i. An amount of Rs. 15.000 million was invested in National Saving Centre, Ichra Branch, Lahore vide Cheque No. 73019474 dated 21.02.2008 for purchase of Special Savings Certificate No. 42084 dated 26.02.2008 for three years. The amount was re-invested after maturity and the closing balance of that investment on 30.06.2013 was Rs. 20.250 million.

ii. An amount of Rs. 177.000 million was invested in newly opened Account No. 20380046 (Daily Progressive Account) with Habib Bank Limited, University Branch, Lahore titled 'Fund Management Account'. These funds were transferred from different accounts on 04.02.2013. Details are as under:

(Rs. in million)

S. No.	Title of Account	Account No.	Amount
1.	Collection Account	20380024	120.000
2.	Caution Money Account	20380028	15.000
3.	Taleem Fund Account	20380031	15.000
4.	Graduation Fund Account	20380033	11.000
5.	Vendor Security Account	20380029	10.000
6.	Hostel Securities Account	20380030	3.000
7.	Hostel Account	20380027	3.000
		Total	**177.000**

iii. Investments were made 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 made in violation of the instructions of the Finance Division was irregular and unauthorized.

The management replied that CIIT, Lahore opened a PLS bank account with HBL like other bank accounts and normal bank profits was being credited in to that bank account. The funds kept in the bank account could not be treated as investment. Further, investment in National Saving Center, a Government owned financial institution, was made in order to earn maximum return without any risk.

The reply indicates that the management has accepted the audit observation. Further, the codal formalities for making investments were not fulfilled.

The PAO was informed on 12.11.2013, but DAC was not held till the finalization of the report.

Audit recommends that responsibility be fixed for the irregularity besides regularization of the investment made from the Finance Division in consultation with the controlling ministry.

16.4.22 Irregular payment of subsidy on residential plots - Rs. 13.559 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.

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

The management of COMSATS Institute of Information Technology, Lahore Campus signed an MoU with M/s Izhar Monnoo Developers on 22.06.2010 for purchase of residential plots @ Rs. 180,000 per Marla, including all development and any other charges, in Dream Gardens, Lahore. The management booked 42 plots of various sizes ranging from 3.5 to 8 Marlas costing Rs. 38.320 million and paid Rs. 27.117 million till 30.06.2013 including employee's contribution of Rs. 13.559 million.

Audit observed as under:

i. The residential plots were provided to the employees at 50% subsidy of the price.

ii. Approval of Finance Division was not obtained to provide subsidy on residential plots to the employees.

Audit is of the view that undue favor was extended to the employees by providing subsidy on residential plots.

Audit is also of the view that provision of subsidy without the approval of Finance Division was irregular and unauthorized.

The management replied that as per Section 14(c) of CIIT Ordinance, 2000 the Board would have the power to consider and approve, on the advice of its Finance & Planning Committee, the annual and revised budget estimates and to lay down guidelines or rules of business dealing with financial matters, therefore, the matter was being submitted to the Board of Governors for approval.

The reply indicates that the management has accepted the audit observation. Further, there was no provision in government rules to provide subsidy to employees for purchase of residential plots and the contention of the management that the matter was yet to be approved by the Board of Governors was not tenable as sanction of such subsidy would need approval of the Finance Division.

The PAO was informed on 12.11.2013, but DAC was not held till the finalization of the report.

Audit recommends that responsibility be fixed for the irregularity besides recovery of the subsidy, paid by the Institute, from the employees.

16.4.23 Loss due to less recovery of Electricity Charges - Rs. 6.691 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 COMSATS Institute of Information Technology, Lahore Campus installed bulk supply electricity meter No. 241122190012100 from Lahore Electric Supply Company (LESCO) and supplied electricity to residential colony through sub-meters during 2011-13.

Audit observed as under:

i. Electricity was purchased from LESCO on commercial tariff.

ii. Electricity was being supplied to the residents of the colony through sub-meters from the bulk supply meter.

iii. Payment to LESCO was being made according to commercial tariff, whereas the recovery from the colony residents was made according to domestic tariff resulting into a loss of Rs. 6.691 million. Details are as under:

(Rupees)

Year 2011-2012								
Month	**Main Meter**			**Campus Recovery**			**Difference in Rate (Per Unit)**	**Loss**
	Unit/ KWH	**Amount**	**Rate (Per Unit)**	**Unit/ KWH**	**Amount**	**Rate (Per Unit)**		
	A	**B**	**C = B/A**	**D**	**E**	**F = E/D**	**G = C-F**	**H = G x D**
Jul-11	132,000	1,917,962	14.53	64,352	574,672	8.93	5.60	360,371
Aug-11	176,000	2,172,038	12.34	89,724	719,585	8.02	4.32	387,607
Sep-11	258,000	3,488,891	13.52	91,278	867,142	9.50	4.02	366,938
Oct-11	202,000	2,722,503	13.48	79,048	619,738	7.84	5.64	445,832
Nov-11	44,000	1,126,909	25.61	66,380	665,130	10.02	15.59	1,034,867
Dec-11	104,000	1,317,024	12.66	47,964	318,068	6.63	6.03	289,223
Jan-12	88,000	1,125,994	12.80	54,179	445,367	8.22	4.58	248,140
Feb-12	101,080	1,243,115	12.30	55,349	444,816	8.04	4.26	235,788
Mar-12	94,500	1,854,635	19.63	72,187	599,217	8.30	11.32	817,153
Apr-12	120,800	1,774,021	14.69	86,662	694,578	8.01	6.67	578,036
May-12	270,560	4,070,001	15.04	102,873	951,875	9.25	5.79	595,635
Jun-12	195,640	2,977,350	15.22	86,715	1,342,248	15.48	(0.26)	(22,546)
Total	**1,786,580**	**25,790,443**		**896,711**	**8,242,436**			**5,337,043**

Year 2012-2013								
Month	**Main Meter**			**Campus Recovery**			**Difference in Rate (Per Unit)**	**Loss**
	Unit/ KWH	**Amount**	**Rate (Per Unit)**	**Unit/ KWH**	**Amount**	**Rate (Per Unit)**		
	A	**B**	**C = B/A**	**D**	**E**	**F = E/D**	**G = C-F**	**H = G x D**
Jul-12	228,600	3,467,840	15.17	86,557	1,165,139	13.46	1.71	148,012
Aug-12	129,260	2,418,292	18.71	88,970	1,442,310	16.21	2.50	222,425
Sep-12	235,360	3,486,367	14.81	82,131	1,163,901	14.17	0.64	52,564
Oct-12	135,680	2,636,902	19.43	68,308	1,214,346	17.78	1.66	113,391
Nov-12	96,720	1,571,112	16.24	60,960	913,940	14.99	1.25	76,200
Dec-12	98,900	1,991,397	20.14	55,647	1,038,858	18.67	1.47	81,801
Jan-13	98,440	987,277	10.03	51,836	494,352	9.54	0.49	25,400
Feb-13	99,760	1,602,023	16.06	64,184	991,085	15.44	0.62	39,794
Mar-13	168,120	2,202,798	13.10	85,671	1,090,325	12.73	0.38	32,555
Apr-13	125,000	2,004,277	16.03	80,043	1,525,096	19.05	(3.02)	(241,731)
May-13	123,500	2,064,561	16.72	82,390	1,273,098	15.45	1.27	104,635

Jun-13	173,540	2,461,109	14.18	54,801	78,122	1.43	12.76	699,261
Total	**1,712,880**	**26,893,955**		**861,497**	**12,390,572**			**1,354,306**
							Grand Total 2011-13	**6,691,350**

Audit is of the view that recovery from residents of colony at domestic tariff was irregular and unauthorized.

The management replied that electricity bills had been paid on the commercial rates while employees had been charged on the basis of domestic rates. The commercial activities were not being performed in colony/homes, therefore, commercial rates could not be charged.

The reply indicates that the management has accepted the audit observation.

The PAO was informed on 12.11.2013, but DAC was not held till the finalization of the report.

Audit recommends that the irregular practice may be stopped forthwith besides immediate recovery of the loss.

16.4.24 Irregular payment of Evening Shift Allowance - Rs. 9.235 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.

The management of Federal Urdu University of Arts, Science and Technology, Karachi paid Rs. 9.235 million as Evening Shift Allowance to its employees during 2011-13.

Audit observed that Evening Shift Allowance was paid without the approval of Finance Division.

Audit is of the view that the payment of Evening Shift Allowance was irregular and unauthorized.

The management replied that the approval of Ministry of Finance of granting Evening Shift Allowance to teachers and staff would not be applicable as this could be categorized Special Allowance. The Special Allowance was provided after observing the codal formalities and the approval from the competent forum, i.e. Syndicate & Senate. It was economical to provide a meager allowance to run the classes in the evening. If university would hire full time faculty/scholars, it would cost a huge amount.

The reply indicates that the management has accepted the audit observation.

The PAO was informed on 06.11.2013, but DAC was not held till the finalization of the report.

Audit recommends that the practice may be discontinued forthwith and irregular amount should be recovered.

16.4.25 Irregular payment of House Rent Ceiling with pay - Rs. 231.492 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 directly to the owner and the government shall not be a party to this transaction.

The management of Federal Urdu University of Arts, Science and Technology, Islamabad and Karachi Campuses paid Rs. 231.492 million as House Rent Ceiling to its employees during 2011-13. Details are as under:

(Rs. in million)

S. No.	Campus	Amount
1.	Islamabad	55.122
2.	Karachi	176.370
	Total	**231.492**

Audit observed as under:

i. The payment was made to the employees instead of the owners of the houses.

ii. The residential premises were not assessed as required under the rules.

iii. The rental ceiling for different stations was not observed.

iv. 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 of FUUAST, Karachi replied that FUUAST was not a department of Federal Government. It was a statuary body which did not fall under the Ministry of Finance. These instructions were not applicable to those government servants who draw their salary for AGPR. However the house rent ceiling was paid after completion of all codal formalities. The hiring paid to the employee of universities was approved by the highest forum of the University as per rules.

The management of FUUAST, Islamabad replied that the House Rent Ceiling was paid after completion of all codal formalities and approved by the highest forum of the University as per rules. However, the rent would be paid to landlord in future.

The replies were not accepted because the universities had adopted pay scales of the federal government and payment of House Rent Ceiling to employees was, therefore, not allowed.

The PAO was informed on 06.11.2013 and 25.11.2013, but DAC was not held till the finalization of the report.

Audit recommends that the payment of House Rent Ceiling with the salary should be discontinued forthwith. The residential accommodations should be hired by following the government procedure.

16.4.26 Irregular payment of Special Allowance - Rs. 3.486 million

Finance Division vide O.M. No. F.10(2)R-3/2012 dated 06.03.2013 conveyed approval of the Prime Minister for the grant of Special Allowance @ 20% of running Basic Pay with effect from 01.03.2013 to all the officers and staff working in the Federal Ministries/Divisions only.

Para 2 of Finance Division U.O. No. F.8(1)Exp.IV.2004 dated 01.03.2006 states that a representative of the Ministry of Finance represented on the Board of Directors does not constitute approval of Ministry of Finance.

The management of Federal Urdu University of Arts, Science and Technology, Islamabad paid Rs. 3.486 million on account of Special Allowance @ 20% of running Basic Pay to all the employees of University during 2012-13.

Audit observed that payment of Special Allowance to the employees of University was made in violation of instructions issued by the Finance Division.

Audit is of the view that payment of Special Allowance was irregular and unauthorized.

The management replied that the University notified payment of Special Allowance in accordance with Finance Division O.M. No. F.10(2)R-3/2012 dated 06.03.2013 and the orders of the honorable High Court. The University employees are not availing any other additional allowance except this.

The reply was not accepted because Special Allowance was admissible to the officers and staff working in the Federal Ministries/Divisions only.

The PAO was informed on 25.11.2013, but DAC was not held till the finalization of the report.

Audit recommends that the irregular practice may be stopped foethwith and the amount paid should be recovered.

16.4.27 Irregular purchase of physical assets during the ban period - Rs. 3.558 million

Finance Division vide O.M. No. F.7(2)Exp.IV/2011 dated 17.08.2011 imposed ban on purchase of physical assets during 2011-12.

Finance Division vide U.O. No. F.7(1)Exp.IV/2012 dated 24.07.2012 imposed ban on purchase of physical assets w.e.f. 01.07.2012 during 2012-13.

The management of Federal Urdu University of Arts, Science and Technology, Islamabad procured physical assets amounting to Rs 3.558 million during 2011-13. Details are as under:

(Rupees)

S. No.	Year	Items	Amount
1.	2011-2012	Furniture & Fixture	504,620
2.	2011-2012	Machinery & Equipment	985,300
3.	2012-2013	Furniture & Fixture	882,259
4.	2012-2013	Machinery & Equipment	1,185,642
		Total	**3,557,821**

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 replied that the strength of students was increasing day by day and in order to meet the legitimate requirements of the students and staff the administration had to make the purchases from time to time. The assets were purchased from the recurring budget, i.e. Universities own income through ugh student fee.

The reply indicates that the management has accepted the audit observation.

The PAO was informed on 25.11.2013, but DAC was not held till the finalization of the report.

Audit recommends that responsibility may be fixed for the irregularity.

16.4.28 Irregular appointments in Federal Urdu University of Arts, Science and Technology, Islamabad

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.

Section 10(1)(q) of Higher Education Commission Ordinance, 2002 states that for the evaluation, improvement and production of higher education, research and development, the commission may provide guidelines as regards minimum critreria and qualifications for appointment, promotion, salary structure in consultation with Finance Division and other terms and conditions of service of faculty for adoption by individual Institutions and review its implementation.

The management of Federal Urdu University of Arts, Science and Technology, Islamabad appointed the following individuals during 2011-13.

(Rupees)

S. No.	Name	Designation	Package/month
1.	Dr. Abdul Razzaque Memon	Professor	300,000
2.	Dr. Muhammad Naeem ullah	Assistant Professor	BPS 19

Audit observed as under:

i. The appointments were made without advertisement.

ii. Pay package of Abdul Razzaque Memon was fixed without consultation with the Finance Division.

Audit is of the view that appointment without advertisement and fixation of pay without consultation of the Finance Division was irregular and unauthorized.

The management replied that the appointments were approved by the Senate of the University which is the statuary body under the Act for fixation of pay and allowance. The approval of Finance Division was not required nor have they ever given such approvals to the staff of any University.

The reply was not accepted because the posts were not advertised. Further, under Section 10(1)(q) of Higher Education Commission Ordinance, 2002 approval in consultation with Finance Division for terms and conditions of service of Mr. Abdul Razzaque Memon was required.

The PAO was informed on 25.11.2013, 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.

16.4.29 Loss due to less charging of rent - Rs. 2.182 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.

The management of Federal Urdu University of Arts Science and Technology, Islamabad sub-let its premises and recovered rent of Rs. 0.216 million during 2011-13. Details are as under:

(Rupees)

S. No.	Period	Sub-lessee	Area Sq ft	Rate/ Sq ft	Rent Paid to WAPDA	Rent Received	Difference
1.	01.10.2012 to 30.09.2013	Habib Bank Limited	100	34	40,800	0	40,800
2.	01.10.2011 to 30.09.2013	Canteen	2880	32.5	2,246,400	144,000	2,102,400
3.		Tuck Shop	143	32.5	111,540	7,2000	39,540
				Total	**2,398,740**	**216,000**	**2,182,740**

Audit observed that the management sub-let the premises at the rates lower than the actual amount of rent paid to Water and Power Development Authority (WAPDA), the owner of the building.

Audit is of the view that sub-let of premises at lower rates than the actual rent resulted into a loss of Rs. 2.183 million.

The management replied that in order to facilitate the students the administration negotiated with the bank authorities and gave space to constitute a booth for fee collection and installation of ATM. The bank waived the collection charges for students which was Rs. 20 per challan. Keeping in view the above facilities the administration allowed space without rent. As such the administration is saving Rs. 160,000 per annum (4,000 students x 2 semesters x Rs. 20). Further, the actual area with canteen was 360 sqft. and the rest of the area was for rest, recreation and other social activities for students.

The reply was not accepted because the claim of the management that the administration saved Rs. 160,000 per annum did not accrue to the University as the student was required to pay the challan cost, therefore undue benefit was extended to HBL by allocating space without rent. Regarding the Canteen, the details of the area occupied was provided by the management. Therefore, the claim that actual area with canteen was 360 sqft. was not acceptable. Further, the management did not comment on the Tuck Shop.

The PAO was informed on 25.11.2013, but DAC was not held till the finalization of the report.

Audit recommends that responsibility may be fixed for the loss sustained besides recovery of the loss.

16.4.30 Irregular payment of Medical Allowance over and above prescribed rates

Service Statutes of National University of Modern Languages (NUML), Islamabad states that the Pay Scales as and when revised by the Federal Government shall be applicable to the employee of the University.

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 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 National University of Modern Languages (NUML), Islamabad paid Medical Allowance @ 17.5% of the pay, subject to a minimum of Rs. 1,000 & maximum of Rs. 4,160 and 30% of the pay, subject to a minimum of Rs. 2,000 & maximum of Rs. 8,320, to unmarried and married staff, respectively w.e.f. 01.07.2010 during 2009-13.

Audit observed that the approval of the Finance Division was not obtained 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 Medical Allowance was paid as per Clause 3 of the approved Medical Rules of the University. The rates of Medical Allowance were revised by the BoG in its meeting held on 25.03.2006. HEC and other public sector universities also granted the said allowance on the proposed rates.

The reply was not accepted as the University had adopted the pay scales of the government. Therefore, the management was not authorized to alter/revise the rates of Medical Allowance approved by the government.

The PAO was informed on 06.11.2013, 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.

16.4.31 Irregular reemployment beyond the age of superannuation on contract

The standard terms and conditions of contract employment issued by Establishment Division vide O.M. No. 10/52/95-R.2 dated 18.07.1996, as amended from time to time, provide that the period of contract should not exceed two years and the post should be advertised.

According to Establishment Division letter No. 7/3/89-OMG-II dated 28.01.1989. The following criteria were laid down for reemployment of government servants:

i. Non availability of suitably qualified or experienced officers to replace the retiring officer.
ii. The officer is a highly competent person with distinction in his profession/field.
iii. The reemployment does not cause a promotion block; and
iv. Retention of the retiring officer, for a specified period, is in the public interest.
v. Reemployment beyond the age of superannuation in all cases requires the approval of the Prime Minister.

Finance Division vide O.M. No. F.7(1)Exp.IV/2011 dated 18.03.2011 and vide O.M. No. F.7(2)Exp.IV/2011 dated 17.08.2011 imposed ban on new recruitment during remaining period of financial year 2010-11 and financial year 2011-12 to enforce economy/austerity measures.

The management of National University of Modern Languages (NUML), Islamabad appointed Col (R) Syed Jawaid Ahmad, Ex-Army Officer as Associate Professor (BPS-19), Department of English for a period of two years w.e.f. 04.12.2000 which was later extended up to 31.12.2011. Before expiry of extended contract, the incumbent was appointed as Director Academics at the age of 68 years for a period of one year at a monthly remuneration of Rs. 120,000 w.e.f. 02.08.2011 with the approval of the Rector.

Audit observed as under:

i. The posts were not advertised.

ii. Approval of the Prime Minister was not obtained for appointment beyond the age of superannuation.

Audit is of the view that appointment made was irregular and unauthorized.

The management replied that as per Clause 10(3)(f) of the NUML Ordinance, 2000 the Rector would appoint faculty/officers and administrative staff as deemed necessary for a period not exceeding two years. The appointment of Col (R) Syed Jawaid Ahmed was made as Associate Professor keeping in view the experience in field of education and was appointed as Director Academics keeping in view his vast experience on managerial position of various Army Educational Institutions. His services were extended on two year basis by the Rector as per his powers vested in him by the Ordinance.

The reply indicates that the management has accepted the audit observation.

The PAO was informed on 06.11.2013, but DAC was not held till the finalization of the report.

Audit recommends that responsibility fixed for the irregularity.

16.4.32 Irregular procurement of physical assets during ban period - Rs. 4.954 million

Finance Division vide O.M. No. F.7(2)Exp.IV/2011 dated 17.08.2011 imposed bans on purchase of physical assets during financial year 2011-12.

The management of National University of Modern Languages (NUML), Islamabad procured physical assets amounting to Rs. 4.954 million during 2011-13. Details are as under:

(Rupees)

S. No.	Period	Items purchased	Amount
1.	2011-12	Furniture and fixture	1,382,675
2.		Plant & Machinary	1,483,541
3.		IT Equipment	150,000
4.	2012-13	Machinery and Equipment	1,641,013
5.		Furniture and Fixture.	296,888
		Total	**4,954,117**

Audit observed that physical assets were purchased during the period of ban.

Audit is of the view that the purchase of physical assets during the period of ban was irregular and unauthorized.

The management replied that the entire expenditure was undertaken for immediate and urgent requirements of the University, Heads of Departments, faculty members and mostly for hostel residents.

The reply indicates that the management has accepted the audit observation.

The PAO was informed on 06.11.2013 and 25.11.2013, but DAC was not held till the finalization of the report.

Audit recommends that responsibility may be fixed for the irregularity.

16.4.33 Irregular payment of House Rent Ceiling with pay - Rs. 56.808 million

Service Statutes of National University of Modern Languages (NUML), Islamabad states that the Pay Scales as and when revised by the Federal Government shall be applicable to the employee of the University.

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 National University of Modern Language (NUML), Islamabad paid Rs. 56.808 million as House Rent Ceiling to its employees during 2011-13.

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 payment of House Rent Ceiling with the salary was irregular and unauthorized.

The management replied that the university employees were not provided the facility of advance House Rent Ceiling on annual basis due to financial constraints. Therefore, the university had no option left except to pay the House Rent Ceiling on monthly basis to the employee with the salary.

The reply indicates that the management has accepted the audit observation.

The PAO was informed on 06.11.2013 and 25.11.2013, but DAC was not held till the finalization of the report.

Audit recommends that the payment of House Rent Ceiling with the salary should be discontinued forthwith. The residential accommodations should be hired by following the government procedure.

16.4.34 Unauthorized expenditure without allocation of foreign exchange budget - Rs. 83.428 million

Para 8(a) of Finance Division O.M. No. F.3(2)Exp.III/2006 dated 13.09.2006 states that powers delegated to the Principal Accounting Officer in the Ministries/Divisions and the Head of Departments may be exercised without consulting the Financial Adviser. The powers so delegated shall be subject to the observance of austerity measures taken by the government from time to time and the following conditions:

(1) availability of funds, by valid appropriation or re-appropriation where permissible, from within the sanctioned budget grant; and

(2) availability of foreign exchange, where required, from within the allocation of foreign exchange sanctioned for the Ministry/Division concerned provided specific provision exists in the foreign exchange budget.

The management of Bahria University, Islamabad incurred an expenditure of Rs. 83.428 million in shape of foreign exchange under the project titled 'Establishment of Electrical and Engineering Department at Bahria University, Islamabad' during 2007-12. Details are as under:

(Rupees)

S. No.	Cheque No.	Date	Amount
1.	5428962	24.06.2008	498,800
2.	5428974	07.10.2008	18,724,300
3.	1253836	04.11.2008	2,016,880
4.	1253847	02.01.2009	8,131,200
5.	3104864	30.03.2009	7,605,250
6.	3104867	27.05.2009	5,220,000
7.	8723378	05.10.2009	4,200,000
8.	8723391	05.01.2010	6,222,420
9.	4570176	14.04.2010	6,112,600
10.	4570181	14.07.2010	4,700,000
11.	4570185	27.10.2010	8,173,600
12.	4570189	31.05.2011	6,298,560
13.	4570191	27.10.2011	3,563,227
14.	4570192	10.01.2012	871,200
15.	4570196	20.03.2012	798,979

16.	4570201	22.05.2012	290,550
Total			**83,427,566**

Audit observed as under

i. The expenditure was made in foreign exchange without allocation of foreign exchange budget.

ii. Payment of Tuition Fee to the University of Leicester, UK and stipend to the scholars studying abroad was made by purchasing foreign exchange from open market which was subsequently transferred through foreign exchange dealers/companies.

Audit is of the view that expenditure in foreign exchange without foreign exchange budget and transfer of payments through foreign exchange dealers/ companies was irregular and unauthorized.

The management replied that the PC-I of the project was prepared in 2005 which had the component of human resource development at a cost of Rs. 92.000 million including foreign PhDs and MS. The PC-I was approved by the various fora, i.e. HEC, Planning Commission, etc. without including foreign exchange component and Bahria University was not informed of inclusion of foreign exchange component. Since, it was first ever mega project approved by CDWP for BU, therefore, it had no idea about inclusion of foreign exchange component. The funds received were all in rupees, whereas, BU had to transfer the funds in Pounds as scholars were all placed in a UK University.

The reply indicates that the management has accepted the audit observation.

The PAO was informed on 06.11.2013, but DAC was not held till the finalization of the report.

Audit recommends that responsibility may be fixed for the irregularity besides regularization from the Finance Division.

16.4.35 Irregular procurement of 100 workstations by negotiation - Rs. 3.790 million

Rule 32 of Public Procurement Rules, 2004 states that save as otherwise provided, no procuring agency shall introduce any condition, which discriminates between bidders or that is considered to be met with difficulty. In ascertaining the discriminatory or difficult nature of any condition reference shall be made to the ordinary practices of that trade, manufacturing, construction business or service to which that particular procurement is related.

Rule 40 of Public Procurement Rules, 2004 states that there shall be no negotiations with the bidder having submitted the lowest evaluated bid or with any other bidder.

The management of Bahria University, Islamabad purchased 100 'Inbox Powerline Workstations' at a cost of Rs. 3.790 million from M/s Inbox Business Technologies (Pvt.) Ltd. vide Invoice No. 1205/8052 dated 18.11.2004 for the project 'Strengthening of Computing and Networking Facilities' during 2004-05.

Audit observed as under:

i. The comparative statement dated 17.09.2004 showed that M/s Datatech offered the lowest rate, i.e. Rs. 35,830 whereas, M/s Inbox Technologies (the third lowest bidder) offered a rate of Rs. 36,600, who was awarded contract at the reduced rate of Rs. 34,900, as a result of negotiations.
ii. The minutes of the purchase committee meeting held on 17.09.2004 showed that 14" monitors were replaced with 17" involving additional cost of Rs. 3,000 per unit without re-advertising the item to obtain competitive rates from other vendors.

Audit is of the view that awarding of contract on negotiation basis with the third lowest bidder and replacement of monitors involving additional cost was discriminatory which was irregular and unauthorized.

The management replied that the meeting of Purchase Committee was held on 17.09.2004 in which shortlisted candidates were asked to bring their machines/ equipment for demonstration. The Purchase Committee had examined and evaluated the samples submitted by vendors and made recommendations for the items. The casing provided by M/s Inbox was most suitable and the price quoted by M/s Inbox was also lowest and same was recommended for purchase from M/s Inbox. It was also recommended that monitors should be upgraded to 17" being future technology. After negotiations the vendor agreed to supply 17" monitor at an additional cost of Rs. 3,000 per monitor. The Competent Authority approved the recommendation of the committee.

The reply indicates that the management has accepted the audit observation. Further, negotiations were not allowed as undue favour was extended to the third lowest bidder.

The PAO was informed on 06.11.2013, but DAC was not held till the finalization of the report.

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

16.4.36 Irregular selection of scholars for award of foreign scholarships

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.

The management of Bahria University, Islamabad awarded MS and PhD scholarships to 20 faculty members amounting to Rs. 90.194 million for studies in University of Leicester, United Kingdom under the project "Establishment of Electrical and Engineering Department at BU, Islamabad" during 2007-12.

Audit observed as under:

i. The PC-I of the project was faulty as it did not contain selection criteria for award of scholarships.

ii. Only one university i.e. University of Leicester, UK was selected for studies of the scholars by the management who granted 30% discount on Tuition Fee.

iii. The basis of selection of the university and reasons for discounts allowed was not provided to Audit.

iv. Out of a total of 20 scholarships awarded, 15 awardees were newly appointed faculty members.

v. The appointments were made just for awarding foreign scholarships.

Audit is of the view that the selection of university and award of scholarships were irregular and unauthorized. Further, undue favour was extended to newly appointed faculty members who were selected without any approved selection criteria.

The management replied that PC-1 covered the financial details and degree program. The selection criteria followed was what HEC advised. As per HEC guidelines, BU was bound to advertise the scholarships in national newspapers, and all applicants including its own faculty and external applicants had to apply through proper channel. The selection was made completely on merit, showing that BU did not favor any of its faculty but all those who applied were scrutinized by the selection committee as per HEC rules. It was a normal practice that foreign universities offered discount whenever bulk of scholars was sent to them for any specific program. It was not only the BU who had availed the opportunity, many other good local universities had sent their scholars with similar arrangements.

The reply indicates that the management has accepted the audit observation.

The PAO was informed on 06.11.2013, but DAC was not held till the finalization of the report.

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

16.4.37 Irregular payment of Medical Allowance over and above prescribed rates - Rs. 13.433 million

Finance Division O.M. No. F-16(1)-Reg-6/2010-778 dated 05.07.2010 states that Medical Allowance is allowed to civil 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 National Institute of Psychology (NIP), Islamabad paid Medical Allowance @ 30% and 60% for unmarried and married staff, respectively and incurred an expenditure of Rs. 13.433 million during 2008-13.

Audit observed that the Medical Allowance was paid over and above the prescribed rates without the approval of the Finance Division.

Audit is of the view that the grant of Medical Allowance in excess of the approved rates by the Finance Division was irregular and unauthorized.

The management replied that National Institute of Psychology (NIP) was working as Centre of Excellence, since 1983 i Quaid-i-Azam University, Islamabad under Parliament’s Act 1976. As an autonomous body, all Federal Government rules were not applicable to the Institute. The medical facilities available to civil servants in federal government hospitals were not available to autonomous bodies especially for reimbursement of cost of medicines prescribed by the doctors. The employees of the Institute were deprived of such facility of reimbursement of the cost of medicines. The Institute had adopted the Medical Attendance Rules of Quaid-i-Azam University, Islamabad after the approval of the Board of Governors to provide the medical facilities to its employees. The Medical Allowance was paid according to the approved Medical Attendance Rules of Quaid-i-Azam University, Islamabad as no such facility was available to its employees. Moreover, the amount of Medical Allowance paid was not a source of profit to the employees except to meet the actual requirements.

The reply indicates that the management has accepted the audit observation. Further, the NIP had adopted the pay scales of the Federal Government. Therefore, the BoG was not authorized to alter/revise the rates of Medical Allowance approved by the government.

The PAO was informed on 25.11.2013, but DAC was not held till the finalization of the report.

Audit recommends that the irregularity be discontinued forthwith and the excess payment may be recovered.

16.4.38 Irregular payment of House Rent Ceiling with pay - Rs. 5.187 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 National Institute of Psychology (NIP), Islamabad paid Rs. 5.187 million as House Rent Ceiling to its employees during 2008-13.

Audit observed as under:

i. The payment was made to the employees instead of the owners of the houses.

ii. The amount of Rs. 5.187 million was booked under the head of account "House Rent Allowance", which is a Regular Allowance, instead of booking the expenditure under the head of account "Rent of Residential Building".

Audit is of the view that the payment of House Rent Ceiling with the salary and misclassification of the expenditure was irregular and unauthorized.

The management replied that the amount of the rental ceiling was paid to the employees of the Institute with their pay for onward payment to their owners and also to avoid delay. The acknowledge receipts were also obtained from the owner of the houses for record. The amount of rental ceiling was paid ultimately to the owner of the house and the expenditure was charged under its proper head of account "Rent for Residential Building". Such a practice was also prevalent in Quaid-i-Azam University, Islamabad.

The reply indicates that the management has accepted the audit observation.

The PAO was informed on 25.11.2013, but DAC was not held till the finalization of the report.

Audit recommends that the payment of House Rent Ceiling with the salary should be discontinued forthwith. The payment of house rent ceiling should be made to the owners directly, instead of the employees besides booking the expenditure in the correct head of account.

16.4.39 Unauthorized expenditure on civil works - Rs. 3.851 million

Sr. 5(II)(b)(i) 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 no re-appropriation may be made from Development to Current Expenditure and vice-versa.

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 National Institute of Psychology (NIP), Islamabad incurred an expenditure of Rs. 3.851 million under project "Development and Expansion of the National Institute of Psychology" during 2011-13. Details are as under:

(Rupees)

S. No.	Cheque	Date	Accounts	Description	Amount
1.	668656	15.05.12	702566-9, NBP, FO Branch, Islamabad	IESCO, D. Note for Transformer	155,032
2.	668657	18.10.12		19th Running Bill of M/s Langrial Pak International, Islamabad	445,391
3.	668658	05.11.12		10 % Security on 19th Running Bill	97,784
4.	105427	18.10.12	700852-6, NBP, FO Branch, Islamabad	19th Running Bill of M/s Langrial Pak International, Islamabad	370,000
5.	105426	15.05.12		IESCO, D. Note for Transformer	905,138
6.	105420	16.01.12		18th Running Bill of M/s Langrial Pak International, Islamabad	1,577,222
7.	105421	17.01.12		10 % Security on 18th Running Bill	187,765
8.	105422	17.01.12		Income Tax on 18th Running Bill	112,658
				Total	**3,850,990**

Audit observed that development expenditure was incurred from the recurring grant of the NIP.

Audit further observed Income Tax amounting to Rs. 58,670 was withheld under 19th Running Bill of the contractor but the same was not deposited into government treasury.

Audit is of the view that incurrence of development expenditure from the recurring budget was irregular and unauthorized. Further, non-deposit of Income Tax into government treasury deprived the government from its due receipts.

The management replied that the funds released by HEC for the project were utilized for payment to the contractor up to the 17th Running Bill. The cost of civil works and labor had increased resulting in stoppage of construction. The Institute had to complete the construction of the building, otherwise, all the funds would have been wasted. Moreover, completion of the building was also necessary to start teaching, educational and research programs. The expenditure was made in the interest of the Institute to enhance the capability/facilities for promoting high level teaching and research activities. Income Tax amounting to Rs. 58,670 would be paid in due course of time.

The reply indicates that the management has accepted the audit observation.

The PAO was informed on 25.11.2013, but DAC was not held till the finalization of the report.

Audit recommends that irregularity may be got regularized from Finance Division besides fixing the responsibility and depositing Income Tax deducted into the government treasury.

16.4.40 Irregular and unauthorized expenditure on civil works - Rs. 3.693 million

Quaid-i-Azam University, Islamabad Notification No. (R)M/2009-271 dated 27.10.2009 states that the recommendation for civil work up to 3.5 million will be made by the Director Works and will be approved by the Vice Chancellor while the works more than Rs. 3.5 million will be recommended by the Building

Committee for approval. In both cases the sealed tenders will be opened by the Tender Committee.

The management of Quaid-i-Azam University (QAU), Islamabad incurred an expenditure of Rs. 3.693 million on construction of Secrecy Branch for Controller of Examination.

Audit observed as under:

i. According to the bid documents, the lowest bid amounting to Rs. 3.748 million was quoted by M/s Niaz Enterprises, Islamabad.
ii. In the comparative statement, M/s Niaz Enterprises, Islamabad was allowed rebate @ 6.7% of the bid value, thus decreasing the contract value to Rs. 3.496 million in order to avoid the approval of the Building Committee.
iii. The advertisement was made for estimated cost of Rs. 3.87 million on the basis of MES Schedule Rates-2009.
iv. As per Works Summery, the Work was completed at a cost of Rs. 3.693 million.

Audit is of the view that undue favour was extended in the award of contact to avoid approval of the Building Committee which was irregular and unauthorized.

The management replied that the lowest bid for the work was received was Rs. 3.496 million which did not qualify for consideration of the Building Committee. Therefore, the case was approved through normal channel. The work was completed on war footing to meet the deadlines and no additional work was carried out in the new building.

The reply was not accepted because the bid documents reflect that M/s Niaz Enterprises, Islamabad quoted a bid of Rs. 3.748 million and undue favour was extended in the award of contact to avoid approval from the Building Committee.

The PAO was informed on 25.11.2013, but DAC was not held till the finalization of the report.

Audit recommends that inquiry be held and responsibility be fixed for the irregularity.

16.4.41 Irregular re-employment of officers on contract basis after superannuation

Para 4 of Establishment Division D.O. No. 7/3/89-OMG-II dated 28.01.1989 states that reemployment beyond the age of superannuation in all cases requires the approval of the Prime Minister.

The management of Quaid-i-Azam University (QAU), Islamabad appointed the following teaching and non-teaching staff during 2012-13:

S. No.	Name of Appointee	Designation	Department
1.	Dr. Abdul Hameed	Professor	Microbiology
2.	Dr. Hafeez-ur-Rahman	Professor	Anthropology
3.	Dr. Mahmood-ul-Hassan Butt	Assistant Professor	School of Political and International Relations
4.	Dr. Rahat H. Bokhari	Director (QEC)	Quality Enhancement Cell
5.	Mr. Muhammad Rafique	Director Sports	Sports Directorate

Audit observed that the reappointments after superannuation were made without the approval of the Prime Minister.

Audit is of the view that the reappointments were irregular and authorized.

The management replied that the teachers at serial No. 1 to 3 were engaged in pursuance of Syndicate's Resolution dated 26.08.2006. Whereas, the officer at serial No.4 was hired for one year to establish the Quality Enhancement Cell as his replacement was not available. Similarly, the officer at serial No.5 was engaged to oversee the ensuing Universities Tournaments for six month as he was to train the newly hired Deputy Director. He was one of the Pakistan's top Sports Organizers.

The reply indicates that the management has accepted the audit observation. Further, the appointments were made without the approval of the Prime Minister.

The PAO was informed on 25.11.2013, 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 posts may be filled by following the laid down procedure.

16.4.42 Non-formulation of Statutes, Regulations and Rules and unauthorized appointment of employees

Section 4(v) of Karakoram International University Order, 2008 states that the University shall have the powers to prescribe the terms and conditions of employment of the officers, teachers and other employees of the University and to lay down terms and conditions that may be different from those applicable to government servants in general.

In terms of Section 25(1) of the Karakoram International University Order, 2008 the Statutes of the University were required to be published in the official gazette.

Section 26(1) of the Karakoram International University Order, 2008 states that subject to the provisions of this Order and the Statutes, the Academic Council may make Regulations to be published in the official gazette.

Section 28(1) of the Karakoram International University Order, 2008 states that the Authorities and other bodies of the University may make Rules, to be published in the official gazette, consistent with this Order, Statutes or the Regulations, to regulate any matter relating to the affairs of the University which has not been provided for by this Order or that is not required to be regulated by Statutes or Regulations, including Rules to regulate the conduct of business and time and place of meetings and related matters.

The Karakoram International University, Gilgit was established in 2002 and was required to formulate its Statutes, Regulations and Rules under Karakoram International University Order, 2008.

Audit observed as under:

i. The University did not frame and got approved the Statutes, Regulations and Rules since its establishment vide Presidential Order, 2002.

ii. Recruitment Rules were not approved by the competent authority and qualification/age limit for the posts was not settled.

Audit is of the view that non-formulation of Statutes, Regulations and Rules and in the absence thereof the appointments made in the University on regular and contracts basis were irregular and unauthorized.

The management replied that the University was established in 2002 and formulation of its own rules and regulations was under process. Meanwhile, for smooth functioning of office, the statutes of Quaid-e-Azam University were adopted with the approval of statutory body, i.e. the University Syndicate. All appointments against management posts were made as per adopted statutes and appointments against faculty positions were made as per criteria devised by HEC for all universities. However, the University Service Statutes were prepared and presented in the 5th meeting of the University Senate held on 01.06.2013 which have been approved and notified. In future, University's own statutes shall be followed.

The reply was not accepted because the management did not respond to the observation regarding framing of other Statutes, Regulations and Rules. Further, notification of University Service Statutes in the official gazette as claimed by the management has not been provided to Audit.

The PAO was informed on 11.12.2013, but DAC was not held till the finalization of the report.

Audit recommends that all Statutes, Regulations and Rules embodying financial, academic and administrative matters should be finalized immediately besides regularization of already committed acts.

16.4.43 Unauthorized regularization of 61 contract employees

Establishment Division Notification No. 773(I)/2003 dated 28.07.2003 states that initial appointment to the All-Pakistan Services, the Civil Services of the Federation and posts in connection with the affairs of the Federation in basic pay scales 16 & above or equivalent, except those which under the Federal Public Service Commission (Functions) Rules, 1978, do not fall within the purview of the

Commission, shall be made on the basis of tests and examinations to be conducted by the commission.

Establishment Division Notification No. 773(I)/2003 dated 28.07.2003 states that initial appointments to posts in basic pay scales 1 to 15 and equivalent, shall be made on the recommendations of the Departmental Selection Committee after the vacancies have been advertised in newspapers.

Establishment Division Notification No. 970(I)/98 dated 09.09.1998 states that a candidate for initial appointment to a post must possess the educational qualifications and experience and, except as provided in the rules framed for the purpose of relaxation of age limit, must be within the age limit as laid down for the post.

The management of Karakoram International University, Gilgit regularized services of 61 contract employees during 2008-12. Details are as under:

S. No.	Notification No.	With effect from	BPS	No. of Employees
1.	KIU-Adm-1(8)/2004/15499	01.06.2008	2 to 16	53
2.	KIU-Adm-1(1)/2011/19817	01.11.2011	2 to 5	08
			Total	**61**

Audit observed as under:

i. The initial recruitments on contract basis were made without fulfilling the codal formalities.

ii. The services of contract employees were regularized by the Vice Chancellor.

iii. The posts were filled without any approved Recruitment Rules.

Audit is of the view that in the absence of Statutes, Regulations and Rules, the appointments on contract basis and subsequent regularization thereof by the Vice Chancellor was unauthorized.

The management replied that the employees were appointed through Departmental Selection Committee and they had served more than three years. Moreover, positions were also available in the approved PC-I. Services of the employees had been regularized with detailed terms & conditions approved by the competent authority (the Vice Chancellor) and notified vide No. KIU-Admn-1(8)/2004/15499 dated 20.08.2004.

Reply was not accepted because initial appointments were not made by fulfilling the codal formalities and Vice Chancellor was not competent to regularize the services of contract employees.

The PAO was informed on 11.12.2013, but DAC was not held till the finalization of the report.

Audit recommends that appointment and regularization of contract employees may be reconsidered in the light of notified service statues.

16.4.44 Unauthorized payment of additional remuneration - Rs. 9.500 million

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

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 Karakorum International University, Gilgit paid Rs. 9.500 million as remuneration out of project 'Social, Economic and Environmental Development' from 01.04.2010 to 31.05.2013. Details are as under:

(Rupees)

S. No.	Name	Designation	Rate	Amount
1.	Prof. Dr. Najma Najam	Vice Chancellor	75,000	2,850,000
2.	Dr. Ehsanullah Mir	Registrar	60,000	2,280,000
3.	Wajid Hussain	Director Finance	55,000	2,090,000
4.	Dr. Abdul Rehman	Tech. Coordinator	45,000	1,710,000
5.	Muhammad Askari	Resident Auditor	15,000	570,000
			Total	**9,500,000**

Audit observed that the officers were paid additional remuneration for their routine duties.

Audit is of the view that payment of additional remuneration was irregular and unauthorized.

The management replied that faculty and staff were involved to carry out the activities of a project. The faculty and staff had given extra time for the implementation of the project activities who were involved in the implementation of the activities met on every Saturday to discuss the progress of the activities and preparation of future plans. Keeping in view the extra time given by the faculty and staff, the University Syndicate approved some remuneration according the grade of the employees with the condition that 70% of the remuneration would go the employee and 30% would be deposited into the University income.

Reply was not accepted because additional remuneration was paid in the absence of Service and Financial Statutes of the University.

The PAO was informed on 11.12.2013, but DAC was not held till the finalization of the report.

Audit recommends that irregular practice be stopped forthwith besides recovery of amount already paid.

CHAPTER 17

17. INDUSTRIES AND PRODUCTION DIVISION

17.1 Introduction of Division

Following departments/offices and functions were assigned to Industries and Production Division vide SRO No. 724(I)/2011(F. No. 4-9/2011-Min-I) dated 28.07.2011 and SRO No. 622(I)/2013(F. No. 4-8/2013-Min-I) dated 28.06.2013:

i. National industrial planning and coordination.

ii. Industrial policy.

iii. Employment of foreign personnel in commercial and industrial enterprises.

iv. Federal agencies and institutions for:

   a. promoting industrial productivity;

   b. promoting of special studies in the industrial fields;

   c. testing industrial products.

v. 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.

vi. Administration of the Essential Commodities, price control, profiteering and hoarding laws, including distribution controls.

vii. Import and distribution of white oil.

viii. Explosive (excluding the administration of Explosive Substances Act, 1908) and safety measures under the Petroleum Act, 1934 and Rules made thereunder.

ix. Prescription and review of criteria for assessment of spare parts and raw materials for industries.

x. Administration on law on boilers.

xi. Administrative, financial, operational, personnel and commercial matters of Pakistan Garments Corporation.

xii. Ghee Corporation of Pakistan Limited, and Pakistan Edible Oils Corporation Limited.

xiii. National Fertilizer Corporation, Lahore.

xiv. Development of Industries (Federal Control) (Repeal) Ordinance, 1979.

xv. Economic Reforms (Protection of Industries) Regulation, 1972.

xvi. All matters relating to state industrial enterprises, especially in basic and heavy industries, namely:

  a. State Engineering Corporation, Karachi.

  b. State Cement Corporation, Lahore.

  c. Pakistan Automobile Corporation, Karachi.

  d. State Petroleum Refining and Petrochemical Corporation, Karachi.

  e. Federal Chemical and Ceramics Corporation, Karachi.

  f. Pakistan Steel Mills Corporation, Karachi.

  g. Pakistan Industrial Development Corporation;

xvii. 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 2012-13 was Rs. 19,238.978 million including Supplementary Grant of Rs. 300.095 million out of which the Division utilized Rs. 14,826.458 million. Grant-wise detail of current and development expenditure is as under:

(Rupees)

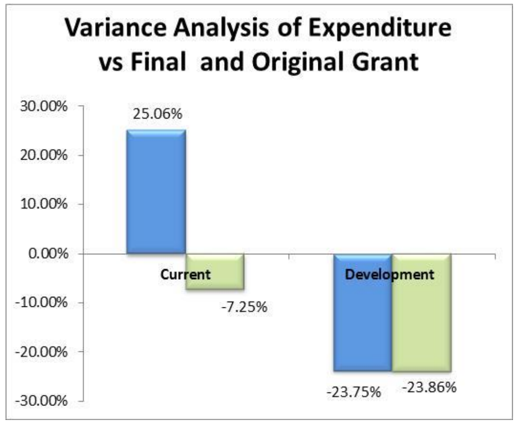
Grant No	Grant Type	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Final Grant/ Appropriation	Actual Expenditure	Excess/ (Savings)	% age Excess/ (Saving)
51	Current	164,599,000	60,902,000	225,501,000	199,692,284	(25,808,716)	**(11)**
52	Current	13,208,000	1,000	13,209,000	5,252,128	(7,956,872)	**(60)**
53	Current	541,973,000	72,006,000	613,979,000	590,044,852	(23,934,148)	**(4)**
91	Current	71,868,000	142,787,000	214,655,000	195,024,437	(19,630,563)	**(9)**
	Subtotal	**791,648,000**	**275,696,000**	**1,067,344,000**	**990,013,701**	**(77,330,299)**	**(7)**
147	Development	17,535,235,000	24,396,000	17,559,631,000	13,488,439,858	(4,071,191,142)	**(23)**
150	Development	612,000,000	3,000	612,003,000	348,004,027	(263,998,973)	**(43)**
	Subtotal	**18,147,235,000**	**24,399,000**	**18,171,634,000**	**13,836,443,885**	**(4,335,190,115)**	**(24)**
	Total	**18,938,883,000**	**300,095,000**	**19,238,978,000**	**14,826,457,586**	**(4,412,520,414)**	**(23)**

Audit noted that there was an overall saving of Rs. 4,412.520 million that was mainly due to saving of Rs. 4,335.190 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. 300.095 million were obtained, which was 1.58% 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 25.06%, which, after accounting for Supplementary Grants changed to saving of 7.25%. In development expenditure, saving against original budget was 23.75% which changed to 23.86% when Supplementary Grants were taken into account.



17.3 Brief comments on the status of compliance with PAC Directives

Name	Years	No. of audit paras	No. of Actionable Points	Full Compliance	Not Complied	% of Compliance
Industries	1987-88	2	2	0	2	0%
	1988-89	1	1	0	1	0%
	1989-90	8	8	2	6	25%
	1990-91	4	4	0	4	0%
	1991-92	4	4	4	0	100%
	1992-93	2	2	0	2	0%
	1993-94	20	20	11	9	55%
	1994-95	4	4	1	3	25%
	1995-96	2	2	0	2	0%
	1996-97	1	1	0	1	0%
	1999-00	14	14	4	10	29%
	2000-01	4	4	3	1	75%
	2001-02	5	5	3	2	60%
	2006-07	1	1	0	1	0%
Total		**72**	**72**	**28**	**44**	39%

17.4 AUDIT PARAS

Irregularity & Non Compliance

17.4.1 Irregular procurement of bus - Rs. 7.400 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.

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.

Para 2(b) of Cabinet Division letter No. 6-7(1)/02-M-II dated 22.07.2005 states that the new vehicles can be purchased with the approval of Committee constituted in the Finance Division under the Chairmanship of Additional Secretary (Expenditure).

Prime Minister Directive No. 0208 vide para 1 of Prime Minister's Secretariat (Public) letter No. JS(SP)/Misc/NA-178/SP-II/10 dated 04.09.2012 approved Rs. 6.500 million Grant-in-Aid for provision of bus to Shaheed Benazir Bhutto Welfare Organization, District Muzaffargarh for launching free bus service in the area of District Muzaffargarh.

Para 2 of Prime Minister's Secretariat (Public) letter No. JS(SP)/Misc/NA-178/SP-II/10 dated 04.09.2012 states that Cabinet Division should release Rs. 6.500 million during the current financial year from Peoples Works Program (PWP)-II of PSDP 2012-13 to Ministry of Industries for purchase of Hino Bus and handover the same to Shaheed Benazir Bhutto Welfare Organization (NGO), District Muzaffargarh at the earliest.

Para 3 of Prime Minister's Secretariat (Public) letter No. JS(SP)/Misc/NA-178/SP-II/10 dated 04.09.2012 states that Ministry of Industries should intimate the proposed action plan/implementation schedule of the subject directive within the allocated amount after completion of all codal formalities to this Secretariat at the earliest.

Prime Minister's Directive No. 0543 vide para 2 of Prime Minister's Secretariat (Public) letter No. JS(SP)/Misc/NA-178/SP-II/10 dated 15.10.2012 approved additional amount of Rs. 0.900 million.

The Ministry of Industries paid an amount of Rs. 7.400 million for purchase of one Hino bus during 2012-13. Details are as under:

(Rs. in million)

S. No.	Supplier	Particulars	Bill No. & Date	Cheque No.	Date	Amount
1.	M/s Hino Pak Motors Ltd.	Hino Citiliner Exclusive Delux Bus 64 seater	24249 dated 16.11.2012	4187899	22.01.2013	7.400

Audit observed as under:

i. The Ministry did not obtain approval from Finance Division for relaxation of ban for purchase of the bus.

ii. The bus was purchased without the approval of the Committee constituted in the Finance Division under the Chairmanship of Additional Secretary (Expenditure).

iii. Purchase of transport for NGO was not a function of the Ministry of Industries.

iv. The bus was handed over to Mr. Abdul Majeed Khan Kakar instead of Shaheed Benazir Bhutto Welfare Organization, in violation of Prime Minister’s Directive No. 0208 vide para 2 of Prime Minister’s Secretariat (Public) letter No. JS(SP)/Misc/NA-178/SP-II/10 dated 04.09.2012.

v. The identity of the person who received the bus from M/s Hino Pak Motors Ltd. could not be verified, as there was nothing on record to prove his identity.

vi. The bus had not been registered in the name of Shaheed Benazir Bhutto Welfare Organization (NGO) as the original documents of the bus, i.e. sales invoice, sales certificate and body certificate were still in the possession of the Ministry.

Audit is of the view that the purchase and handing over of bus without laid down criteria was irregular and unauthorized.

The management replied that the bus was purchased by the Ministry on the directives of the Prime Minister for Shaheed Mohtarma Benazir Bhutto Welfare Organization, Muzaffargarh. The bus was handed over to the MNA of the area who was approached for handing over the original documents, but in vain. The Finance

Division was also approached twice regarding the purchase, once through Prime Minister's directive and then for Technical Supplementary Grant but no observation was raised on both occasions.

The reply indicates that the management has accepted that the bus was purchased during the period of ban without the approval of the Finance Division.

The PAO was informed on 06.11.2013, but DAC was not held till the finalization of the report.

Audit recommends that responsibility may be fixed for the irregularity.

17.4.2 Irregular procurement of vehicles for Gujar Khan community - Rs. 40.791 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.

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.

Para 2(b) of Cabinet Division letter No. 6-7(1)/02-M-II dated 22.07.2005 states that the new vehicles can be purchased with the approval of Committee constituted in the Finance Division under the Chairmanship of Additional Secretary (Expenditure).

Para 1 of Prime Minister's Secretariat U.O. No. 4303/M/PSPM/12 dated 10.10.2012 states that the Prime Minister has been pleased to direct the purchase and distribution of vehicles as follows:

i. Two Isuzu buses and two Suzuki Carry vehicles for Sarwar Shaheed Boys College, Gujar Khan.

ii. Two Toyota Hiace and two Suzuki Carry vehicles for Girls College, Gujar Khan.

iii. Two Toyota Hiace and two Suzuki Carry vehicles for Daultala Boys School, Gujar Khan.

iv. One Toyota Hiace for District Bar Association, Gujar Khan.

v. Two Toyota Hiace vehicles converted into ambulances for carrying patients. The ambulances would be for Madrassa of Darbar Bhangali Sharif, Tehsil Gujar Khan.

Para 2 of Prime Minister's Secretariat letter No. 4303/M/PSPM/12 dated 10.10.2012 states that the Finance Division is directed to release an amount of Rs. 42.000 million to Ministry of Industries for purchase and distribution of vehicles.

The Ministry of Industries paid an amount of Rs. 40.791 million for purchase of vehicles during 2012-13. Details are as under:

(Rupees)

S. No.	Supplier	Particulars	Bill No. & Date	Cheque No.	Date	Amount
1.	Pak Suzuki Motors	6 Suzuki Bolan VX (Euro 2)	Pre-Receipted Bill No. PID/12/01 dated 15.10.2013	3934323	17.10.2012	3,924,000
2.	M/s Suzuki Federal Motors	Transportation charges of 6 Suzuki Bolan VX (Euro 2)	Pre-Receipted Bill No. PID/12/01 dated 15.10.2012	3934301	17.10.2012	108,000
3.	M/s Indus Motor Company	7 Toyota Hiace Standard Roof, 2986cc (15 seater)	Pre-Receipted Bill dated 13.10.2012	3934324	17.10.2012	26,428,500
4.	M/s Toyota Capital Motors	Conversion charges of two Toyota Hiace into Ambulance	Pre-Receipted Bill dated 13.10.2012	3934322	17.10.2012	1,040,000
5.	Isuzu Punjab Motors	2 Isuzu Mini Buses 31 seater, 4334cc	Pre-Receipted Bill dated 15.10.2012	3934321	17.10.2012	9,290,000
					Total	**40,790,500**

Audit observed as under:

i. The Ministry treated Prime Minister's Secretariat U.O. No. 4303/M/PSPM/12 dated 10.10.2012 as a Prime Minister's Directive, although there was no Directive No. allocated to the U.O. and no compliance was desired by the Prime Minister's Secretariat.

ii. The Ministry did not obtain approval from Finance Division for relaxation of ban for purchase of the vehicles.

iii. The vehicles were purchased without the approval of Committee constituted in the Finance Division under the Chairmanship of Additional Secretary (Expenditure).

iv. Purchase of transport and its distribution to schools, colleges, District Bar Association and Madrassas was not a function of the Ministry of Industries.

v. The original documents of one Toyota Hiace purchased for District Bar Association, Gujar Khan, i.e. sales invoice, sales certificate and warranty book were still in the possession of the Ministry.

vi. An amount of Rs. 501,800 (after deduction of 3.5% Withholding Tax, i.e. Rs. 18,200 on Rs. 520,000) was refunded by M/s Toyota Capital Motors to the Ministry for onward delivery to Madrassa of Darbar Bhangali Sharif as one Hiace could not be converted into an ambulance. The Madrassa had requested that the amount be allowed for registration, token tax and purchase of CNG kit for both the vehicles. However, no adjustment account was submitted to the Ministry by the Madrassa.

vii. The Withholding Tax amounting to Rs. 18,200 deducted by M/s Toyota Capital Motors on refund of conversion cost was not justified which may be recovered.

Audit is of the view that the purchase and handing over of vehicles without laid down criteria was irregular and unauthorized.

The management replied the vehicles were purchased on the directives of the Prime Minister for various institutions of Gujar Khan (Schools, Colleges, Bar Association and Madarassa). Finance Division was twice approached regarding the purchase, once through Prime Minister’s directive and then for Technical Supplementary Grant but no observation was raised on both occasions. The Hiace was handed over to the Bar Association, Gujar Khan, who was asked to furnish the Licence of Bar Association and CNIC for verification purposes which he did not provide.

The reply indicates that the management has accepted that the vehicles were purchased during the period of ban without the approval of the Finance Division, and the original documents were still in the possession of the Ministry.

The PAO was informed on 06.11.2013, but DAC was not held till the finalization of the report.

Audit recommends that responsibility may be fixed for the irregularity.

17.4.3 Irregular procurement of vehicles for Press Clubs and Madrassa Faiz ul Islam, Mandra - Rs. 11.596 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.

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.

Para 2(b) of Cabinet Division letter No. 6-7(1)/02-M-II dated 22.07.2005 states that the new vehicles can be purchased with the approval of Committee constituted in the Finance Division under the Chairmanship of Additional Secretary (Expenditure).

Para 1 of Prime Minister's Secretariat O.U. No. 158/PSPM/2013 dated 14.01.2013 states that the Prime Minister has been pleased to direct that vehicles be procured and provided to the institutions/bodies as follows:

i) Five Suzuki Bolan (Carry vans), one each to Press Club Mandra, Sukho, Daultala, Gujar Khan and Bewal at an estimated total cost of Rs. 3,350,000 (Rs. 670,000 x 5).

ii) One Toyota Hiace, Dual Air Conditioner, 15 Seater for Madrassa Faiz ul Islam, Mandra at an estimated cost of Rs. 3,825,000.

iii) One Toyota Hiace, Dual Air Conditioner, converted into an ambulance for Madrassa Faiz ul Islam, Mandra at an estimated cost of Rs. 4,325,000.

Para 2 of Prime Minister's Secretariat O.U. No. 158/PSPM/2013 dated 14.01.2013 states that the Prime Minister has been pleased to direct that Finance Division provide a sum of Rs. 11.500 million to Ministry of Industries for purchase and distribution of the vehicles.

Para 1 of Prime Minister's Secretariat O.U. No. 58/DS(E-II)13 dated 15.02.2013 states that in continuation of Prime Minister's Secretariat O.U. No. 158/PSPM/2013 dated 14.01.2013 the Prime Minister has been pleased to approve an additional amount of Rs. 95,000 as cost difference due to price escalation for purchase of 5 Suzuki Carry vehicles for Press Clubs Mandra, Sukho, Daultala, Gujar Khan and Bewal.

The Ministry of Industries paid an amount of Rs. 11.596 million for purchase of vehicles during 2012-13. Details are as under:

(Rupees)

S. No.	Supplier	Particulars	Pre-receipted Bill Date	Cheque No.	Date	Amount
1.	M/s Indus Motor Company	2 Toyota Hiace Standard Roof, 2986cc (15 seater)	06.03.2013	4260844	09.04.2013	7,651,000
2.	M/s Toyota Capital Motors	Conversion charges of one Toyota Hiace into Ambulance	06.03.2013	4265960	26.04.2013	500,000
3.	Pak Suzuki Motors	5 Suzuki Bolan VX (Euro 2)	05.03.2013	4432538	23.06.2013	3,370,000
4.	M/s Suzuki Azim Motors	Transportation charges of 5 Suzuki Bolan VX (Euro 2)	05.03.2013	4285451	13.06.2013	75,000
					Total	**11,596,000**

Audit observed as under:

i. The Ministry treated Prime Minister's Secretariat O.U. No. 158/PSPM/2013 dated 14.01.2013 as a Prime Minister's Directive, although there was no Directive No. allocated to the U.O. and no compliance was desired by the Prime Minister's Secretariat.

ii. The Ministry did not obtain approval from Finance Division for relaxation of ban for purchase of the vehicles.

iii. The vehicles were purchased without the approval of the Committee constituted in the Finance Division under the Chairmanship of Additional Secretary (Expenditure).

iv. Purchase of transport and its distribution to Press Clubs and Madrassas was not a function of the Ministry of Industries.

Audit is of the view that the purchase and handing over of vehicles without laid down criteria was irregular and unauthorized.

The management replied the vehicles were purchased on the directives of the Prime Minister for various institutions/bodies of Gujar Khan. The Finance Division was twice approached regarding the purchase, once through Prime Minister's directive and then for Technical Supplementary Grant but no observation was raised on both occasions. The vehicles were not handed over to the institutions of Gujar Khan and the matter was under reconsideration of the Ministry/Prime Minister's Secretariat for reversal of procurement or reallocation.

The reply indicates that the management has accepted the audit observation.

The PAO was informed on 06.11.2013, but DAC was not held till the finalization of the report.

Audit recommends that responsibility may be fixed for the irregularity.

*17.4.4 Non determination of status of Pakistan Industrial Technical Assistance Centre in conformity with judgment of Supreme Court of Pakistan**

Supreme Court of Pakistan judgment in Appeal No. PLD 1990 SC 612 conveyed by the Ministry of Education through letter No. F.4-1/2004-FA dated 30.03.2004 states that the organizations established through Resolutions are deemed to be sub-ordinate offices defined in Rule 2(i)(xx) of the Rules of Business, unless their status is changed through legislation to make them an autonomous body corporate. It may also be clarified that an organization need not necessarily be notified as an Attached Department for the purpose of being treated as a Government Department. The Departments of Government that are not notified as an Attached Department, fall in the category of Subordinate Office as defined in Rule 2(i)(xx) of the Rules of Business.

Pakistan Industrial Technical Assistance Centre (PITAC), Lahore was established vide Government of Pakistan Resolution dated 26.05.1962 (Published in Gazette of Pakistan Extraordinary dated 26.05.1962).

Audit observed as under:

i. Legislation had not been made to change the status of the entity into an autonomous body corporate.
ii. An expenditure of Rs. 668.955 million was incurred during 2008-13.

Audit is of the view that:

i. The decisions and actions of PITAC beyond the legally conferred powers of a subordinate office are without legal authority until enactment of the proposed law.
ii. The accounts should be maintained strictly according to the provisions of Federal Treasury Rules and General Financial Rules.
iii. The expenditure of Rs. 668.955 million during 2008-13 without proper legislation was irregular and unauthorized.
iv. Till legislation is enacted, the business of PITAC should be conducted similar to that of a subordinate office of the Ministry of Industries and Production.

The management replied that PITAC had not received instructions from its administrative Ministry for implementation of New Accounting Model (NAM) in the light of Supreme Court judgment.

The reply was not accepted because the organization did not conform with the judgment of the Supreme Court of Pakistan.

The PAO was informed on 06.11.2013, but DAC was not held till the finalization of the report.

Audit recommends that the organization should make efforts through the controlling Ministry to conform with the judgment of the Supreme Court of Pakistan.

*** Note:** This para was issued in the Audit and Inspection Report and Draft Audit Report under the title "Irregular expenditure without observing the judgment of Supreme Court - Rs. 668.955 million".

17.4.5 Theft of vehicle No. GK-184

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.

Vehicle No. GK-184 (Suzuki Mehran, Model 2007) of defunct Ministry of Production was stolen on 19.03.2012.

Audit observed as under:

i. The vehicle was stolen from outside the house of Deputy Secretary Production, where the Section Officer (General) had gone to drop him.

ii. An FIR was lodged in Police Station Sabzi Mandi, Islamabad.

iii. The Ministry did not conduct an inquiry to ascertain the facts and fix responsibility.

Audit is of the view that no responsibility was fixed for the loss.

The management replied that FIR was lodged with Police Station, Sabzi Mandi, Islamabad. An Inquiry Committee was constituted to probe into the matter, findings of which would be provided to Audit.

The reply indicates that the management has accepted the audit observation.

The PAO was informed on 06.11.2013, but DAC was not held till the finalization of the report.

Audit recommends that matter may be investigated at appropriate level and responsibility be fixed for the loss.

CHAPTER 18

18. MINISTRY OF INFORMATION, BROADCASTING AND NATIONAL HERITAGE

18.1 Introduction of Ministry

The Ministry of Information, Broadcasting and National Heritage 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, Broadcasting and National Heritage 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, Broadcasting and National Heritage in the Rules of Business, 1973:

1. Policy relating to internal publicity on national matters including the administration of the provisions of the Post Office, Act, 1898 and Section 5(1)(b) of the Telegraph Act, 1885 in so far as they relate to the Press.
2. Broadcasting, including television.
3. Production of films on behalf of Government, its agencies, Government controlled Corporations, etc.
4. Press relations, including delegations of journalists and other information media.
5. Provision of facilities for the development of newspapers industry.
6. (i) Policy regarding government advertisement; control of advertisement and placement;

   (ii) Audit of circulation of newspapers.
7. Administration of the Newsprint Control Ordinance, 1971.
8. National Anthem

9. Liaison and coordination with agencies and media on matters concerning Government policies and activities.
10. Administration of the Information Group.
11. External Publicity.
12. Pakistan National Centers.
13. (i) Administration of:
    a. Pakistan Broadcasting Corporation Act, 1973;
    b. Associated Press of Pakistan (Taking Over) Ordinance, 1961;

    (ii) Matters relating to:
    a. Pakistan Television Corporation;
    b. Shalimar Recording Company.
14. Training facilities for Radio and Television personnel.
15. Special Selection Board for selection of Press Officers for posting in Pakistan Missions abroad.
16. Establishment of tourists centers abroad.
17. Administration of the Newspapers Employees (Conditions of Service) Act, 1973.
18. (i) National Institute of Folk and Traditional Heritage of Pakistan (Lok Virsa).

    (ii) Pakistan National Council of Arts.
19. Cultural pacts and protocols with other countries.
20. International agreements and assistance in the field of archaeology, national museums and historical monuments declared to be of national importance.
21. Federal Land Commission.
22. Quaid-e-Azam Papers Wing.
23. Pakistan Academy of Letters.

24. National Language Authority, Urdu Dictionary Board and Urdu Science Board.

25. National and other languages used for official purposes.

26. Quaid-e-Azam Academy.

27. Aiwan-i-Iqbal and Iqbal Academy Pakistan.

28. Quaid-e-Azam Mazar Management Board;

29. Quaid-e-Azam Memorial Fund.

18.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Ministry of Information and Broadcasting for the financial year 2012-13 was Rs. 6,230.874 million including Supplementary Grant of Rs. 621.351 million out of which the Division utilized Rs. 6,239.845 million. Grant-wise detail of current and development expenditure is as under:

(Rupees)

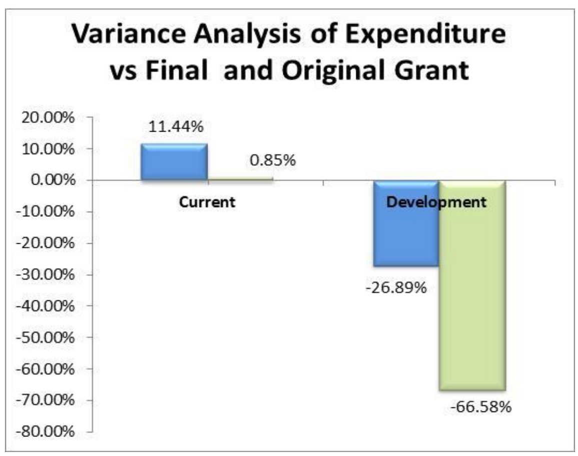
Grant No	Grant Type	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Final Grant/ Appropriation	Actual Expenditure	Excess/ (Savings)	% age Excess/ (Saving)
54	Current	401,238,000	136,904,000	538,142,000	517,744,788	(20,397,212)	(3.79)
55	Current	139,921,000	-	139,921,000	156,100,979	16,179,979	11.56
56	Current	341,582,000	114,051,000	455,633,000	468,685,534	13,052,534	2.86
57	Current	513,132,000	-	513,132,000	615,164,955	102,032,955	19.88
58	Current	4,183,650,000	334,769,000	4,518,419,000	4,460,215,417	(58,203,583)	(1.29)
	Subtotal	**5,579,523,000**	**585,724,000**	**6,165,247,000**	**6,217,911,673**	**52,664,673**	**0.85**
126	Development	30,000,000	35,627,000	65,627,000	21,933,662	(43,693,338)	(66.58)
	Subtotal	**30,000,000**	**35,627,000**	**65,627,000**	**21,933,662**	**(43,693,338)**	**(66.58)**
	Total	**5,609,523,000**	**621,351,000**	**6,230,874,000**	**6,239,845,335**	**8,971,335**	**0.14**

Audit noted that there was an overall excess expenditure of Rs. 8.971 million, which was due to excess expenditure of Rs. 52.665 million in current grants which was partly offset by saving of Rs. 43.693 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. 621.351 million were obtained, which was 11.08% 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 11.44%, which, after accounting for supplementary grant decreased to 0.85%. In development expenditure, savings against original budget were 26.89%, which, after accounting for supplementary grant increased to 66.58%.



18.3 Brief comments on the status of compliance with PAC Directives

Name	Years	No. of audit paras	No. of Actionable Points	Full Compliance	Not Complied	% of Compliance
Information, Broadcasting and National Heritage	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	4	4	3	1	75%
	1993-94	8	8	2	6	25%
	1994-95	2	2	1	1	50%

	1995-96	5	5	3	2	60%
	1997-98	32	32	15	17	47%
	1996-97	16	16	0	16	0%
	1999-00	41	41	16	25	39%
	2001-02	8	8	7	1	88%
	2005-06	15	15	6	9	40%
	2006-07	5	5	4	1	80%
	2007-08	7	7	1	6	14%
	2008-09	2	2	1	1	50%
Total		**153**	**153**	**65**	**88**	42%

18.4 AUDIT PARAS

Non Production of Record

18.4.1 Non production of record of Secret Service Expenditure - Rs. 101.420 million

The Honorable Supreme Court of Pakistan in its judgment dated 08.07.2013 declared and directed that:

a) sub-Rule (5) of Rule 37 of the General Financial Rules, whereby the actual accounts for secret service expenditure are taken beyond the jurisdiction of the Auditor General, is illegal, unconstitutional, and of no legal effect;

b) the Auditor General, in order for him to fulfil his duties under Articles 169 and 170 of the Constitution, is not only authorized but also obliged to seek access to any and all records actually maintained by all federal and provincial governments, as well as all entities established by or under the control of the federal and provincial government, regardless of the designation of such records as secret or otherwise;

c) an account subject to audit under Articles 169 and 170 shall be treated as "secret" only if so labelled in a federal or provincial statute and the constitutionality of such legislation will be subject to judicial review on the touchstone of Articles 19A, 169, 171 and other relevant provisions of the Constitution ; and

Para 4(iv) of Finance Division letter No. F.3(12)-212/75 dated 29.04.1976 states that the payments are properly authorized, made to proper persons (after due identification) and are duly acknowledged and also that Government has received value thereof. Further, the total expenditure has not exceeded the allotment sanctioned for the purpose. For verifying validity of each payment, supporting vouchers, counter foils of cheques, bank statement, invoices, etc. vis-à-vis the entries in the cash book, etc. may be examined. In these records, (a) the name of the party to whom the payment has been made, (b) the date of payment, (c) the nature of the Services/Supplies received, (d) the authorization for the payment by the competent authority (e) the allocation to which the particular payment has been charged and other particulars may be critically checked.

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 Information, Broadcasting and National Heritage, Islamabad incurred an expenditure of Rs. 101.420 million during 2012-13 under the object head ‘Secret Service Expenditure’. Details are as under:

(Rupees)

S. No.	Cost Centre	Amount
1.	ID1363-Institute of Regional Studies (SSE)	26,620,000
2.	ID1357-Special Publicity Fund	70,000,000
3.	ID1358-Secret Service Expenditure	4,800,000
	Total	**101,420,000**

Despite repeated requests following record was not produced by the Ministry:

i. Cash Book.

ii. Vouchers/bills/invoices.

iii. Sanction of expenditure.

iv. Counter foils of cheques.

v. Acknowledgements of amount received.

vi. Detail of bank accounts.

vii. Bank statements.

viii. Certificate of Administrative Audit conducted by the Controlling Officer.

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

The management replied that audit of Secret Service Expenditure of the Ministry had already been conducted up to March, 2013 and report had also been submitted to the Supreme Court of Pakistan. No funds were released after the audit due to which further audit of the same transactions was not required.

The reply was not accepted because audit was only carried out for List-A whereas record relating to remaining transactions was not provided.

The PAO was informed on 25.11.2013, 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 auditable record.

Irregularity & Non Compliance

18.4.2 Failure to maintain laid down procedure and internal control system

Para 1 of Finance Division letter No. F.3(12)-212/75 dated 29.04.1976 circulated instructions regarding Secret Service Expenditure which state that in Serial No. 37 of Appendix 8 of the General Financial Rules, Volume II, it has inter alia been laid down that the officer who is entrusted with the allotment of fund for

Secret Service Expenditure will be responsible to ensure that accounts are duly maintained and the payments are actually authorized for the purpose for which appropriation has been made. Further, it has been provided therein 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 in connection with the secret services and furnish a certificate annually to the Accountant General in this behalf in the prescribed form. The authorized officer and the Controlling (audit) Officer are, therefore, required to perform their functions independent of each other for the operation of the said fund.

Para 3 of Finance Division letter No. F.3(12)-212/75 dated 29.04.1976 circulated instructions regarding Secret Service Expenditure which state that it has been decided that while, in the case of Ministers, the officer authorized to incur expenditure from secret service fund and to conduct the audit may be the same, in the case of Secretaries authorized to incur such expenditure the duty of conducting the audit should be assigned to some other Secretary. In all other cases, the officers authorized to conduct the audit should be the next superior officers.

Para 4(ii) of Finance Division letter No. F.3(12)-212/75 dated 29.04.1976 regarding Secret Service Expenditure requires that the essential conditions governing the expenditure from Public Funds and standards of financial propriety as contained in Paras 9 and 10 of GFR Volume-I are duly observed. In this connection attention was also invited to Article 71 & 84 to 86 of Audit Code.

The management of the Ministry of Information and Broadcasting utilized Secret Service Fund (Special Publicity Fund and Institute of Regional Studies, Islamabad), List "A" of which was audited on the directions of the Supreme Court of Pakistan for the period 01.07.2011 to 09.04.2013.

Audit observed as under:

i. Secret Service Fund (Special Publicity Fund and Institute of Regional Studies Islamabad) was utilized without any policy, rules, criteria, procedures, etc.

ii. Administrative audit was not conducted in violation of Finance Division instructions contained in letter No. F.3(12)-212/75 dated 29.04.1976.

iii. Reconciliation with bank was not made.

iv. List of cheque books used was neither maintained nor provided.

v. Counterfoils of cheques books were neither maintained nor provided.

vi. The Ministry did not provide list of bank accounts. However, the record revealed the following bank accounts for Secret Service Funds were being maintained:

   a. Current Account No. 2025-8 at NBP, Super Market Branch, Islamabad.

   b. Current Account No. 1513-9 at NBP, Super Market Branch, Islamabad for Institute of Regional Studies, Islamabad.

   c. Foreign Currency Account No. 0454-0060013-6 at Habib Bank Limited, Secretariat Branch, Islamabad.

vii. Approval of Finance Division for maintaining of the bank accounts was not provided.

viii. Cash Book was maintained but entries recorded therein were not signed by the cheque signatory/Drawing and Disbursing Officer.

ix. Voucher numbers were not recorded in the Cash Book. Hence, tracking of the transactions was difficult.

Audit is of the view that the system of internal controls in the Ministry of Information and Broadcasting was weak and Secret Service Funds were utilized without any approved policy, rules, criteria, procedures, etc.

The management replied that the audit observation was not applicable to the extent of Secret Service Fund. The Secret Service Expenditure (SSE) was basically and specifically dealt under Item No. 37 of Appendix-8 to the GFR Volume-II, according to which bills would not be supported by vouchers. The accounts were maintained and payment made properly and the accounts could not be subject to scrutiny by the audit authority in the delegation of the Principal Accounting Officer empowered by the government. According to Schedule (ii) of Rules of Business, 1973 the functions of the Ministry of Information and Broadcasting included press relations including delegations of journalists and other information media, provision of facilities for the development of newspapers industry, liaison and coordination with agencies and media on matters concerning Government policies and activities. The Secret Service Expenditure is controlled by the Secretary/PAO of the Ministry being competent to make policy relating to the subject matter, funds were utilized according to the rules of the Federal Government, administrative audit was conducted, accounts were reconciled, list of cheques and counterfoils of cheques were not required to be retained, approval of Finance Division was not required for opening of accounts in NBP as required under Para 6 of the GFR, cash book was maintained.

The reply was not accepted. According to Para 4(iv) of Finance Division letter No. F.3(12)-212/75 dated 29.04.1976 regarding Secret Service Expenditure the payments should be made to the proper person, should be duly acknowledged and value thereof should be received by the Government. For verifying the validity of each payment supporting vouchers, counter folios of the cheques, bank statements, invoices, etc. are required to be maintained.

Para (iii) of the Finance Division letter dated 29.04.1976 has laid down essential conditions governing the expenditure from Public Funds and standards of financial propriety as contained in Paras 9 and 10 of GFR Volume-I should be observed. Para 6 of GFR relates to the deposit of money which is not Government dues for which permission of Finance Division is not required. In this case the funds were allocated by the government for which permission was required to open a bank account. Para 7 of the GFR Volume-I states that 'unless otherwise expressly authorized by any law or rule or order having the force of law, moneys may not be removed from the Public Account for investment or deposit elsewhere without the consent of the Ministry of Finance'.

The PAO was informed on 05.09.2013. The DAC scheduled on 16.09.2013 could not be held as representative of the Finance Division did not attend. The PAO was again requested on 04.11.2013 for holding DAC, which remained un-responded till the finalization of the report.

Audit recommends that the matter may be inquired for fixing responsibility besides taking corrective measures.

18.4.3 Unauthorized, irregular and unjustified payment to M/s Vision Network Television Ltd. (CNBC) - Rs. 35.000 million

Para 4(ii) of Finance Division letter No. F.3(12)-212/75 dated 29.04.1976 regarding Secret Service Expenditure requires that the essential conditions governing the expenditure from Public Funds and standards of financial propriety as contained in Paras 9 and 10 of GFR Volume-I are duly observed. In this connection attention was also invited to Article 71 & 84 to 86 of Audit Code.

Para 10(iv) of GFR Volume-I states that public money should not be utilized for the benefit of a particular person or section of the community.

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.

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 other in Urdu.

Chart of Accounts (CoA) issued by the Controller General of Accounts has provided Object Code A03907 for Advertising and Publicity.

A Summary addressed to the Principal Secretary to the Prime Minister was submitted through Secretary Finance Division by the Ministry of Information and Broadcasting vide No. 7(1)/2010-DGIP dated 30.01.2010 for Weekly Program "Pakistan This Week" on CNBC television network with an exclusive focus on Pakistan to highlight positive political, economic, financial, social and cultural developments in the country. For this purpose Supplementary Grant amounting to Rs. 70.000 million was requested. It was also mentioned in the Summary that contract would be made with CNBC.

The management of Ministry of Information and Broadcasting paid 2nd and final installment of Rs. 35.000 million vide cheque No. 0449383 dated 30.09.2011 to M/s Vision Network Television Ltd., 13th Floor, Techno City Corporate Tower, I.I. Chundrigar Road, Karachi for CNBC's Weekly Program "Pakistan This Week".

Audit observed as under:

i. The Ministry did not provide approval of the Prime Minister with reference to the Summary dated 30.01.2010.

ii. The Ministry of Information and Broadcasting did not enter into contract with M/s Vision Network Television Ltd as proposed in the Summary. Instead, MoU for Rs. 70.000 million was signed on 15.06.2010 with M/s Vision Network Television Ltd (CNBC). Before signing the MoU, M/s Vision Network Television Limited had already signed an Agreement on 10.01.2010 with M/s First FZ LLC, Ground Floor, Boutique Studio - 4, Dubai Studio City, Dubai (UAE) for UAE Dirhams 1.456 million (Rs. 38.012 million) for the cost incurred in Dubai.

iii. In the List "A" of Secret Service Expenditure, payment of 2nd and last installment of Rs. 35.000 million was made on 30.09.2011. The vouchers/invoices, deliverables, output reports, targets achieved in support of payment made were not provided to Audit.

iv. Work was not awarded through competitive bidding which was violation of Public Procurement Rules, 2004.

v. Concurrence of Ministry of Law and Justice for legal advice and Finance Division for financial advice was not obtained.

vi. Neither was Income Tax @ 6% amounting to Rs. 4.200 million deducted at source nor was Income Tax Exemption Certificate provided.

vii. The Secretary, Ministry of Information and Broadcasting issued letters to various Ministries that the program may be given adequate sponsorship, for which the representative of CNBC would contact them for further coordination.

Audit is of the view that the payment made in this regard was unauthorized, irregular and unjustified.

Audit is also of the view that payment from Secret Service Fund (Special Publicity Fund) was not justified as the transaction was not a secret activity by its nature. Rather, it was a routine activity for which funds could have been obtained under Object Code A03907- Advertising and Publicity.

The point-wise reply of the management is as under:

i. Approval of the Prime Minister was obtained.
ii. The Memorandum of Understanding was signed on 15.06.2010.
iii. CNBC telecast the program to the satisfaction of the Competent Authority and payment was made after receipt of transmission certificates.
iv. According to Rule 42(c) of the Public Procurement Rules, 2004 the work was assigned to the M/s Vision Network Television through direct contracting for which open tendering was not required under the rules. The Public Procurement Rules, 2004 were not followed in case of Secret Fund.
v. Concurrence of the Law Division was not required as no legal issues were involved in the MoU.
vi. M/s Vision Network Television Ltd was exempted from deduction of Income Tax due to which Income Tax was not deducted.
vii. The letters were issued to the various Ministries for sponsorship according to the signed MoU without any financial implications.

The reply of the management was not accepted. The Ministry did not enter into contract with the firm, but signed an MoU instead. The management did not provide vouchers/invoices, deliverables, output reports and targets achieved in support of payment. The management stated that CNBC was directly contracted under Rule 42(c) of Public Procurement Rules, 2004 while at the same time stating that the Public Procurement Rules, 2004 were not applicable to Secret Service Fund. Tax Exemption Certificate was not provided, hence, deduction of Income Tax amounting to Rs. 4.200 million @ 6% was required.

The PAO was informed on 05.09.2013. The DAC scheduled on 16.09.2013 could not be held as representative of the Finance Division did not attend. The PAO was again requested on 04.11.2013 for holding DAC, which remained un-responded till the finalization of the report.

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

18.4.4 Unauthorized and unjustified payment to M/s Midas (Private) Limited, Lahore - Rs. 37.000 million

Para 4(ii) of Finance Division letter No. F.3(12)-212/75 dated 29.04.1976 regarding Secret Service Expenditure requires that the essential conditions governing the expenditure from Public Funds and standards of financial propriety as contained in Paras 9 and 10 of GFR Volume-I are duly observed. In this connection attention was also invited to Article 71 & 84 to 86 of Audit Code.

Para 10(iv) of General Financial Rules Volume-I states that public money should not be utilized for the benefit of a particular person or section of the community.

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 other in Urdu.

Chart of Accounts (CoA) issued by the Controller General of Accounts provided Object Code A03907 for Advertising and Publicity.

The management of Ministry of Information and Broadcasting made partial payment of Rs. 37.000 million vide cheque No. 01223552 dated 01.02.2012 to M/s Midas (Private) Ltd. 159-B, New Muslim Town, Lahore against a total claim of Rs. 57.353 million for media campaign of Shaheed Benazir Bhutto song titled "Benazir Song" telecast from 26 to 28.12.2011.

Audit observed as under:

i. The Ministry requested M/s Midas (Private) Ltd., Lahore on 21.12.2011 to arrange media campaign titled “Benazir Song” in the national and regional TV channels on 27 & 28.12.2011.

ii. The Ministry did not enter into any contract with M/s Midas Private Ltd., Lahore.

iii. Seventeen invoices bearing Nos. IE/11/LHR/654 to 670 amounting to Rs. 57.352 million were raised against the client “Pakistan People’s Party” for “Benazir Song” against which partial payment of Rs. 37.000 million was made on 01.02.2012 to M/s Midas Private Ltd. Lahore although the invoices were not in the name of the Ministry.

iv. The work was not awarded through open competition which was violation of Public Procurement Rules, 2004.

v. The Ministry neither deducted Income Tax at source nor was certificate of Income Tax Exemption provided.

Audit is of the view that:

i. The payment made out of Secret Service Fund was unauthorized and unjustified as the invoices were not in the name of the Ministry. Rather those were raised against Pakistan People’s Party.

ii. Failure to deduct Income Tax at source deprived the government of its due receipt.

The management replied that the audit observation was not applicable to the extent of Secret Service Fund. The Secret Service Expenditure (SSE) was basically and specifically dealt under Item No. 37 of Appendix-8 to the GFR Volume-II, according to which bills would not be supported by vouchers. The accounts were maintained and payment made properly and the accounts could not be subject to scrutiny by the audit authority in the delegation of the Principal Accounting Officer empowered by the government. The Ministry issued release order to the firm to launch the media campaign to pay tribute to the national hero. The contract was not made as Public Procurement Rules, 2004 were not followed being Secret Service

Expenditure (SSE). The invoices were addressed to the competent authority, whereas the name of the client (PPP) was for internal consumption of the advertisement agency. The Income Tax will be deducted at the time of final payment.

The reply was not accepted. According to Para 4(iv) of Finance Division letter No. F.3(12)-212/75 dated 29.04.1976 regarding Secret Service Expenditure the payments should be made to the proper person, should be duly acknowledged and value thereof should be received by the Government. For verifying the validity of each payment supporting vouchers, counter folios of the cheques, bank statements, invoices, etc. are required to be maintained. The reply indicates that the management has accepted the audit observation that income tax was required to be deducted at source.

The PAO was informed on 05.09.2013. The DAC scheduled on 16.09.2013 could not be held as representative of the Finance Division did not attend. The PAO was again requested on 04.11.2013 for holding DAC, which remained un-responded till the finalization of the report.

Audit recommends that matter may be inquired for fixing responsibility, besides recovering the amount from concerned.

18.4.5 Unauthorized and unjustified payment to Institute of Regional Studies (IRS) Islamabad - Rs. 61.45 million

Para 4(ii) of Finance Division letter No. F.3(12)-212/75 dated 29.04.1976 regarding Secret Service Expenditure requires that the essential conditions governing the expenditure from Public Funds and standards of financial propriety as contained in Paras 9 and 10 of GFR Volume-I are duly observed. In this connection attention was also invited to Article 71 & 84 to 86 of Audit Code.

The management of Ministry of Information and Broadcasting paid Rs. 61.455 million from Object Code A03914-Secret Service Expenditure of ID No. 1363-Institute of Regional Studies during the period 01.07.2011 to 09.04.2013 to President, Institute of Regional Studies, House No. 12, Street 84, Ataturk Avenue, G-6/4, Islamabad.

The management obtained Technical Supplementary Grant of Rs. 5.950 million by surrendering the budget from ID No. 0989-Lump Provision for other Government Departments under Grant No. 34 on 05.06.2012 during Financial Year 2011-12. Another Technical Supplementary Grant of Rs. 7.000 million was obtained by surrendering the budget from ID No. 2622-Pay and Pension, etc. under Grant No. 35 on 31.12.2012 during Financial Year 2012-13.

Audit observed as under:

i. The Institute of Regional Studies (IRS), Islamabad was established in March, 1982 but orders of establishment of the Institute, decision of the Government for funding by the Ministry of Information and Broadcasting, administrative control of the Institute, etc., were not provided to Audit.

ii. The vouched accounts of the IRS were not provided to Audit for scrutiny, and the few available statements/letters relating to expenditure incurred indicated that the payments were made for salaries, office operating expenses, etc. which relate to routine expenditure of an office.

iii. The Technical Supplementary Grants were not justified as no secret activity was involved for which the funds were allocated and expended.

Audit is of the view that payment to the IRS from the Secret Service Funds (ID No. 1363-Institute of Regional Studies) was unauthorized and unjustified as payment of salaries was not of secret nature, but was a routine activity for which funds could have been obtained under relevant Object Codes.

The management replied that the audit observation was not applicable to the extent of Secret Service Fund. The Secret Service Expenditure (SSE) was basically and specifically dealt under Item No. 37 of Appendix-8 to the GFR Volume-II, according to which bills would not be supported by vouchers. The accounts were maintained and payment made properly and the accounts could not be subject to scrutiny by the audit authority in the delegation of the Principal Accounting Officer empowered by the government. The budget for the Institute was allocated and released by the Finance Division for disbursement of salaries and Operating Expenses.

The reply was not accepted. According to Para 4(iv) of Finance Division letter No. F.3(12)-212/75 dated 29.04.1976 regarding Secret Service Expenditure the payments should be made to the proper person, should be duly acknowledged and value thereof should be received by the Government. For verifying the validity of each payment supporting vouchers, counter folios of the cheques, bank statements, invoices, etc. are required to be maintained. The management neither provided orders of the Government regarding establishment of the Institute and payment of salaries and Operating Expenses from Secret Service Fund (SSF), nor paid vouchers and supporting documents.

The PAO was informed on 05.09.2013. The DAC scheduled on 16.09.2013 could not be held as representative of the Finance Division did not attend. The PAO was again requested on 04.11.2013 for holding DAC, which remained un-responded till the finalization of the report.

Audit recommends that the matter may be inquired besides taking corrective measures.

18.4.6 Unauthorized and unjustified withdrawal of cash for payments in the name of public relations activities - Rs. 4.620 million

Para 4(ii) of Finance Division letter No. F.3(12)-212/75 dated 29.04.1976 regarding Secret Service Expenditure requires that the essential conditions governing the expenditure from Public Funds and standards of financial propriety as contained in Paras 9 and 10 of GFR Volume-I are duly observed. In this connection attention was also invited to Article 71 & 84 to 86 of Audit Code.

Para 4(iv) of Finance Division letter No. F.3 (12)-212/75 dated 29.04.1976 regarding Secret Service Expenditure states that the payments should be properly authorized, made to proper persons (after due identification) and should be duly acknowledged and also that Government should receive value thereof. Further, the total expenditure should not exceed the allotment sanctioned for the purpose. For verifying validity of each payment, supporting vouchers, counter foils of cheques, bank statements, invoices, etc. vis-à-vis the entries in the cash book, etc. may be examined. In these records, (a) the name of the party to whom the payment has been made, (b) the date of payment, (c) the nature of the Services/Supplies received, (d) the authorization for the payment by the competent authority (e) the allocation to which the particular payment has been charged and other particulars may be critically checked.

Para 10(iv) of GFR Volume-I states that public money should not be utilized for the benefit of a particular person or section of the community unless the expenditure is in pursuance of a recognized policy or custom.

The management of the Ministry of Information and Broadcasting withdrew cash amounting to Rs. 4.683 million in the name of public relation activities. Details are as under:

(Rupees)

S. No.	Description	Cheque No	Date	Amount
1.	Cash drawn for public relation activities	1223534	18.01.2012	140,000
2.	Cash drawn for public relation activities	449371	14.09.2011	1,000,000
3.	Cash drawn for Minister's public relation activities. Cheque was in favour of Dr. Najeeb, Director Minister Office	449372	14.09.2011	320,000
4.	Cash drawn for Minister's public relation activities. Cheque was in favour of DG Minister office.	449376	22.09.2011	327,900
5.	Cash drawn for public relation activities of the Press Secretary to the Prime Minister.	1223521	29.12.2011	325,000
6.	Cash drawn for Minister's public relation activities. Cheque was in favour of PSO to Minister	1223523	29.12.2011	370,000
7.	Cash drawn for public relation activities	1223696	25.05.2012	500,000
8.	Cash drawn for public relation activities	1223685	10.05.2012	400,000
9.	Cash drawn for public relation activities	1223689	14.05.2012	100,000
10.	Cash drawn for public relation activities	1223647	02.05.2012	1,200,000
			Total	**4,682,900**

Audit observed as under:

i. There was no policy of the Federal Government for withdrawing and disbursing funds for unidentified public relation activities out of Secret Service Fund (Special Publicity Fund).

ii. Cash was withdrawn but proof of further disbursement, i.e. names of payees, acknowledgments, etc. was not provided.

iii. Specific details of activities/purposes for which payments were made were also not provided.

Audit is of the view that cash withdrawn for public relations activities out of Secret Service Fund (Special Publicity Fund) was unauthorized and unjustified. Disbursement of the cash could also not be verified. Audit apprehends that the possibility of misuse of funds cannot be ruled out.

The management replied that the audit observation was not applicable to the extent of Secret Service Fund. The Secret Service Expenditure (SSE) was basically and specifically dealt under Item No. 37 of Appendix-8 to the GFR Volume-II, according to which bills would not be supported by vouchers. The accounts were maintained and payment made properly and the accounts could not be subject to scrutiny by the audit authority in the delegation of the Principal Accounting Officer empowered by the government. According to Schedule (ii) of Rules of Business, 1973 the functions of the Ministry of Information and Broadcasting included press relations including delegations of journalists and other information media, provision of facilities for the development of newspapers industry, liaison and coordination with agencies and media on matters concerning Government policies and activities. The public relations activities were media related due to which payments were made out of Secret Service Expenditure (SSE). Audit should be conducted according to terms and conditions of the Secret Service Expenditure (SSE) given in General Financial Rules.

The reply was not accepted. The Rules of Business, 1973 did not include any function or indicate that the functions assigned to the Ministry of Information and Broadcasting were of secret nature for which purpose a Secret Service Fund was required to be maintained. The audit was conducted in line with the General Financial Rules, Audit Code and instructions contained in Finance Division letter No. F.3(12)-212/75 dated 29.04.1976 which require that the payments should be properly authorized, paid to proper persons after due acknowledgement, and government should receive value for money. The expenditure incurred was not secret by its nature. The Ministry of Information and Broadcasting did not provide details of cash disbursed, acknowledgements and activities performed, etc.

The PAO was informed on 05.09.2013. The DAC scheduled on 16.09.2013 could not be held as representative of the Finance Division did not attend. The PAO was again requested on 04.11.2013 for holding DAC, which remained un-responded till the finalization of the report.

Audit recommends that the matter may be inquired for fixing responsibility, besides recovering the amount for unsupported expenditure.

18.4.7 Unauthorized and unjustified payment of salaries/ remuneration - Rs. 9.334 million

Para 4(ii) of Finance Division letter No. F.3(12)-212/75 dated 29.04.1976 regarding Secret Service Expenditure requires that the essential conditions governing the expenditure from Public Funds and standards of financial propriety as contained in Paras 9 and 10 of GFR Volume-I are duly observed. In this connection attention was also invited to Article 71 & 84 to 86 of Audit Code.

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 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(iv) of GFR Volume-I states that public money should not be utilized for the benefit of a particular person or section of the community unless the expenditure is in pursuance of a recognized policy or custom.

The management of the Ministry of Information and Broadcasting paid Rs. 9.334 million as salaries/remuneration/Travelling Allowance/Daily Allowance to various persons.

Audit observed as under:

i. There was no policy of the Federal Government for making payment on account of Travelling Allowance/Daily Allowance out of Secret Service Fund (Special Publicity Fund).

ii. In 54 out of total 64 transactions, cash amounting to Rs. 8,409,390 was withdrawn but disbursement and acknowledgement of cash by payees was not provided.

iii. A few appointment letters were provided, but there was no mention that the employees would be engaged for secret services and payment would be paid out of Secret Service Fund.

Audit is of the view that payment made out of Secret Service Funds (Special Publicity Fund) was unauthorized and unjustified, as neither the work of these employees was secret in nature nor could they be paid out of Secret Service Funds.

The management replied that the audit observation was not applicable to the extent of Secret Service Fund. The Secret Service Expenditure (SSE) was basically and specifically dealt under Item No. 37 of Appendix-8 to the GFR Volume-II, according to which bills would not be supported by vouchers. The accounts were maintained and payment made properly and the accounts could not be subject to scrutiny by the audit authority in the delegation of the Principal Accounting Officer empowered by the government. According to Schedule (ii) of Rules of Business, 1973 the functions of the Ministry of Information and Broadcasting included press relations including delegations of journalists and other information media, provision of facilities for the development of newspapers industry, liaison and coordination with agencies and media on matters concerning Government policies and activities. The individuals were employed for media activities and payment was made out of Secret Service Funds. Audit should be conducted according to terms and conditions of the Secret Service Expenditure (SSE) given in General Financial Rules.

The reply was not accepted because according to Para 4(iv) of Finance Division letter No. F.3(12)-212/75 dated 29.04.1976 regarding Secret Service Expenditure the payments should be made to the proper person, should be duly acknowledged and value thereof should be received by the Government. For verifying the validity of each payment supporting vouchers, counter folios of the cheques, bank statements, invoices, etc. were required to be maintained. The expenditure incurred was not secret by its nature.

The PAO was informed on 05.09.2013. The DAC scheduled on 16.09.2013 could not be held as representative of the Finance Division did not attend. The PAO was again requested on 04.11.2013 for holding DAC, which remained un-responded till the finalization of the report.

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

18.4.8 Irregular expenditure on account of entertainment - Rs. 1.353 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.

The management of Directorate of Electronic Media & Publication incurred an expenditure of Rs. 1.353 million on entertainment and gifts during 2012-13. Details are as under:

(Rupees)

S. No.	Department Name	I.D No.	Amount
1.	Publication Wing	1386	418,069
2.	Electronic Media & Relation Wing	6752	935,163
		Total	**1,353,232**

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 the expenditure had been incurred and approved within the purview of Serial No. 9(38) of System of Financial Control and Budgeting, 2006 from within sanctioned budget for the purpose. All the bills were passed by AGPR only after supply of list of participants and purpose of meetings, etc.

The reply was not accepted because no documentary evidence was provided in support of the reply.

The PAO was informed on 25.11.2013, but DAC was not held till the finalization of the report.

Audit recommends that responsibility may be fixed for the irregularity.

18.4.9 Irregular purchase of stationery items without open competition - Rs. 2.995 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 148 of GFR Volume-I states that all materials received should be examined, counted, measured or weighed as the case may be, when delivery is taken, and they should be taken in charge by a responsible Government officer who should see that the quantities are correct and their quality good, and record a certificate to that effect. The officer receiving the stores should also be required to give a certificate that he has actually received the materials and recorded them in the appropriate stock register.

The management of External Publicity Wing incurred an expenditure of Rs. 2.995 million on purchase of stationery items during 2012-13.

Audit observed as under:

i. The procurement was made without calling open tenders.

ii. Items were not entered in the Stock Register.

Audit is of the view that stationery items were purchased through quotations which was irregular and unauthorized.

The management replied that the purchases were made after obtaining quotations from different firms in the local market as per requirement of the EP Wing on occasion basis. In future, we shall obtain tenders from different firms in local market and a committee has been constituted to supervise such matters. All entries have now been made into the relevant stock register.

The reply indicates that the management has accepted the audit observation.

The PAO was informed on 25.11.2013, but DAC was not held till the finalization of the report.

Audit recommends that responsibility may be fixed for the irregularity.

18.4.10 Irregular hiring the services of retired persons and from market - Rs. 3.523 million

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.

The management of Press Information Department incurred an expenditure of Rs. 3.523 million on hiring the services of retired and private persons during 2010-13. Details are as under:

(Rupees)

S. No.	Name	Period of hiring	Rate	Amount
1.	M. K. Rehan	01.11.2010 to 30.09.2011	20,000	220,000
		01.10.2011 to 31.05.2013	22,000	440,000
		01.06.2013 to 30.06.2013	25,000	25,000
2.	Bahadur Sher Khan	16.12.2010 to 30.04.2013	25,000	712,000
3.	Feroz Khan	01.09.2011 to 30.06.2013	20,000	440,000
4.	M. Ishaq Sheikh	16.10.2010 to 31.12.2012	8,000	212,000
		01.01.2013 to 30.06.2013	10,000	60,000

5.	Amroz Khan	08.11.2011 to 30.06.2013	8,000	158,133
6.	Rashid Hussain	01.09.2009 to 30.06.2010	15,000	150,000
		01.07.2010 to 30.06.2013	10,000	360,000
7.	Abbass Ali Shah	28.05.2011 to 30.06.2012	18,000	238,200
		01.07.2012 to 31.04.2013	23,000	230,000
		01.05.2013 to 30.06.2013	25,000	50,000
8.	Touqeer Hussain	27.10.2011 to 30.06.2013	8,000	161,067
9.	Tila Mohammad	05.06.2013 to 30.06.2013	80,000	66,667
			Total	**3,523,067**

Audit observed as under:

i. The individuals were hired without advertisement.

ii. The expenditure was charged to object A-03919 'Payments to Others for Services Rendered'.

Audit is of the view that hiring of services of individuals without advertisement was irregular and unauthorized.

The management replied that to overcome the shortage of working staff, the department was compelled to hire services of required staff on 'Services Rendered Basis' in view of ban on recruitment. The Head of Department is fully competent to allow the above mentioned arrangements as provided in Finance Division's System of Financial Control and Budgeting. To facilitate the arrangements, necessary budgetary allocations are also made for this purpose.

The reply indicates that the management has accepted the audit observation.

The PAO was informed on 03.12.2013, but DAC was not held till the finalization of the report.

Audit recommends that responsibility be fixed for the irregularity.

18.4.11 Unauthorized retention of funds - Rs. 137.753 million

Section 15(2) of Pakistan Electronic Media Regulatory Authority Ordinance, 2002 as amended vide Serial No. 16 of Finance Act, 2012 states that any surplus of receipts over the actual expenditure in a financial year, after payment of tax, shall be remitted to the Federal Consolidated Fund and any deficit from the actual expenditure shall be made up by the Federal Government.

The management of the Pakistan Electronic Media Regulatory Authority retained funds amounting to Rs. 137.753 million as on 30.06.2013.

Audit observed that surplus of receipts in excess of the actual expenditure in the financial year were not remitted to the Federal Consolidated Fund.

Audit is of the view that retention of surplus funds was irregular and unauthorized.

The management replied that during 2012-13 PEMRA recovered Rs. 633.143 million against which expenditure of Rs. 614.172 million was incurred leaving a surplus of Rs. 18.972 million which was deposited into Federal Consolidated Fund. Audit had taken the accumulative effect of financial years 2011-12 and 2012-13.

The reply was not accepted because the PEMRA Ordinance, 2002 was amended through Finance Act, 2012 on 27.06.2012, therefore, any surplus fund at the close of the financial year, i.e. 30.06.2012 and 30.06.2013 should have been remitted to the Federal Consolidated Fund.

The DAC in its meeting held on 06.12.2013 directed the management to reconcile the figures of 30.06.2012 and 30.06.2013 along with details of outstanding cheques, if any, to determine the actual retained balance within a week. However, no response was received from the management till finalization of the report.

Audit recommends that the amount may be deposited into Federal Consolidated Fund.

18.4.12 Unauthorized investment - Rs. 666.025 million

Section 15(2) of Pakistan Electronic Media Regulatory Authority Ordinance, 2002 as amended vide Serial No. 16 of Finance Act, 2012 states that any surplus of receipts over the actual expenditure in a financial year, after payment of tax, shall be remitted to the Federal Consolidated Fund and any deficit from the actual expenditure shall be made up by the Federal Government.

The management of Pakistan Electronic Media Regulatory Authority had a balance of Rs. 666.025 in various banks as on 30.06.2013.

Audit observed that the management invested funds amounting to Rs. 538.432 million in various banks and Rs. 127.593 million in Mutual Funds as short term investments.

Audit is of the view that the Pakistan Electronic Media Regulatory Authority Ordinance, 2002 as amended vide Serial No. 16 of Finance Act, 2012 did not allow to invest its surplus funds as these were required to be remitted to the Federal Consolidated Fund. The management invested these funds only to avoid depositing them into the Federal Consolidated Fund. Therefore, the investment of funds was irregular and unauthorized.

The management replied that under Section 14(4) of the PEMRA Ordinance, 2002 the Authority could invest its funds in investments as it may, from time to time determine. Under Section 14(3) the Authority could open and operate one or more accounts in local or foreign currency, in any scheduled bank. The Authority had delegated full powers to Chairman for investment of PEMRA funds in its 41st meeting held on 22.11.2006.

The reply was not accepted because after amendment in Section 15 of the PEMRA Ordinance, 2002 as amended vide Serial No. 16 of Finance Act, 2012 the Authority could not retain surplus funds or invest them to avoid depositing them in the Federal Consolidated Fund.

The DAC in its meeting held on 06.12.2013 directed the management to work out the breakup of the investment to segregate the liabilities relating to security, gratuity, etc. to determine net investment. However, no response was received from the management till finalization of the report.

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

18.4.13 Irregular fixed re-imbursement of entertainment charges - Rs. 5.148 million

Section 39 of the Pakistan Electronic Media Regulatory Authority Ordinance, 2002 states that the Authority may, with the approval of the Government, by notification in the Official Gazette, make the rules to carry out the purposes of this Ordinance.

The Federal Government allowed fixed Entertainment Allowance to officers of BPS-19 and above in their monthly salaries.

The management of Pakistan Electronic Media Regulatory Authority (PEMRA) in its meeting held on 07.07.2005 enhanced the entertainment charges for its employees at the following rates:

(Rupees)

S. No.	Designation/PS	Rates
1.	Chairman (MP-I)	20,000
2.	Executive Member (PS-11)	12,000
3.	Director General (PS-10)	7,000
4.	General Manager (PS-9	5,000
5.	Deputy General Managers (PS-8	4,000
6.	Assistant General Manager (PS-7)	3,000

Audit observed that the management reimbursed Rs. 5.148 million on account of entertainment charges during 2012-13. Details are as under:

(Rupees)

S. No.	Designation/PS	Monthly Rates	No. of employees	Amount
1.	Chairman (MP-I)	20,000	1	240,000
2.	Executive Member (PS-11)	12,000	1	144,000
3.	Director General (PS-10)	7,000	2	168,000
4.	General Manager (PS-9)	5,000	18	1,080,000
5.	Deputy General Managers (PS-8)	4,000	23	1,104,000
6.	Assistant General Manager (PS-7)	3,000	67	2,412,000
			Total	**5,148,000**

Audit is of the view that in absence of approved financial rules reimbursement of fixed monthly entertainment charges was irregular and unauthorized.

The management replied that the Authority was entrusted with financial autonomy regarding approval of Budget and its implementation by the Federal Government/Finance Division. Section 13 of the PEMRA Ordinance, 2002 provides that the Authority may, by general or special order, delegate to the Chairman or a member or any member of its staff, or an expert, consultant, adviser, or other officer or employee of the Authority any of its powers, responsibilities or functions under this ordinance subject to such conditions as it may be prescribed by rules. The Authority in its 2nd meeting held on 18.04.2002 decided that the remuneration of officers/employees of the Authority would be in line with other

Authorities, i.e. Pakistan Telecommunication Authority. Moreover, high level dignitaries and delegations regularly visited PEMRA. The members of the Council of Complaints also come to attend the meetings of Council of Complaints and the Authority. Therefore, the expenditure on entertainment items was justifiable.

The reply was not accepted because the management neither got the financial rules approved from the Finance Division nor followed the government instructions regarding expenditure on entertainment charges. As far as expenditure on entertainment in connection with visits of high level dignitaries, delegations, members of Council of Complaints and other visitors was concerned the Authority had regular budget for this purpose.

The DAC in its meeting held on 06.12.2013 directed the management to get their financial rules approved from the Finance Division. However, no progress was received from the management till finalization of the report.

Audit recommends that the financial rules may be got approved from the Finance Division and irregular practice may be discontinued.

18.4.14 Unauthorized expenditure on payment of advance salary - Rs. 4.943 million

Section 39 of the Pakistan Electronic Media Regulatory Authority Ordinance, 2002 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.

Section 14(1) of Pakistan Electronic Media Regulatory Authority Ordinance, 2002 states that the PEMRA Fund shall be utilized by the Authority to meet charges in connection with its functions including payment of salaries and other remunerations to the Chairman, members, employees, experts and consultants of the Authority.

The management of Pakistan Electronic Media Regulatory Authority incurred expenditure of Rs. 4.943 million on payment of advance salaries to its employees.

Audit observed that payment of advance salaries was not covered under the purposes/charges to be met out of PEMRA Fund.

Audit is of the view that payment of advance salaries to the employees was irregular and unauthorized.

The management replied that payment of advance salaries to the employees of PEMRA was governed under a policy approved the competent authority and according to financial powers delegated to the Chairman in order to cater to the urgent needs of the PEMRA employees.

The reply was not accepted because payment of advance salaries was not covered under Pakistan Electronic Media Regulatory Authority Ordinance, 2002.

The DAC in its meeting held on 6.12.2013 directed the management to discontinue the irregular practice forthwith and recover the advance granted within 12 months. However, no progress regarding discontinuation of the policy of payment of advance salaries was received from the management till finalization of the report.

Audit recommends that decision of the DAC may be implemented.

18.4.15 Non recovery of fee from licensees on annual gross advertisement revenues - Rs. 2,450.096 million

Rule 5 of the Pakistan Electronic Media Regulatory Authority (PEMRA) Rules, 2009 states that the license 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 PEMRA 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 PEMRA 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.

According to the statement provided by the management sum of Rs. 2,450.096 million was recoverable from licensee as on 30.06.2013.

Audit observed that management of PEMRA neither collected the audited statements from the licensees nor received percentage share of gross advertisement revenues on the basis of the audited statements.

Audit is of the view that non-collection of share, i.e. percentage of gross advertisement revenues from the licensees as laid down in the Rule 17 of PEMRA Rules, 2009 resulted in loss to the Authority as well as to the government exchequer.

The management replied that audited accounts from licensees were being collected and notices were issued to the licensees for payment of their respective percentages of gross advertisement revenues. The Pakistan Broadcasters Association had obtained Stay Order on the payment of surcharge and 5% Gross Annual Advertisement Revenue from the Sindh High Court against which the management was to file an appeal in the Supreme Court of Pakistan. Moreover, the licensees were reluctant to submit their annual audited accounts. In order to cope with the situation, the Securities and Exchange Commission of Pakistan was requested to provide the copies of annual audited accounts as the licensees were registered with SECP.

The reply was not accepted because the management did not pursue the matter.

The DAC in its meeting held on 06.12.2013 directed the management to provide a copy of the decision of the Sindh High Court as well as copy of the appeal filed in the Supreme Court of Pakistan, besides update on pursuance of the case to Audit. However, the directions of the DAC were not complied by the management till finalization of the report.

Audit recommends that the outstanding amount may be recovered immediately.

18.4.16 Irregular reimbursement of cost of petrol - Rs. 3.312 million

Section 39 of Pakistan Electronic Media Regulatory Authority Ordinance, 2002 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 management of Pakistan Electronic Media Regulatory Authority in its meeting held on 15.10.2009 revised the entitlement of petrol ceiling for Deputy General Managers @ 120 liters per month.

The management paid an amount of Rs. 3.312 million on account of reimbursement of petrol cost to the Deputy General Managers (PS-8 equivalent to BS-18) during 2012-13.

Audit observed that the expenditure was incurred on the basis of fixed monthly reimbursement claimed by the employees.

Audit is of the view that in the absence of approved financial rules reimbursement of fixed monthly petrol cost was irregular and unauthorized.

The management replied that Section 14(1) of Pakistan Electronic Media Regulatory Authority Ordinance, 2002 states that the PEMRA Fund shall be utilized by the Authority to meet charges in connection with its functions, including payment of salaries and other remunerations to the Chairman, members, employees, experts and consultants of the Authority. Moreover, Section 15 of the PEMRA Ordinance, 2002 specifies that the Authority shall, in respect of each financial year prepare its own budget and submit it to the Federal Government three months before the commencement of every financial year for information. The Authority was entrusted with financial autonomy regarding approval of Budget and its implementation by the Federal Government/Finance Division. Therefore, general instructions do not apply directly on PEMRA as it has its own financial rules and procedures. Section 13 of the Ordinance provides that the Authority may, by general or special order, delegate to the Chairman or a member or any member of its staff, or an expert, consultant, adviser, or other officer or employee of the Authority any of its powers, responsibilities or functions under this Ordinance subject to such conditions as it may by rules prescribe. The Authority in its 2nd meeting held on 18.04.2002 decided that the remuneration of officers/employees of the Authority would be in line with other Authorities, i.e. Pakistan Telecommunication Authority.

The reply was not accepted because the management did not get the financial rules approved from the Finance Division.

The DAC in its meeting held on 06.12.2013 directed the management to get their Financial and Staff Car Rules approved from the government. However, no progress was received from the management till finalization of the report.

Audit recommends that decision of the DAC may be implemented.

18.4.17 Non-framing of financial rules and approval from the government

Section 39 of Pakistan Electronic Media Regulatory Authority Ordinance, 2002 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 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 Pakistan Electronic Media Regulatory Authority (PEMRA) did not frame and get the financial rules, including Pay & Allowances, approved from the government.

Audit observed that the management of PEMRA did not frame financial rules, with the approval of the Government, to carry out the purposes of the PEMRA Ordinance, 2002.

Audit is of the view that the expenditure incurred without the approval of financial rules from the government was irregular and unauthorized.

The DAC in its meeting held on 06.12.2013 directed the management to get the financial rules approved from the government. However, no progress was received from the management till finalization of the report.

Audit recommends that decision of the DAC may be implemented.

18.4.18 Irregular transfer in Contributory Provident Fund - Rs 5.163 million

Section 10 PNCA Act, 1973 states that the Federal Government may by notification in the official Gazette, make rules to carry out the purposes of the Act.

Section 11 PNCA Act, 1973 states that the Council may make such regulations as it may consider necessary for carrying the provisions of this Act into effect.

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 Pakistan National Council of the Arts (PNCA), Islamabad paid an amount of Rs 5.163 million as Contributory Provident (CP) Fund during 2011-13.

Audit observed that the management of PNCA had not framed rules/regulations for CP Fund with the approval of the Federal Government.

Audit is of the view that transfer of fund into CP Fund contribution without approved rules/regulations was irregular and unauthorized.

The management replied that PNCA had already started work on framing rules and regulations, in terms of Section 10 and 11 of PNCA Act, 1973 and Rule 30 of PNCA Service Rules, 1994. In the first instance PNCA had drafted its Financial Rules & Employees Contributory Provident Fund Rules which had been forwarded to the Finance Division for concurrence.

The reply indicates that the management has accepted the audit observation.

The PAO was informed on 30.12.2013, but DAC was not held till the finalization of the report.

Audit recommends that the management should make efforts to get the rules and regulations approved as soon as possible.

18.4.19 Irregular retention of government money - Rs. 31.017 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 Pakistan National Council of the Arts (PNCA), Islamabad received an amount of Rs. 12.641 million on account of rent of auditorium and open space during 2011-13. According to the bank statement the closing balance as on 30.06.2013 was Rs. 26.721 million in Account No. 776-5 in Askari Bank and Rs. 4.296 million in Account No. 6682-4 with National Bank of Pakistan.

Audit observed that receipt amounting to Rs. 31.017 million was not deposited into the government treasury.

Audit is of the view that non-deposit of receipts deprived the government of its due revenue.

The management replied that the reported amount of Rs. 4.296 million was payments to suppliers, vendors, landowners, artists through PNCA's current account maintained with National Bank of Pakistan rather than receipts. Therefore, PNCA had only kept its contributions & donations in current account maintained with Askari Bank.

The management also replied that similar audit observation was discussed by the Special Committee No. III of PAC in its meeting held on 10.12.2010 and 16.03.2011 on the Auditor's General Report 1997-98. It was explained to the Committee that Clause 8 of PNCA Act, 1973 allows PNCA to generate funds from other sources like contributions and donations. The case was under process for getting permission from the Finance Division for utilization of PNCA receipts other than Grant-in-Aid.

The reply was not accepted because nearly three years have passed but the management has yet not got the rules and regulations approved from the government.

The PAO was informed on 30.12.2013, but DAC was not held till the finalization of the report.

Audit recommends that the management should deposit the receipt in government treasury till such time rules and regulations are framed and got approved by the government.

18.4.20 Irregular investment of public money - Rs. 84.000 million

Section 10 PNCA Act, 1973 states that the Federal Government may by notification in the official Gazette, make rules to carry out the purposes of the Act.

Section 11 PNCA Act, 1973 states that the Council may make such regulations as it may consider necessary for carrying the provisions of this Act into effect.

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 Pakistan National Council of the Arts (PNCA), Islamabad invested an amount of Rs. 84.000 million in Terms Deposit Receipts (TDRs) during 2012-13.

Audit observed that funds were invested without approved rules and regulations by the government.

Audit is of the view that investments without the approved rules and regulations were irregular and unauthorized.

The management replied that PNCA Act, 1973 allows collection of contributions and donations besides receipt of Grant-in-Aid for the operations of the Council. Funds were invested on the instructions of Ministry of Culture conveyed through letter No. F.2-7/92-CO-III dated 29.08.1992 and 31.08.1992. The funds had been accumulated over the past several years mainly due to markup earned on the deposit of the funds.

The reply was not accepted because without the approved rules and regulations the management of PNCA was not authorized to invest the funds. Further, Ministry of Culture was not authorized to allow investment because instructions of a financial character or having important financial bearing should be made by, or with the approval of, the Ministry of Finance.

The PAO was informed on 30.12.2013, but DAC was not held till the finalization of the report.

Audit recommends that investments may be withdrawn and deposited into the government treasury and the irregular practice should be discontinued till the approval of rules and regulations by the government.

CHAPTER 19

19. INTER PROVINCIAL COORDINATION DIVISION

19.1 Introduction of Division

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-fledged 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. So far 64 meetings of Implementation Commission and one meeting of Council of Common Interests have been convened.

The Inter Provincial Coordination Committee works under the Ministry of Inter Provincial Coordination. The Inter Provincial Coordination Committee 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 assigned to the Ministry of IPC under the Rules of Business, 1973:

1. General coordination between the Federal Government and the Provinces in the economic, cultural and administrative fields.
2. Promoting uniformity of approach in formulation of policy and implementation among the Provinces and the Federal Government in all fields of common interest.
3. Discussions on policy issues emanating from the Provinces which have administrative or economic implications for the country as a whole.
4. Secretarial work for Council of Common Interests and their committees.

5. Any other matter referred to the Division by a Province or any other Ministry or Division of the Federal Government.
6. Pakistan Tourism Development Corporation and subsidiaries.
7. Malam Jabba Resort Limited.
8. Pakistan Veterinary Medical Council, Islamabad.
9. Inter Board Committee of Chairmen, Islamabad.
10. Medical, nursing, dental, pharmaceutical, paramedical and allied subjects:
    a. education abroad;
    b. educational facilities for backward areas and foreign nationals, except the nomination of candidates from Federally Administered Tribal Areas for admission to medical colleges.
11. Legislation covering all aspects of sports affairs and matters ancillary thereto.
12. Administrative control of Board established for the promotion and development of sports under the Sports (Development and Control) Ordinance, 1962.
13. Pakistan Sports Board.
14. Pakistan Cricket Board.
15. International exchange of students and teachers, foreign studies and training and international assistance in the field of education.

19.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Inter Provincial Coordination Division for the financial year 2012-13 was Rs. 5,800.891 million including Supplementary Grant of Rs. 4,389.088 million out of which the Division utilized Rs. 3,466.989 million. Grant-wise detail of current and development expenditure is as under:

(Rupees)

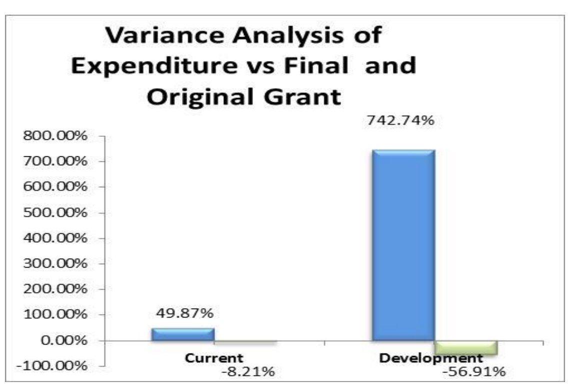
Grant No	Grant Type	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Final Grant/ Appropriation	Actual Expenditure	Excess/ (Savings)	% age Excess/ (Saving)
60	Current	1,216,803,000	769,917,000	1,986,720,000	1,823,652,686	(163,067,314)	(8)
	Subtotal	**1,216,803,000**	**769,917,000**	**1,986,720,000**	**1,823,652,686**	**(163,067,314)**	**(8)**
128	Development	195,000,000	3,619,171,000	3,814,171,000	1,643,336,179	(2,170,834,821)	(57)
	Subtotal	**195,000,000**	**3,619,171,000**	**3,814,171,000**	**1,643,336,179**	**(2,170,834,821)**	**(57)**
	Total	**1,411,803,000**	**4,389,088,000**	**5,800,891,000**	**3,466,988,865**	**(2,333,902,135)**	**(40)**

Audit noted that there was an overall saving of Rs. 2,333.902 million, which was due to saving of Rs. 2,170.835 million in development grant and saving of Rs. 163.067 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. 4,389.088 million were obtained, which was 310.89% 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 49.87%, which, after accounting for Supplementary Grants changed to saving of 8.21%. In development expenditure, excess against original budget was 742.74% which changed to saving of 56.91% when supplementary grant is taken into account.



19.3 Brief comments on the status of compliance with PAC Directives

Name	Years	No. of audit paras	No. of Actionable Points	Full Compliance	Not Complied	% of Compliance
M/o Inter Provincial Coordination (Devolved M/o Sports)	1988-89	6	6	0	6	0%
	1990-91	1	1	0	1	0%
	1992-93	10	10	7	3	70%
	1994-95	1	1	1	0	100%
	1996-97	1	1	0	1	0%
	1997-98	15	15	6	9	40%
	2001-02	5	5	4	1	80%
	2005-06	4	4	2	2	50%
	2006-07	29	29	0	29	0%
	2007-08	2	2	0	2	0%
	2008-09	5	5	0	5	0%
Total		**79**	**79**	**20**	**59**	25%

19.4 AUDIT PARAS

Irregularity & Non Compliance

19.4.1 Irregular payment to M/s Hussain Khatoon Trust - Rs. 50.000 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 Ministry of Inter-Provincial Coordination paid an amount of Rs. 50.000 million to M/s Hussain Khatoon Trust, Chakwal on account of Grant-in-Aid for construction of building in the light of Prime Minister's Secretariat U.O. No. 844(M)PSPM/13 dated 22.02.2013 during 2012-13.

Audit observed as under:

i. Transfer of funds to a private trust for construction of building was not a function of the Ministry of Inter-Provincial Coordination.

ii. The Trust having NTN No. 4116458-0 was registered for income tax purposes on 15.03.2013 in the category of Association of Persons (AOP).

iii. No adjustment account was obtained by the Ministry from the Trust.

Audit is of the view that Grant-in-Aid for construction of building to a private Trust was irregular and unauthorized.

The management replied that the Ministry did not transfer funds to a private Trust on itself but complied with the instructions of the Finance Division and Prime Minister's Secretariat. Since, the Supplementary Grant was allowed by the Prime Minister from his discretion, no adjustment was required and also not in the purview of this Ministry to collect adjustment from a private Trust.

The reply was not accepted because public money was utilized for the benefit of a particular Trust. Since funds were transferred by the Ministry, therefore, it was its responsibility to obtain the adjustment accounts.

The PAO was informed on 04.11.2013, but DAC was not held till the finalization of the report.

Audit recommends that adjustment accounts be obtained to ascertain the authenticity of the expenditure.

19.4.2 Irregular payment to M/s Alfalah Foundation - Rs. 20.000 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 Ministry of Inter-Provincial Coordination paid an amount of Rs. 20.000 million to M/s Alfalah Foundation on account of Grant-in-Aid during 2012-13 on the directions of the Prime Minister subject to compliance of codal formalities by the Principal Accounting Officer. Details are as under:

(Rs. in million)

S. No.	Particulars	Cheque No.	Date	Amount
1.	Establishment of Public Park & Recreation Centre, Daultala.	4197785	19.03.2013	10.000
2.	Establishment of Library/Cultural Centre, Daultala.	4197784	19.03.2013	10.000
			Total	**20.000**

Audit observed as under:

i. Finance Division approved Supplementary Grant under Demand No. 60 of Ministry of Inter-Provincial Coordination on 14.03.2013.

ii. Transfer of funds to a private foundation for establishment of Public Park & Recreation Centre and Library/Cultural Centre was not a function of the Ministry of Inter-Provincial Coordination.

iii. No adjustment account was obtained by the Ministry from the Foundation.

The management replied that the as per instructions of the Federal Government, Ministries/Divisions remained opened on public holiday, i.e. on 16.03.2013. The sanction letter was endorsed by the Deputy Financial Advisor in his own noting. The Ministry only complied with the directions of the Prime Minister's Secretariat and Finance Division. Since, the Supplementary Grant was allowed by the Prime Minister from his discretion, no adjustment was required and also not in the purview of this Ministry to collect adjustment from a private Foundation.

The reply was not accepted because public money was utilized for the benefit of a particular Foundation. Since funds were transferred by the Ministry, therefore, it was its responsibility to obtain the adjustment accounts.

The PAO was informed on 04.11.2013, but DAC was not held till the finalization of the report.

Audit recommends that responsibility be fixed for the irregularity and adjustment account be obtained to establish the authenticity of the expenditure.

19.4.3 Non framing of Accounting Procedure of IBCC

Para 9 of the Inter Board Committee of Chairmen Resolution, 1987 states that the committee shall maintain complete and accurate and other relevant record in such a manner and form as may be prescribed by the Federal Government in consultation with the Auditor General of Pakistan provided that separate account shall be maintained for each scheme(s) or project and for the head office.

The management of the Inter Board Committee of Chairmen (IBCC) is currently functioning in accordance with Inter Board Committee of Chairmen Resolution, 1987.

Audit observed that since 1987, the IBCC did not frame its Accounting Procedure as prescribed by the Federal Government in consultation with the Auditor General of Pakistan.

Audit is of the view that in absence of approved accounting procedure the management could not maintain complete and accurate record.

The management replied that IBCC will frame its accounting procedure as soon as the draft Act is approved by the Parliament.

The reply indicates that the management has accepted the audit observation.

The PAO was informed on 30.12.2013, but DAC was not held till the finalization of the report.

Audit recommends that accounting procedure may be got approved from the Federal Government in consultation with the Auditor General of Pakistan.

19.4.4 Non-deposit of equivalence and attestation fee into Government Treasury - Rs. 273.420 million

Supreme Court of Pakistan judgment in Appeal No. PLD 1990 SC 612 states that the organizations established through Resolutions are deemed to be sub-ordinate offices defined in Rule 2(i)(xx) of the Rules of Business, unless their status is changed through legislation to make them an autonomous body corporate. It may also be clarified that an organization need not necessarily be notified as an Attached Department for the purpose of being treated as a Government Department. The Departments of Government that are not notified as an Attached Department, fall in the category of Subordinate Office as defined in Rule 2(i)(xx) of the Rules of Business.

Para 10(b) of the Inter Board Committee of Chairmen Resolution, 1987 states that the funds of the Committee shall be kept in the personal ledger account to be opened with the Government Treasury or Bank discharging treasury functions on behalf of the Government. All receipts of the Committee shall be deposited in this account. Separate accounts of the receipts and expenditure shall be maintained by the Treasury Officer and the Committee. Surplus funds, if any, shall be invested in the Federal Securities.

The management of the Inter Board Committee of Chairmen (IBCC) was maintaining various bank accounts for the deposit of Equivalence and Attestation Fee. Details are as under:

(Rupees)

S. No	Account No.	Account Title	Bank Name	Balance as on	Amount
1.	Current Account No.423-96	IBCC Equivalence Fee Account	HBL FBISE Branch, Islamabad	02.07.2013	155,756,908
2.	Current A/c No. 226229-3	IBCC Equivalences Fee Account	HBL G-9/4 Branch, Islamabad	16.09.2013	25,248,315
3.	Current A/c No.1853-79003544-03	IBCC Remuneration to Chairman Account	HBL G-9/4 Branch, Islamabad	24.04.2013	182,696
4.	Saving Account No.0060779001	IBCC Account Islamabad	Dubai Islamic Bank Jinnah Avenue Branch, Islamabad	01.07.2013	268,203
5.	0010004158500012	IBCC Equivalence Attestation Fee Account Peshawar	Allied Bank, B.I.S.E Branch Peshawar	02.07.2013	31,150,707
6.	Current A/c No.153681-03	IBCC Account Lahore	HBL B.I.S.E Branch, Lahore	02.07.2013	49,413,618
7.	Current A/c No.140090-03	IBCC Account Karachi	HBL, Hussain 'D' SI Branch, Karachi	02.07.2013	10,397,942
8.	Current Account 0632-3	IBCC Account Quetta	UBL, Smungli Road Quetta	17.07.2013	1,001,555
				Total	**273,419,944**

Audit observed that management did not keep its funds into Government Treasury or Bank discharging treasury functions on behalf of the Government.

Audit is of the view that retention of funds in commercial bank accounts was irregular and unauthorized.

The management replied that HBL and Dubai Islamic Bank were scheduled banks and these banks did not come under category of private bank. The funds from Dubai bank were withdrawn. However a separate account was being opened in

National Bank of Pakistan. The surplus funds were being invested in government securities.

The reply indicates that the management has accepted the audit observation.

The PAO was informed on 30.12.2013, but DAC was not held till the finalization of the report.

Audit recommends that funds should be kept according to Para 10(b) of the Resolution besides closing the accounts maintained in commercial banks.

19.4.5 Irregular procurement of vehicles during ban period - Rs. 1.601 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.

Para 3(5) of Rules for the Use of Staff Cars, 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 25(6)(c) of Rules for the Use of Staff Cars, 1980 states that all cases of replacement of cars would continue to be referred to the Cabinet Division for obtaining ‘No Objection Certificate’.

The management of the Inter Board Committee of Chairmen (IBCC) purchased the following vehicles during 2011-12:

(Rupees)

S. No.	Payee Name	Invoice No.	Date	Description	Amount
1.	M/s Indus Motors Co. Ltd., Islamabad	91126779	27.10.2011	Toyota Corolla GLI 1300 CC	1,524,000
2.	Khan Scooters, Rawalpindi	4021	11.3.2012	Yamaha M/Cycle	77,000
				Total	**1,601,000**

Audit observed as under:

i. The vehicles were purchased during the period of ban.

ii. The vehicles were purchased without obtaining approval from the Finance Division.

iii. NOC from Cabinet Division was not obtained.

iv. The management purchased a 1300cc vehicle in replacement of a 1000cc vehicle.

Audit is of the view that the vehicles purchased during the period of ban were irregular and unauthorized.

The management stated that a staff car was purchased to replace the condemned vehicle. Moreover the motorcycle was purchased to support the increasing demand of Dak for which ex-post facto approval of the competent authority was being obtained.

The reply indicates that the management has accepted the audit observation.

The PAO was informed on 30.12.2013, but DAC was not held till the finalization of the report.

Audit recommends that responsibility may be fixed for the irregularity.

19.4.6 Irregular monetization of vehicle - Rs. 1.494 million

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 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 Cabinet Division vide letter No. 6/7/2011-CPC dated 30.12.2011 issued clarification under S. No. 1 that in case the payroll of the entitled officer was not maintained by AGPR/Federal Government, the officer shall deposit lump sum amount into government account, the confirmation of receipt of which shall be made by the respective Ministry/Division/Department from the Treasury Office.

According to Para 3 of Note portion dated 20.02.2012 the Deputy Financial Advisor, Ministry of Inter-Provincial Coordination advised the meeting that in order to implement the compulsory Monetization Policy for IBCC, the item be placed before IBCC forum so as to obtain consent for adoption and implementation of the Policy as IBCC was an autonomous organization.

The management of the Inter Board Committee of Chairmen (IBCC) monetized Toyota Corolla GLi 1300 cc vehicles bearing No GX 322 at a reserve price of Rs. 1.494 million to Secretary, IBCC.

Audit observed as under:

i. Review of the IBCC committee meetings from 133rd held on 29-30.12.2011 to 139th held on 21-22.02.2013 indicates that the IBCC forum did not adopt the Monetization Policy for its employees.

ii. The depreciated value was not calculated/recommended by the Condemnation/Replacement Committee constituted in the Inter Provincial Coordination Division in accordance with Cabinet Division's U.O. No. 6-7(1)/02.M.II dated 26.06.2007.

iii. The approval of the Principal Accounting Officer, i.e. Secretary, IPC was not obtained.

iv. 18 installments of Rs. 25,000 each had been deducted up to June, 2013 but the deducted amount of Rs. 0.450 million had not been deposited into government treasury.

Audit is of the view that the monetization of vehicle was irregular and unauthorized.

The management replied that the vehicle was monetized on the recommendations of the Monetization Committee and with the approval of the Chairman, IBCC.

The reply was not accepted because neither the depreciated value was calculated/recommended by the Condemnation/Replacement Committee constituted in the Inter Provincial Coordination Division in accordance with Cabinet Division's U.O. No. 6-7(1)/02.M.II dated 26.06.2007 nor the approval of the Secretary, IPC was obtained.

The PAO was informed on 30.12.2013, but DAC was not held till the finalization of the report.

Audit recommends that responsibility may be fixed for the irregularity.

19.4.7 Illegal grant of Technical Sanctions - Rs. 112.014 million

Para 1.02 of Pakistan Public Works Department Code revised 1982 states that all federally financed original works and ordinary and special works repairs shall be executed through the agency of Pakistan Public Works Department.

Para 56 of CPWD Code states that properly detailed estimates must be prepared for the sanction of competent authority. This sanction is known as the Technical Sanction to the Estimates and must be obtained before construction of the work is commenced. 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. Such sanction will be accorded by the officer of the Public Works Department authorized to do so.

The management of Pakistan Sports Board, Islamabad executed four development schemes and incurred expenditure of Rs. 112.014 million during 2012-13. Details are as under:

(Rupees)

S. No.	Budget	Project	Expenditure
1.	Development	Repair and renovation of existing swimming pool and allied facilities at PSC, Islamabad.	46,051,083
2.	-do-	Provision of HV&AC System at Rodham Hall, PSB, Islamabad	23,747,000
3.	-do-	Provision of external service network (Phase-II) at PSB, Islamabad.	12,235,982

4.	Non-Development	Renovation / up-gradation of facility at PSB, Islamabad	29,980,000
		Total	**112,014,065**

Audit observed that Technical Sanctions of the works were granted by the Director General, PSB.

Audit is of the view that the Director General, PSB was not competent to grant Technical Sanction of Estimates.

Audit is also of the view that the expenditure incurred on civil works was irregular and unauthorized, being violation of Para 56 of CPWD Code wherein it is clearly stated that Technical Sanction will be granted by the officer of Pakistan Public Works Department authorized to do so.

The management replied that as per Clause 3.20 under heading "Delegation of Powers" of "Guidelines for Project Management" issued by Project Wing, Planning Commission, Government of Pakistan, Islamabad the Project Director had been delegated full administrative and financial powers. The detailed estimates of different projects were prepared by the qualified engineer of PSB in consultation with the Consultants who were engaged for preparation of estimates as well as for supervision of work during execution of the projects. As per Constitution of Pakistan Sports Board, the Director General is the Chief Executive and Administrative Head of the Board, therefore, Technical Sanctions were granted by him.

The reply was not accepted because the Director General, PSB was not designated as Project Director. Further, the Project Director is only vested with administrative and financial powers and not with technical authority/powers which remain the domain of qualified engineers of the Pakistan Public Works Department only.

The PAO was informed on 12.11.2013, but DAC was not held till the finalization of the report.

Audit recommends that responsibility may be fixed for awarding works without obtaining Technical Sanctions of Estimates from the officers authorized under the rules.

19.4.8 Unauthorized payment of Other Allowances - Rs. 6.820 million

Section 4 of Sports (Development and Control) Ordinance, 1962 states that the name, constitution, powers and functions of the Board shall be such as may be determined by the Federal Government.

Para 2 of the F.A. Organization U.O. No. 11/FA.Culture&Sports/2000 dated 04.01.2001 states that Executive Committee of Pakistan Sports Board (PSB) was not competent to approve the PSB Revised Service Rules, 2000, which required the approval of the Finance Division.

Rule 38 of Draft Service Rules, 2000 states that all other allowances granted to Federal Government servants shall be admissible to the employees of the Board at the same rate and on the same conditions as prescribed by the Federal Government.

The management of Pakistan Sports Board, Islamabad paid an amount of Rs. 6.820 million on account of Other Allowances to its employees, in addition to Special Pay of Rs. 0.136 million paid to 41 employees during 2012-13.

Audit observed as under:

i. The management was not competent to approve the Terms and Conditions of service of the employees.
ii. The approval of the Federal Government was not obtained.
iii. The Draft Service Rules, 2000 of PSB did not permit payment of such allowances.

Audit is of the view that expenditure was irregular and unauthorized.

The management replied that the Pakistan Sports Board was an industry as declared by the National Industrial Relations Commission vide judgment No. 12(61)/99 dated 21.02.2002. The Finance Division had returned the case with the remarks that the demand of PSB Employees Union (non-supervisory/non-executive staff) were not dealt by the Regulations Wing. The allowances were granted by the Executive Committee of the PSB, which was the competent forum to deal with such matters.

The reply was not accepted because approval of the Finance Division was necessary. The Executive Committee could not approve such allowances as the powers and functions of the Board could only be determined by the Federal Government.

The PAO was informed on 12.11.2013, but DAC was not held till the finalization of the report.

Audit recommends that the irregular payment should be recovered besides discontinuing the irregular practice.

19.4.9 Unauthorized payment of honorarium - Rs. 16.388 million

Fundamental Rule 9(9) states that honorarium means a recurring or non-recurring payment granted to a government servant from general revenues as remuneration for special work of an occasional or intermittent character.

Government decision No. 5 under FR 9(9) clarifies that any work which falls within the orbit of the normal duties of a government servant, cannot, as far as he is concerned, be treated as ‘special work’.

The management of Pakistan Sports Board, Islamabad paid an amount of Rs. 16.388 million as honorarium to its employees during 2012-13. Details are as under:

(Rupees)

S. No.	Occasion	Date	Amount
1.	Eid-ul-Fitr	August, 2012	5,078,900
2.	Eid-ul-Azha	October, 2012	5,478,650
3.	Christmas	December, 2012	194,010
4.	Excellence performance	March, 2013	92,000
5.	Easter	March, 2013	199,600
6.	Closing of Financial Year	May, 2013	5,344,550
		Total	**16,387,710**

Audit observed that the occasions on which ‘honorarium’ was paid were in no way related with the work performed by the employees, which could merit grant of honorarium under the rules.

Audit is of the view that grant of honorarium was irregular and unauthorized.

The management replied that the admissibility or otherwise of different financial benefits was taken up with the Finance Division, which replied that the subordinate organizations of the Ministries/Divisions to be manned by unionized staff were outside the purview of the Standing Committee. Further, the Standing Committee considered the revision/sanction of pay scales and allowances of the officers and supervisory staff only. The Pakistan Sports Board, being a body corporate, was an industry as declared by the National Industrial Relations Commission, Islamabad vide judgment No. 12(61)/99 dated 21.02.2002 and governed by Industrial Relations Ordinance, 2002 to be defined therein as of an industry. The instant case related to Charter of Demands of Pakistan Sports Board Employees Union (CBA) (non-supervisory/non-executive staff), which was not dealt by the Regulations Wing of the Finance Division for placing before Standing Committee. The grant of honorarium to the employees of PSB on different occasions was agreed in the light of Memorandum of Settlement signed between the Management and the CBA, with the approval of the Federal Minister/ President, PSB.

The reply was not accepted because the occasions on which the honorarium was paid did not merit such payment under the rules.

The PAO was informed on 12.11.2013, but DAC was not held till the finalization of the report.

Audit recommends that the irregular payment should be recovered besides discontinuing the irregular practice.

19.4.10 Payment of honorarium to employees not on the strength of Pakistan Sports Board - Rs. 3.510 million

Fundamental Rule 9(9) states that honorarium means a recurring or non-recurring payment granted to a government servant from general revenues as remuneration for special work of an occasional or intermittent character.

Government decision No. 5 under FR 9(9) clarifies that any work which falls within the orbit of the normal duties of a government servant, cannot, as far as he is concerned, be treated as ‘special work’.

The management of Pakistan Sports Board, Islamabad paid an amount of Rs. 3.510 million as honorarium to the employees of the Ministry of Finance, Ministry of Inter Provincial Coordination and staff of the Minister during 2012-13. Details are as under:

(Rupees)

S. No.	Offices	Occasions/Purpose	Date	Amount
1.	Minister Staff	Eid ul Fitr	August, 2012	301,940
2.	-do-	Eid ul Azha	October, 2012	316,805
3.	-do-	Late sitting	May, 2013	845,000
4.	-do-	Financial Year closing	June, 2013	320,030
5.	Ministry of IPC	Eid ul Azha	March, 2013	576,000
6.	-do-	Late sitting	March, 2013	360,070
7.	-do-	Financial Year Closing	June, 2013	437,794
8.	Ministry of Finance (FA's Staff)	Cooperation for release of budget in time	June, 2013	351,910
			Total	**3,509,549**

Audit observed that honorarium was paid to the employees who were not working in the Pakistan Sports Board.

Audit is of the view that payment of honorarium was irregular and unauthorized because neither these employees were entitled for such payment from PSB nor the occasions/purposes merited the payment.

The management replied that the employees to whom honorarium was paid were working in the office of Minister/President, PSB and Secretary/Vice-President, PSB and were required to deal with the cases/files relating to PSB. Hence, they were paid honorarium for the additional work performed in connection with the affairs of the PSB. Similarly, staff of the FA's Organization also performed functions relating to PSB as the FA was the member of the Board, Executive Committee and the Finance Committee. The honorarium was paid with the approval of the Minister for IPC/President, PSB.

The reply indicates that the management has accepted the audit observation.

The PAO was informed on 12.11.2013, but DAC was not held till the finalization of the report.

Audit recommends that the irregular payment should be recovered.

19.4.11 Irregular up-gradation of posts of PSB employees

Section 4 of Sports (Development and Control) Ordinance, 1962 states that the name, constitution, powers and functions of the Board shall be such as may be determined by the Federal Government.

Para 10(vi) of the Pakistan Sports Board Rules, 1981 states that the Executive Committee of the Board shall be competent to create posts and make appointments to the posts in Grade 17 and above.

The management of Pakistan Sports Board, Islamabad vide Office Order No. F.41-2/2013-PSB(Admn) dated 25.03.2013 upgraded the posts of Audit and Accounts Cadre and the pay of the employees was re-fixed in the upgraded posts. Details are as under:

S. No.	Post	No. of posts	From (BPS)	To (BPS)
1.	Accounts Officer	1	17	18
2.	Audit Officer	1	16	17
3.	Accountant	8	16	17
4.	Assistant Accountant	8	14	16
5.	UDAC	1	9	11

Audit observed that posts were upgraded without the approval of the Executive Committee.

Audit is of the view that the up-gradation of the posts and subsequent re-fixation of pay of the incumbents was irregular and unauthorized.

The management replied that the case was under process for obtaining approval of the competent authority, i.e. Executive Committee.

The reply indicates that the management has accepted the audit observation.

The PAO was informed on 12.11.2013, but DAC was not held till the finalization of the report.

Audit recommends that responsibility may be fixed for the irregularity.

19.4.12 Performance of Hajj at public expense - Rs. 1.170 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 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, Islamabad incurred expenditure of Rs. 1.170 million vide cheque Nos. 906544-48 dated 27.08.2012 for performing Hajj by three employees of PSB during 2012-13.

Audit observed that expenditure of Rs. 1.170 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 the Pakistan Sports Board had stopped the facility of Hajj to PSB employees during the current financial year. However, PSB Employees Union (CBA) filed a case in the court. Further action would be taken in the light of the court decision.

The reply indicates that the management has accepted the audit observation.

The PAO was informed on 12.11.2013, but DAC was not held till the finalization of the report.

Audit recommends that the irregular practice should be discontinued besides recovery of the irregular payment.

19.4.13 Unauthorized payment of House Rent Allowance - Rs. 13.522 million

Finance Division O.M. No. F.1(7)Imp/1187 dated 01.07.1987 states that all employees not provided with government accommodation and posted at the specified stations are entitled to House Rent Allowance @ 45% of the minimum of the relevant Basic Pay Scale.

Para 9 of Finance Division O.M. No. F.1(5)Imp/2011-419 dated 04.07.2011 froze the House Rent Allowance at the level of its admissibility as on 30.06.2011.

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.

Section 4 of Sports (Development and Control) Ordinance, 1962 states that the name, constitution, powers and functions of the Board shall be such as may be determined by the Federal Government.

The management of Pakistan Sports Board, Islamabad paid an amount of Rs. 13.522 million as House Rent Allowance to its employees from BPS-1 to BPS-16 during 2012-13.

Audit observed that instead of payment of House Rent Allowance @ 45% of the basic pay the management made payment equivalent to the House Rent Ceiling in the monthly salaries of the employees.

Audit is of the view that payment of House Rent Allowance @ House Rent Ceiling was irregular and unauthorized.

The management stated that payment of rental ceiling along with the pay to employees of PSB in BPS 1-10 was approved on the basis of Charter of Demand and the Memorandum of Settlement signed between the management and the CBA. Majority of the employees in BPS 11-16 were also availing this facility on the basis of self/private hiring. The remaining employees in BPS 11-16 approached the

Federal Minister/President, PSB through the CBA and the Minister also approved the payment of rental ceiling along with pay to all the employees in BPS 11-16 and this payment was also started to them. However, subsequently, the payment was stopped. The CBA Union had filed a case in the NIRC and the matter is now sub-judice in the court. Further action will be taken in the light of the court's decision.

The reply indicates that the management has accepted the audit observation.

The PAO was informed on 12.11.2013, but DAC was not held till the finalization of the report.

Audit recommends that the irregular practice should be discontinued besides recovery of payment in excess of the House Rent Allowance.

19.4.14 Irregular advance payment for purchase of Combi Unit & Portable X-ray Machine - Rs. 3.197 million

Para 5(vi) of the Tender Documents states that the successful bidder will have to supply the items within 15 days of the supply order. In case of non-supply of items within stipulated period the Earnest Money will be forfeited.

Para 4 of Terms & Conditions submitted by the successful bidder states that the delivery will be made within 3-4 weeks after placing order and payment will be made 100% after delivery.

The tenders were called on 27.04.2013 and opened on 15.05.2013, while the supply order was placed on 04.06.2013.

The management of Pakistan Sports Board, Islamabad paid an amount of Rs. 3.197 million to M/s Grand Agencies, Rawalpindi on 27.06.2013 for purchase of Combi Unit & Portable X-ray System for Rs. 1.110 million and Rs. 2.087 million, respectively.

Audit observed as under:

i. There was no provision for advance payment in the tender documents.

ii. Sales Tax @ $1/5^{th}$ of the payable Sales Tax was not deducted from the advance payment.

iii. The supplier failed to supply the equipment even up to the time of audit, i.e. 02.10.2013.

Audit is of the view that undue favor was extended to the supplier putting the public exchequer to loss.

The management replied that the Combi Unit and Portable X-ray System were imported from different regions of the world e.g. Europe, Japan, USA and were FDA and ISO Certified. When not readily available, these machines were required to be manufactured on order, making advance payment inevitable. The advance payment was made against the Bank Guarantee. The Sales Tax would be deducted from the invoice submitted by the supplier on completing the supply. Regarding delay in supply of the machines, it was stated that the X-Ray machine ordered against the tender was first of its kind to be imported in Pakistan with battery operation in portable light weight configuration. For such machine permission from Pakistan Nuclear Regulatory Authority (PNRA) was mandatory, which was still under the consideration of the Authority, resulting in delay despite the fact that the equipment was ready with the manufacturer who was demanding storage charges from the supplier. The Combi Unit was also tailor made and not readily available with the manufacturer. Presently some delay was being experienced for test and trial in the company.

The reply was not accepted because no specific features for the portable X-ray machine were given in the tender documents, which could indicate that the machine was to be tailor made to the requirements of the Pakistan Sports Board. As a matter of fact the import of X-ray machine less than 100mA had been banned into Pakistan, as evident from Pakistan Nuclear Regulatory Authority letter No. RNSD-1/Misc(Isl) dated 13.08.2013, which was the reason that the machine was not provided to Pakistan Sports Board. Such machines are off the shelf products and were not tailor made. The bank guarantee provided by the supplier was from the advance payment made by PSB, which had not been extended till the time of audit. The fact remains that no funds of the supplier were tied up anywhere.

The PAO was informed on 12.11.2013, but DAC was not held till the finalization of the report.

Audit recommends that the responsibility for the advance payment and import of banned X-ray machine should be fixed.

19.4.15 Irregular award of work of renovation without tenders - Rs. 30.821 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 Pakistan Sports Board, Islamabad invited applications on 06.06.2010 for the pre-qualification of contractors for the year 2010-11 through advertisement in the newspapers, in the light of which 61 contractors were pre-qualified in different categories. Work was awarded to M/s Unique Builders, Islamabad without inviting open tenders, who was paid an amount of Rs. 30.821 million during 2012-13.

Audit observed as under:

i. The management awarded different works for renovation/repair of buildings of PSB during June, 2013 to M/s Unique Builders, Islamabad after inviting rates from 11 contractors through letters.

ii. After the award of work, items of work and quantities to be executed were changed.

iii. The engineering estimates on the basis of which the quantities of work were determined were not available.

Audit is of the view that due to failure to invite open tenders the public exchequer was deprived of the benefits of competitive rates.

The management replied that 61 contracting firms were pre-qualified in different categories during 2010-11. At a later stage, instead of repeating the whole process, it was decided to extend the validation of prequalification for next two consecutive years subject to provision of valid/renewed Pakistan Engineering Council registration certificates, which were provided by 31 firms. Therefore, the figure of pre-qualified firms was 31 and not 61. At the time of processing of tendering, 31 firms of different categories were on the list of pre-qualified firms. Due to time constraints, only 11 pre-qualified firms were short-listed keeping in view the nature of work to be executed and experience at their credit.

The reply was not accepted because the 61 firms were pre-qualified for 2010-11 only and their pre-qualification could not be extended under any rules. Rates from the pre-qualified firms were required to be invited through open tenders and not through individual letters.

The PAO was informed on 12.11.2013, but DAC was not held till the finalization of the report.

Audit recommends that responsibility may be fixed for the irregularity.

CHAPTER 20

20. INTERIOR DIVISION

20.1 Introduction of Division

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 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

- National Counter Terrorism Authority

Following functions were transferred to the Interior Division vide Cabinet Division Notification No. 4-17/2010-Min-1 dated 02.12.2010:

i. Mainstreaming population factor in development planning process in ICT.

ii. Management and distribution of Zakat and Ushr in 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 2012-13 was Rs. 7,171.979 million including Supplementary Grant of Rs. 299.540 million against which the Division utilized Rs. 2,598.726 million. Grant-wise detail of current and development expenditure is as under:

(Rupees)

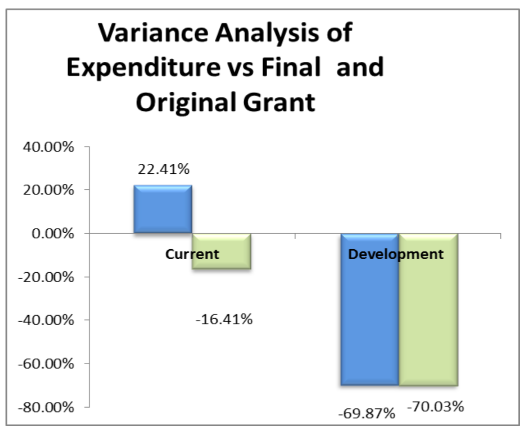
Grant No	Grant Type	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Final Grant/ Appropriation	Actual Expenditure	Excess/ (Savings)	% age Excess/ (Saving)
61	Current	572,182,000	265,741,000	837,923,000	700,415,468	(137,507,532)	(16)
62	Current	5,456,162,000	203,286,000	5,659,448,000	5,885,835,261	226,387,261	4
63	Current	904,464,000	1,019,440,000	1,923,904,000	1,895,920,808	(27,983,192)	(1)
64	Current	29,154,519,000	1,447,296,000	30,601,815,000	34,530,438,754	3,928,623,754	13
65	Current	6,235,716,000	21,000,000	6,256,716,000	6,064,475,242	(192,240,758)	(3)
66	Current	1,378,500,000	42,128,000	1,420,628,000	1,419,506,146	(1,121,854)	(0)
67	Current	12,602,155,000	1,479,628,000	14,081,783,000	14,057,433,237	(24,349,763)	(0)
68	Current	2,197,403,000	1,549,335,000	3,746,738,000	3,152,151,652	(594,586,348)	(16)
	Subtotal	**572,182,000**	**265,741,000**	**837,923,000**	**700,415,468**	**(137,507,532)**	**(16)**
129	Development	6,300,257,000	33,799,000	6,334,056,000	1,898,310,264	(4,435,745,736)	(70)
	Subtotal	**6,300,257,000**	**33,799,000**	**6,334,056,000**	**1,898,310,264**	**(4,435,745,736)**	**(70)**
	Total	**6,872,439,000**	**299,540,000**	**7,171,979,000**	**2,598,725,732**	**(4,573,253,268)**	**(64)**

Audit noted that there was an overall saving of Rs. 4,573.253 million, which was due to savings of Rs. 4,435.756 million in Development Grant No. 129.

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. 299.540 million were obtained, which was 4.36% 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 22.41%, which, after accounting for Supplementary Grants changed to savings of 16.41%. In development expenditure, savings against original budget were 69.87% which increased to 70.03% when Supplementary Grants were taken into account.



20.3 Brief comments on the status of compliance with PAC Directives

Name	Years	No. of audit paras	No. of Actionable Points	Full Compliance	Not Complied	% of Compliance
Interior	1987-88	2	2	2	0	100%
	1989-90	7	7	1	6	14%
	1990-91	4	4	4	0	100%
	1991-92	28	28	27	1	96%
	1992-93	20	20	20	0	100%
	1993-94	13	13	6	7	46%
	1994-95	21	21	13	8	62%
	1995-96	3	3	3	0	100%

	1996-97	1	1	1	0	100%
	1999-00	110	110	95	15	86%
	2001-02	21	21	0	21	0%
	2005-06	21	21	12	9	57%
	2006-07	9	9	1	8	11%
	2007-08	5	5	1	4	20%
	2008-09	11	11	8	3	73%
Total		**278**	**278**	**196**	**82**	71%

20.4 AUDIT PARAS

Fraud/Misappropriation

*20.4.1 Suspected misappropriation of secret service fund - Rs. 1.000 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 4(iv) of Finance Division letter No. F.3(12)-212/75 dated 29.04.1976 states that the payments are properly authorized, made to proper persons (after due identification) and are duly acknowledged and also that Government has received value thereof. Further, the total expenditure has not exceeded the allotment sanctioned for the purpose. For verifying validity of each payment, supporting vouchers, counter foils of cheques, bank statement, invoices, etc. vis-à-vis the entries in the cash book, etc. may be examined. In these records, (a) the name of the party to whom the payment has been made, (b) the date of payment, (c) the nature of the Services/Supplies received, (d) the authorization for the payment by the competent authority (e) the allocation to which the particular payment has been charged and other particulars may be critically checked.

The management of NACTA withdrew Rs. 1.000 million vide cheque No. 3984159 dated 24.10.2012 from the office of Accountant General Pakistan Revenues, Islamabad in favour of National Coordinator, NACTA during 2012-13.

Audit observed as under:

i. Cash book was not maintained properly.

ii. No paid/supporting vouchers were available.

iii. Contingent register was not maintained.

iv. The name of the party to whom the payment had been made was not available

v. Nature of the Services/Supplies received was not known

vi. Authorization for the payment by the competent authority was not obtained

vii. Acknowledgment from proper persons (after due identification) was not available

Audit is of the view that due to non-maintenance of proper record of secret service fund the authenticity of the expenditure could not be ascertained.

The management replied that the secret services of NACTA were only relevant to counter extremism and counter terrorism and no activities of secret service, where the amount drawn could be utilized, were performed during the Financial Year 2012-13. The whole amount of Rs. 1.000 million withdrawn by the then National Coordinator, NACTA seems to have been embezzled. The Ministry of Interior had been requested to effect recovery from the ex- National Coordinator vide letter No. 9/68/Admn/NACTA/2013-14 dated 18.11.2013

The reply indicates that the management has accepted the audit observation.

The PAO was informed on 19.11.2013, but DAC was not held till the finalization of the report.

Audit recommends that the amount of Rs. 1.000 million may be recovered from the ex-National Coordinator, NACTA and deposited into government treasury.

*Note: The earlier title of the para was 'Non-maintenance of proper record of secret service funds and doubtful expenditure - Rs. 0.100 million'

Non Production of Record

20.4.2 Non production of record pertaining to secret service expenditure of National Crisis Management Cell - Rs. 405.79 million

The Honorable Supreme Court of Pakistan in its judgment dated 08.07.2013 declared and directed that:

a) sub-Rule (5) of Rule 37 of the General Financial Rules, whereby the actual accounts for secret service expenditure are taken beyond the jurisdiction of the Auditor General, is illegal, unconstitutional, and of no legal effect;

b) the Auditor General, in order for him to fulfill his duties under Articles 169 and 170 of the Constitution, is not only authorized but also obliged to seek access to any and all records actually maintained by all federal and provincial governments, as well as all entities established by or under the control of the federal and provincial governments, regardless of the designation of such records as secret or otherwise;

c) an account subject to audit under Articles 169 and 170 shall be treated as "secret" only if so labeled in a federal or provincial statute and the constitutionality of such legislation will be subject to judicial review on the touchstone of Articles 19A, 169, 171 and other relevant provisions of the Constitution.

Para 4(iv) of Finance Division letter No. F.3(12)-212/75 dated 29.04.1976 states that the payments are properly authorized, made to proper persons (after due identification) and are duly acknowledged and also that Government has received value thereof. Further, the total expenditure has not exceeded the allotment sanctioned for the purpose. For verifying validity of each payment, supporting vouchers, counter foils of cheques, bank statement, invoices, etc. vis-à-vis the entries in the cash book, etc. may be examined. In these records, (a) the name of the party to whom the payment has been made, (b) the date of payment, (c) the nature of the Services/Supplies received, (d) the authorization for the payment by

the competent authority (e) the allocation to which the particular payment has been charged and other particulars may be critically checked.

The management of National Crisis Management Cell (NCMC) was requested to provide the record pertaining to Secret Service Expenditure for the financial year 2008-13. The Secretary, Ministry of Interior was also requested by the Directorate General Audit (Federal Government) vide letter dated 30.08.2013 for provision of record pertaining to Secret Service Expenditure of NCMC.

The management did not provide the record despite repeated requests.

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

The management vide letter No. 1(8)/2012-13/C&A dated Nil replied that the Ministry was seeking advice from Ministry of Law, Justice and Human Rights on the following points:

a) The date from which the audit of the accounts for Secret Service Expenditure was to be conducted, as ordered by the Honorable Court, as no specific/cutoff date was mentioned which warrants advice of the Ministry of Law, Justice and Human Rights or the Honorable Court itself as to whether the order had retrospective effect or was applicable prospectively.

b) The procedure prescribed by the Auditor General of Pakistan as per the Court Order that permits audit of the accounts labeled as “secret” was yet to be notified and received by the this Ministry.

The management responded vide letter No.1/8/2013/C&A dated 01.10.2013 that according to the advice received from the Ministry of Law, Justice and Human Rights, the Court had clearly laid down that the audit of these funds would be effective from 2010 onward vide Paragraph 26 of Supreme Court of Pakistan Order dated 08.07.2013. The Ministry requested that audit of the Secret Service Fund of the Ministry of Interior may be conducted post 2010 to implement the orders of the Honorable Supreme Court in letter and spirit.

Without foregoing the constitutional right to conduct audit w.e.f. 01.07.2008, i.e. ever since the previous audit of NCMC, an audit party was deputed to conduct the audit of the Secret Service Expenditure vide this office letter No. A-II/AIR/MoI/2012-13/F-592/546 dated 07.10.2013 for the financial years 2010 to 2013. However, no record was provided to the audit team as per previous practice, which was again brought to the notice of the Secretary, Ministry of Interior vide letter No. A-II/AIR/MoI/2012-13/F-592/547 dated 11.10.2013.

Later, on 02.12.2013, the Ministry of Interior forwarded three stamp envelopes containing photocopies of certain record pertaining to financial years 2010 to 2013 directly to the Deputy Auditor General, FAO. On receipt in the Directorate General Audit (Federal Government) on 06.12.2013 the record was examined wherein it was found that the record of appointments/hiring of employees, documents relating to payments to third parties, original paid voucher duly supported with invoices/bills, files of sanctions/approvals, Cash Book, Bank Statements, Bank Reconciliation Statements, store stock register, etc. had not been provided.

The PAO was informed in detail through letter No. A-II/AIR/MoI/2012-13/F-592/660 dated 07.12.2013 but no action was taken till the finalization of the report.

Audit recommends that responsibility may be fixed for hindering the auditorial functions of the Auditor General of Pakistan and defiance of the Order of the Supreme Court of Pakistan dated 08.07.2013, besides provision of auditable record demanded by Audit.

20.4.3 Non production of record of appointments on contract basis

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 Ministry of Interior appointed 11 officers and 31 officials on contract basis in National Crisis Management Cell (NCMC). Details are as under:

S. No	Designation	Number
1.	Director	3
2.	Deputy Director	2
3.	Assistant Director	5
4.	Superintendents	1
5.	Assistant	1
6.	KPO / DEO	11
7.	UDC / Head Clerk	3
8.	Telephone Tech / LDC	3
9.	Staff Car Drivers	1
10.	Dispatch Riders	5
11.	Naib Qasids	6
12.	Sweepers	1
	Total	**42**

Despite repeated requests the management did not provide the record pertaining to the appointments on contract basis.

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

The management did not reply.

The PAO was informed on 19.11.2013, 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 in light of the orders of the Supreme Court of Pakistan.

20.4.4 Non production of record pertaining to Safe City Islamabad Project - Rs. 6,166.000 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 estimated cost of the project ‘Safe City Islamabad Project’ in the Public Sector Development Program was Rs. 11,224.712 million out of which an expenditure of Rs. 6,166.000 was incurred up to 30.06.2012. The allocation for the financial year 2012-13 was Rs. 2,702.973 million.

Despite repeated requests the management of the Ministry of Interior did not provide the following record pertaining to Safe City Islamabad Project:

i. PC-I of the project
ii. Administrative approval of the project
iii. Approval of ECNEC and CDWP
iv. Detail of expenditure incurred
v. Procurement files, etc.

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

The management replied that pursuant to the judgment of the Supreme Court of Pakistan dated 23.08.2012, the National Accountability Bureau conducted an inquiry of the project and requisitioned the relevant record pertaining to the project’s approval, award of contract and payment of $68 million released by Exim Bank, China. Original record was still lying with NAB and the matter was sub-judice. The complete record would be made available to Audit as soon as received back from NAB.

The reply was not accepted because no documentary evidence was provided in support of the reply.

The PAO was informed on 19.11.2013, 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 in light of the orders of the Supreme Court of Pakistan.

20.4.5 Non-production of record of expenditure on entertainment and hotel charges out of Secret Service Fund - Rs. 6.063 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 following hotels claimed bills as per record available with the Ministry of Interior during 2012-13. Details are as under:

(Rupees)

S. No	Date	Name of Hotel	Amount
1.	14.09.2012	Pearl Continental, Lahore	1,473,669
2.	09.02.2013	Marriott, Karachi	389,374
3.	31.03.2013	Marriott, Islamabad	4,200,000
		Total	**6,063,043**

Despite repeated requests the management did not provide the detailed record pertaining to entertainment and hotel charges.

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

The management did not reply.

The PAO was informed on 19.11.2013, 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 in light of the orders of the Supreme Court of Pakistan.

20.4.6 Non production of record of irregular appointment of Project Director of Safe City Islamabad Project

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 Ministry of Interior appointed Ex-Additional Secretary-I, Ministry of Interior as Project Director of Safe City Islamabad Project after his retirement on 29.03.2013.

Despite repeated requests the management did not provide the record pertaining to the appointment, i.e. advertisement, short listing of the candidates, Minutes of the Central Selection Committee/Board, approval of the Prime Minister, salary, perks & privileges, etc.

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

The management did not reply.

The PAO was informed on 19.11.2013, 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 relevant record.

20.4.7 Non production of record pertaining to Secret Service Expenditure of Ministry of Interior - Rs. 0.600 million

The Honorable Supreme Court of Pakistan in its judgment dated 08.07.2013 declared and directed that:

a) sub-Rule (5) of Rule 37 of the General Financial Rules, whereby the actual accounts for secret service expenditure are taken beyond the jurisdiction of the Auditor General, is illegal, unconstitutional, and of no legal effect;

b) the Auditor General, in order for him to fulfill his duties under Articles 169 and 170 of the Constitution, is not only authorized but also obliged to seek access to any and all records actually maintained by all federal and provincial governments, as well as all entities established by or under the control of the federal and provincial governments, regardless of the designation of such records as secret or otherwise;

c) an account subject to audit under Articles 169 and 170 shall be treated as “secret” only if so labeled in a federal or provincial statute and the constitutionality of such legislation will be subject to judicial review on the touchstone of Articles 19A, 169, 171 and other relevant provisions of the Constitution.

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 Ministry of Interior was requested to provide the record pertaining to Secret Service Expenditure amounting to Rs. 0.600 million during 2012-13.

Despite repeated requests the management did not provide record of Secret Service Expenditure.

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

The management replied that the record would be shown to Audit as soon as the same was received from concerned.

The reply indicates that the management has accepted the audit observation.

The PAO was informed on 19.11.2013, 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 auditable record.

20.4.8 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 lays down that any person or authority hindering the auditroial 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 Islamabad Capital Territory Police did not provide the following record despite repeated requests:

i. Receipt and expenditure accounts of petrol pumps, shops, forensic lab, swimming pool, etc.

ii. Detail of receipts collected and expenditure incurred out of Police Regimental Welfare Fund.

Audit is of the view that in absence of record the authenticity of the receipt and expenditure could not be ascertained.

The management did not reply.

The PAO was informed on 10.12.2013, 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 relevant record.

Irregularity & Non Compliance

20.4.9 Non-obtaining of adjustment accounts - Rs. 24.975 million

Para 207(3) of GFR Volume-I states that the recipient organization is required to submit vouched accounts or audited statement of the accounts to the sanctioning authority, in order to ensure that the Grant was utilized/spent for the purpose for which it was provided.

The Ministry of Interior, Islamabad released an amount of Rs. 24.976 million to Pakistan Rangers, Punjab, Lahore and Commandant Frontier Constabulary, Peshawar in connection with long March/Dharna on 14.01.2013 in Islamabad. Details are as under:

(Rupees)

S. No	Description of Supplementary Grant	Amount
1.	Pakistan Rangers, Punjab, Lahore	19,402,693
2.	Commandant Frontier Constabulary, Peshawar	5,573,092
	Total	**24,975,785**

Audit observed that the management did not obtain the adjustment accounts from Pakistan Rangers, Punjab, Lahore and Commandant, Frontier Constabulary, Peshawar despite the close of financial year 2012-13.

Audit is of the view that in the absence of adjustment accounts, the authenticity of use of public funds could not be established.

The management replied that adjustment accounts had been submitted to the office of AGPR and adjustment was awaited from that office. The departments had been requested to furnish the utilization report.

The reply indicates that the management has accepted the audit observation.

The PAO was informed on 19.11.2013, but DAC was not held till the finalization of the report.

Audit recommends that adjustment accounts should be obtained to authenticate the expenditure.

20.4.10 Unauthorized payment and irregular extension of contract of Security Agency - Rs. 19.920 million

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.

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.

Clause 1(a) of Terms and Conditions of the contract between Directorate General of Immigration and Passports and M/s Omer Razzaq Enterprises (Private) Limited (OREL) dated 01.02.2007 states that the agreement shall remain valid for a period of two years commencing from 01.02.2007 during which the services shall be provided without any interruption at the Headquarters and at 27 Regional Offices. The validity of the Agreement, however, after the initial period will be renewable subject to availability of budget and satisfactory performance of the company and willingness of Directorate General of Immigration and Passports on yearly basis.

The management of Directorate General of Immigration and Passports hired M/s Omer Razzaq Enterprises (Private) Limited (OREL) for security services at the Headquarters and at 27 Regional Offices for a period of two years from 01.02.2007 to 31.01.2009. The management paid Rs. 19.920 million to M/s OREL Security Company during 01.02.2009 to 30.06.2012. Details are as under:

(Rupees)

S. No.	Period	Amount
1.	01.02.2009 to 30.06.2009	2,690,300
2.	01.07.2009 to 30.06.2010	5,918,657
3.	01.07.2010 to 30.06.2011	5,885,166
4.	01.07.2011 to 30.06.2012	5,425,380
	Total	**19,919,503**

Audit observed as under:

i. The services of the security company were utilized without open competition from 01.02.2009 onwards.

ii. The agreement was extended for three months initially w.e.f. 01.02.2009 to 30.04.2009 and thereafter on monthly, bi-monthly and quarterly basis till 28.03.2013.

iii. The contract was extended till 28.03.2013 in violation of the terms and conditions of the contract agreement.

Audit is of the view that the extension of the contract from 01.02.2009 on monthly, bi-monthly and quarterly basis was irregular and unauthorized, and deprived the government of the benefits of competitive rates.

The management replied that the period of security expired on 31.03.2009 which was extended with the approval of Director General, I&P. A fresh tender was advertised but could not be finalized during validity period of tender. Fresh tenders are being called.

The reply indicates that the management has accepted the audit observation.

The PAO was informed on 31.10.2013, but DAC was not held till the finalization of the report.

Audit recommends that responsibility may be fixed for the irregularity.

20.4.11 Irregular charging of Rs. 25 as commission charges by National Bank of Pakistan on collection of passport fee - Rs. 425.695 million

Para 9 of Procedure for Collection of Passport and Visa Fees in Pakistan dated 10.04.1975 approved by the Ministry of Finance and State Bank of Pakistan states that a sum of Rs. 1 for each application will be paid to National Bank of Pakistan by the applicant as commission at the time of deposit of fee.

In 1986, the rate of commission/bank charges was enhanced to Rs. 2 per application as indicated in National Bank of Pakistan letter No. OPG/CS&GBW/AQ/2286 dated 29.03.2010.

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.

The Ministry of Interior vide letter No. 17/18/2005-Estt.(I&P) dated 19.08.2006 increased the Commission/Bank Charges from Rs. 2 to Rs. 25 on collection of passport fee from applicants.

The management of Directorate General of Immigration and Passports issued 17.900 million passports during 2007 to 2013. Details are as under:

Year	No. of New Passports	No. of Renewed Passports	No. of Modified Passports	Total No. of Passports
2007	1,954,235	1,781	22,559	1,978,575
2008	2,225,559	1,796	32,076	2,259,431
2009	2,056,381	43,909	42,952	2,143,242
2010	2,450,476	387,471	61,108	2,899,055
2011	3,113,601	775,736	65,884	3,955,221
2012	3,173,802	908,500	73,048	4,155,350
2013	371,264	125,920	11,680	508,864
	15,345,318	**2,245,113**	**309,307**	**17,899,738**

Audit observed as under:

i. On the request of National Bank of Pakistan, the Ministry of Interior increased the Commission/Bank charges from Rs. 2 to Rs. 25.

ii. The revision in the Commission/Bank charges under Para 9 of Procedure for Collection of Passport and Visa Fees in Pakistan was made without the concurrence of Ministry of Finance and State Bank of Pakistan.

iii. The National Bank of Pakistan collected excess Commission/Bank charges, i.e. Rs. 23 per applicant amounting to Rs. 411.694 million during 2007-13.

Audit is of the view that undue favour was extended to National Bank of Pakistan for charging Rs. 23 per applicant as Commission/Bank charges without the concurrence of the Ministry of Finance and State Bank of Pakistan.

The management replied that a similar para was discussed in the PAC meeting held on 20.11.2012 and action was being taken by the Ministry of Interior. The PAC directed the PAO to obtain the reply from the NBP, present practice may be stopped and responsibility may be fixed. The Committee further directed that an independent inquiry be conducted in coordination with Finance Division and to submit report within twenty days.

The reply was not accepted as neither the Ministry nor the department had taken any action on the directives of the PAC. Rather the irregularity was still continuing.

The PAO was informed on 31.10.2013, but DAC was not held till the finalization of the report.

Audit recommends that action should be taken in the light of PAC directives, besides discontinuing the irregular practice.

20.4.12 Irregular expenditure on Secret Service - Rs. 4.000 million

Para 4(iv) of Finance Division letter No. F.3(12)-212/75 dated 29.04.1976 states that the payments are properly authorized, made to proper persons (after due identification) and are duly acknowledged and also that Government has received value thereof. Further, the total expenditure has not exceeded the allotment sanctioned for the purpose. For verifying validity of each payment, supporting vouchers, counter foils of cheques, bank statement, invoices, etc. vis-à-vis the entries in the cash book, etc. may be examined. In these records, (a) the name of the party to whom the payment has been made, (b) the date of payment, (c) the nature of the Services/Supplies received, (d) the authorization for the payment by the competent authority (e) the allocation to which the particular payment has been charged and other particulars may be critically checked.

Para 4(v) of Finance Division letter No. F.3(12)-212/75 dated 29.04.1976 states that the bills/cheques drawn from the treasury, which resulted in receipt of cash and other receipts, if any, are entered in the cash book. The cash book is reconciled with the treasury accounts/bank statements.

Para 2 of Finance Division letter No. F.3(12)R-12/75 dated 22.11.1976 states that the position is that when secret service funds are first placed at the disposal of an authority, it is done with the concurrence of the Finance Division and that authority is specified in the sanction by designation. Powers thus stand delegated to that authority only (and no other) to draw and operate upon the funds.

The Director General, Federal Investigation Agency (Headquarters), Islamabad incurred expenditure of Rs. 4.000 million from Secret Service Fund during 2012-13.

Audit observed as under:

i. Cash Book was not maintained as required under the rules.

ii. No paid/supporting vouchers were available.

iii. Contingent register was not maintained.

iv. An amount of Rs. 3.350 million was recorded as paid to source without giving names of recipients, their CNIC numbers and payees acknowledgements.

v. An amount of Rs. 0.750 million was recorded as paid to Zonal Offices and Directors without any evidence in this regard.

vi. No certificate of Controlling (Audit) Officer was provided.

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

The management replied that as per practice in vogue, Cash Book was maintained by the Director General, FIA under his signatures who signs each entry in the Cash Book. In addition, he maintains a bank account for the purpose of the said Fund. No acknowledgements were received from the payees as the sources were secret and their written record may cause life risk for them. None of the sources was ready to recognize themselves at the cost of their lives.

The reply was not accepted because payment was required to be made to proper person after due identification and acknowledgment of receipt and it was the responsibility of the management to maintain proper record in the light of Finance Division letter No. F.3(12)-212/75 dated 29.04.1976.

The PAO was informed on 27.12.2013, but DAC was not held till the finalization of the report.

Audit recommends that responsibility may be fixed for the irregularity besides provision of auditable record.

20.4.13 Non-disposal of 14 off road vehicles

Para 167 of GFR Volume-I states that subject to any special rules or orders applicable to any particular department, stores which are reported to be obsolete, surplus or unserviceable may be disposed of by sale or otherwise under the orders of the authority competent to sanction the writing off of a loss caused by deficiencies and depreciation equivalent to their value.

Rule 26 of Staff Car Rules, 1980 states that all vehicles shall be disposed of by the Ministry/Division concerned through public auction.

The management of District Health Office, Islamabad provided a list of vehicles which included eight vehicles and six motor cycles shown as off road.

Audit observed that the management did not auction the off road vehicles since 2005.

Audit is of the view that non-disposal of vehicles deprived the government of its due receipt.

The management replied that three vehicles out of 14 had been declared condemned by the concerned department and approval to their auction had also been obtained. In compliance with the direction of higher authorities, a proposal of auction of vehicles declared condemned had been placed before the auction committee of Deputy Commissioner's Office. The case of condemnation of remaining 11 off road vehicles was also being taken up which would be disposed of/auctioned accordingly.

The reply indicates that the management has accepted the audit observation.

The PAO was informed on 10.12.2013, but DAC was not held till the finalization of the report.

Audit recommends that the vehicles may be disposed of and sale proceeds may be deposited into the government treasury.

20.4.14 Irregular purchase of two Toyota Hiace vehicles - Rs. 7.551 million

Finance Division vide O.M. No. F.7(2)Exp.IV/2011 dated 17.08.2011 imposed banned on purchase of physical assets during financial year 2011-12.

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 Deputy Commissioner's Office, Islamabad purchased two Toyota Hiace 15 seaters for Rs. 7.551 million from funds pertaining to People Works Programme-II transferred by Sui Southern Gas Company (SSGCL), Karachi during 2011-12.

Audit observed as under:

i. An amount of Rs. 7.600 million was transferred by SSGCL to Deputy Commissioner's Office from Peoples Work Programme-II on

01.06.2012, which was placed in account No. 14-7 maintained in National Bank, F-8 Markaz Branch, Islamabad.

ii. The funds were transferred to SSGCL for supply of gas from PWP-II, but were shifted to Deputy Commissioner, Islamabad and expended on purchase of vehicles.

iii. The vehicles were purchased for Supreme Court Bar Association which does not fall under the purview of Deputy Commissioner, Islamabad.

iv. There was complete ban on purchase of vehicles during this period.

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

The management replied that two Toyota Hiace vehicles were purchased on the directions of the Prime Minister of Pakistan for the Supreme Court Bar Association, Islamabad which were handed over to the Prime Minister's Secretariat.

The reply was not accepted because it was not the responsibility of the Deputy Commissioner, Islamabad to provide vehicles to the Supreme Court Bar Association. Further, the purpose of transfer of funds to SSGCL was to provide gas under Peoples Works Program-II.

The PAO was informed on 10.12.2013, but DAC was not held till the finalization of the report.

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

20.4.15 Non maintenance of record of Secret Service Expenditure - Rs. 1.500 million

Para 4(iv) of Finance Division letter No. F.3(12)-212/75 dated 29.04.1976 states that the payments are properly authorized, made to proper persons (after due identification) and are duly acknowledged and also that Government has received value thereof. Further, the total expenditure has not exceeded the allotment sanctioned for the purpose. For verifying validity of each payment, supporting vouchers, counter foils of cheques, bank statement, invoices, etc. vis-à-vis the entries in the cash book, etc. may be examined. In these records, (a) the name of the party to whom the payment has been made, (b) the date of payment, (c) the nature of the Services/Supplies received, (d) the authorization for the payment by the competent authority (e) the allocation to which the particular payment has been charged and other particulars may be critically checked.

Para 4(v) of Finance Division letter No. F.3(12)-212/75 dated 29.04.1976 states that the bills/cheques drawn from the treasury, which resulted in receipt of cash and other receipts, if any, are entered in the cash book. The cash book is reconciled with the treasury accounts/bank statements.

Para 2 of Finance Division letter No. F.3(12)R-12/75 dated 22.11.1976 states that the position is that when secret service funds are first placed at the disposal of an authority, it is done with the concurrence of the Finance Division and that authority is specified in the sanction by designation. Powers thus stand delegated to that authority only (and no other) to draw and operate upon the funds.

The Inspector General, Islamabad Capital Territory Police (ICTP) incurred Secret Service Expenditure of Rs. 1.500 million during 2012-13.

Audit observed that management of ICTP did not maintain record of Secret Service Expenditure, i.e. Cash Book, Reconciliation Statements, Bank Statements, details of payments, identification and acknowledgment of payees, etc. as required under Finance Division letter No. F.3(12)-212/75 dated 29.04.1976.

Audit further observed that an amount of Rs. 0.900 million out of the withdrawn amount of Rs. 1.500 million was transferred to different officers of ICTP.

Audit is of the view that non maintenance of record of Secret Service Expenditure and transfer of funds to other officers was irregular and unauthorized.

The management did not reply.

The PAO was informed on 10.12.2013, but DAC was not held till the finalization of the report.

Audit recommends that responsibility may be fixed for the irregularity besides provision of auditable record.

20.4.16 Un-authorized retention of government receipt realized on sale of Postal Orders - Rs. 7.330 millions

Rule 7(1) of FTR Volume-I states that all money 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 or into the bank and shall be included in the Federal Consolidated Fund of the Federal Government.

The management of Islamabad Capital Territory Police (ICTP) received Postal Orders amounting to Rs. 7.330 million with the applications of the candidates during the process of recruitment during 2012-13.

Audit observed that the Postal Orders were encashed on 29.05.2013 which were retained and not deposited into Government Treasury.

Audit is of the view that encashment and subsequent retention of Postal Orders was irregular and unauthorized which deprived the government of its due receipt.

The management did not reply.

The PAO was informed on 10.12.2013, but DAC was not held till the finalization of the report.

Audit recommends that responsibility may be fixed for the irregularity besides depositing the retained amount into the government treasury.

20.4.17 Non-recovery of deployment cost - Rs. 53.270 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 2012-13.

Audit observed that the management did not recover the cost of deployment amounting to Rs. 53.270 million from the borrowing organizations. Details are as under:

(Rupees)

S. No.	District	Deployment	Salary	Pension Contribution	IS Duty Allowance	Uniform & Arms Expenses
1.	DOFC, Dassu	OGDCL, Kohat	13,392,032	1,656,590	2,500,000	208,000
2.		MOL, Karak	13,392,032	1,656,590	2,500,000	208,000
3.	DOFC, Oghi	OGDCL, Nashpa, Karak	13,392,032	1,656,590	2,500,000	208,000
		Total	**40,176,096**	**4,969,770**	**7,500,000**	**624,000**

The exact recoverable amount and copies of agreements were not available with management, therefore, the amount was calculated on the basis of average estimates of annual salary expenses.

Audit is of the view that due to non-recovery of deployment cost, the public exchequer was put to loss.

The management replied that Commandant Frontier Constabulary (Headquarters), Peshawar was requested to reply the Audit Para.

The management of Commandant Frontier Constabulary (Headquarters), Peshawar did not reply.

The PAO was informed on 13.11.2013, but DAC was not held till the finalization of the report.

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

20.4.18 Unauthorized expenditure due to non-approval of Islamabad Development Package - Rs. 2,188.913 million

Planning and Development Division letter No. 20(1) PIA/PC/2005 dated 14.03.2005 states that schemes costing above Rs. 500 million should be approved by Executive Committee of National Economic Council (ECNEC).

Para 59 of Central Public Works (Department) Code states that a group of works which forms one project shall be considered as one work.

Prime Minister's Secretariat (Public) letter No. D.525/IBD/DS(G-II)/PAW/05 dated 24.04.2006 regarding meeting held on 17.04.2006 chaired by the Prime Minister for Islamabad Development Package states that "case for allocation of funds amounting to Rs. 4,300 million for development schemes proposed by Islamabad Capital Territory (Administration) (Rs. 282.243 million for health, Rs. 3,149.000 million for education, Rs. 740.000 million for rural development and Rs. 128.414 million for gas supply) may be processed and all codal formalities are to be completed expeditiously".

The management of Islamabad Development Package (IDP) prepared 103 PC-I for small schemes which were got approved from Islamabad Development Working Party (IDWP) headed by Chief Commissioner (ICT) during 2006-13. The management incurred an expenditure of Rs. 2,188.931 million on different schemes under the components of Rural Development, Health and Education.

Audit observed as under:

i. Umbrella PC-I for the entire program amounting to Rs. 4,300.000 million was not prepared.

ii. The package was split up in to small schemes to avoid the approval of the appropriate forum, i.e. ECNEC.

Audit is of the view that the expenditure incurred under IDP without approval of the package from the ECNEC was irregular and unauthorized.

The management replied that PC-I of all schemes executed under IDP were approved by IDWP and executed under the close supervision of Steering Committee duly approved by the Prime Minister of Pakistan. However, Umbrella PC-I costing to Rs. 4,300.000 million covering all schemes (completed, on-going and not started) had been sent on 05.11.2012 to the Ministry of Interior.

The reply indicates that the management has accepted the audit observation.

The PAO was informed on 19.11.2013, but DAC was not held till the finalization of the report.

Audit recommends that the umbrella PC-I may be got approved from the appropriate forum.

20.4.19 Non deduction of security and Income tax from the bills of contractors - Rs. 1.483 million

Section 153(2) of Income Tax Ordinance, 2001 states that Income Tax should be deducted at source at the prescribed rate from the bills of the suppliers/contractors.

Clause 17 of the terms and condition of bidding documents of Islamabad Development Package (IDP) provides that 10% security of the work done shall be deducted from the bills of the contractors and shall not be refunded before the expiry of three months after the issue of the certificate (PC-IV), final or otherwise, of completion of work.

The management of Islamabad Development Package (IDP) executed different schemes and paid an amount of Rs. 9.268 million to the contractors during 2012-13.

Audit observed that the management neither withheld security @ 10% amounting to Rs. 0.927 million nor deducted Income Tax @ 6% amounting to Rs. 0.556 million from the bills of the contractors.

Audit is of the view that failure to withhold security and deduct Income Tax was a violation of government instructions.

The management replied that balance payment of the contractor amounting to Rs. 9.296 million would be made after deduction of security and Income Tax.

The reply indicates that the management has accepted the audit observation.

The PAO was informed on 19.11.2013, but DAC was not held till the finalization of the report.

Audit recommends that Income Tax amounting to Rs. 556,091 may be recovered and security amounting to Rs. 926,819 may be withheld.

20.4.20 Irregular expenditure on civil works - Rs. 5.515 million

Para 182 of GFR Volume-I states that to facilitate the preparation of estimates, as also to serve as a guide in settling rates in connection with contract agreements, a schedule of rates for each kind of work commonly executed should be maintained in each locality and kept up to date. The rates entered in the estimates should generally agree with the scheduled rates but where, from any cause, these are considered insufficient, or in excess, a detailed statement must be given in the report accompanying the estimate, showing the manner in which the rates, used in the estimate arc arrived at.

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(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.

The management of National Police Academy carried out civil works and paid an amount of Rs. 5.515 million to various contractors.

Audit observed as under:

i. The management did not frame any regulations as required under Para 192 of GFR.

ii. The management was not empowered to incur expenditure on civil works and repair and maintenance.

iii. The management did not hold technical expertise for preparation of estimates, watching and endorsing the works, preparation of necessary books & records.

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 replied that the National Police Academy was an autonomous organization and not on the pool of Pak PWD for the purpose of carrying out repair & maintenance work. Therefore, it had to carry out miscellaneous repairs and related works on its own. National Police Academy carried out all the works keeping into consideration Procurement Rules, 2004 after advertisement on the website of Public Procurement Regulatory Authority.

The reply was not accepted because the management was not empowered to carry out civil works.

The PAO was informed on 19.11.2013, but DAC was not held till the finalization of the report.

Audit recommends that the management should either frame rules or get the work executed from a civil works organization, besides regularization of the expenditure.

CHAPTER 21

21. MINISTRY OF LAW, JUSTICE AND HUMAN RIGHTS

21.1 Introduction of Ministry

The Ministry of Law, Justice and Human Rights tenders advice to the Federal Government on legal and constitutional questions as well as to the Provincial Governments on legal and legislative matters. It also deals with drafting, scrutiny and examination of bills, legal instruments, international agreements, adoption of existing laws to bring them in conformity with the Constitution, legal proceedings and litigation throughout Pakistan concerning the federal government and other subjects, consultation with the 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 Ministries/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 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 2012-13 was Rs. 4,876.729 million including Supplementary Grant of Rs. 567.791 million out of which the Division utilized Rs. 4,051.526 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)
72	Current	372,993,000	112,451,000	485,444,000	393,312,170	(2,418,346)	(0)
73	Current	2,356,746,000	442,339,000	2,799,085,000	2,452,355,637	(780,585,377)	(28)
74	Current	212,395,000	202,000	212,597,000	182,711,368	(137,905,000)	(65)
50	Current	240,804,000	10,000,000	250,804,000	192,018,982	(58,785,018)	(23)
	Subtotal	**3,182,938,000**	**564,992,000**	**3,747,930,000**	**3,220,398,157**	**(979,693,741)**	**(26)**
125	Development	126,000,000	2,799,000	128,799,000	55,382,360	(73,416,640)	(57)
131	Development	1,000,000,000	-	1,000,000,000	775,745,810	(224,254,190)	(22)
	Subtotal	**1,126,000,000**	**2,799,000**	**1,128,799,000**	**831,128,170**	**(297,670,830)**	**(26)**
	Total	**4,308,938,000**	**567,791,000**	**4,876,729,000**	**4,051,526,327**	**(1,277,364,571)**	**(26)**

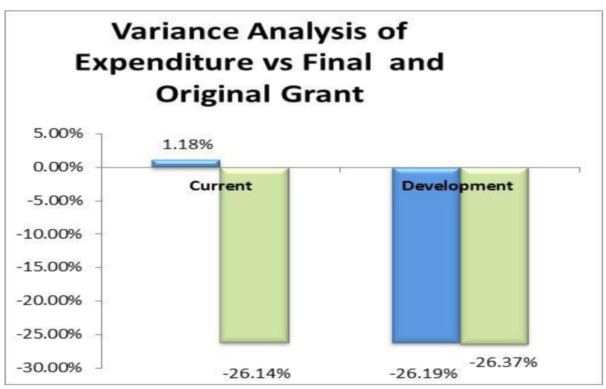
Audit noted that there was an overall saving of Rs. 1,277.365 million mainly due to savings in current expenditure.

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. 567.791 million were obtained, which were 13.18% 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 1.18%, which, after accounting for Supplementary Grants changed to saving of 26.14%. In development expenditure, saving against original budget was 26.19% which changed to 26.37% when Supplementary Grants were taken into account.



21.3 Brief comments on the status of compliance with PAC Directives

Name	Years	No. of audit paras	No. of Actionable Points	Full Compliance	Not Complied	% of Compliance
Law & Justice and Human Rights (including Devolved M/o Women Development)	1989-90	1	1	1	0	100%
	1990-91	4	4	3	1	75%
	1992-93	4	4	3	1	75%
	1997-98	1	1	0	1	0%
	1999-00	0	20	0	20	0%
	2000-01	25	25	15	10	60%
	2005-06	9	9	0	9	0%
	2006-07	6	6	4	2	67%
	2007-08	1	1	0	1	0%
	2008-09	2	2	1	1	50%
Total		**53**	**53**	**7**	**46**	13%

21.4 AUDIT PARAS

Irregularity & Non Compliance

21.4.1 Un-authorized payment to Provincial Bar Councils and Bar Associations - Rs. 776.423 million

Section 57 of the Legal Practitioners and Bar Councils Act, 1973 provides that the Federal Government, in the case of the Pakistan Bar Council, and the Provincial Government, in the case of a Provincial Bar Council, may make such Grants-in-Aid of the funds of the Bar Council as it may deem fit, having regard to the total number of advocates on the roll of the Council.

The Law and Justice Division paid Rs. 40.000 million to six Provincial Bar Councils and Rs. 736.423 million to 132 Bar Associations during 2011-13. Details are at Annexure-IX.
Audit observed as under:

i. Legal Practitioners and Bar Councils Act, 1973 did not provide for Grant-in-Aid by the Federal Government to Provincial Bar Councils and Districts & Tehsil Bar Associations.

ii. The Ministry of Law, Justice and Human Rights was directed in the DAC meeting held on 05.01.2011 to make appropriate amendments in the law in the light of a similar audit observation, which was yet to be made.

Audit is of the view that the payment of Rs. 776.423 million to Provincial Bar Councils and Districts & Tehsil Bar Associations was irregular and unauthorized.

The management replied that amendment in Section 57 of the Legal Practitioners and Bar Council Act, 1973, was proposed to bring these grants under a legal umbrella in simplified manner.

The reply indicates that the management has accepted the audit observation.

The PAO was informed on 04.11.2013, but DAC was not held till the finalization of the report.

Audit recommends that the irregular practice should be discontinued till such time a proper legal mechanism is in place to cover such payments.

21.4.2 Irregular use of bullet proof vehicle - Rs. 3.857 million

Rule 24(2)(a) of Staff Car Rules, 1980 states that the Prime Minister of Pakistan has been pleased to approve the revised entitlement of staff cars of 1800cc to Federal Ministers/Ministers of State/Advisors/Special Assistants to the Prime Minister with status of Minister/Minister of State.

The Law and Justice Division incurred an expenditure of Rs. 3.857 million on POL and repair & maintenance on a bullet proof jeep bearing registration No. GP-71 5400cc during August, 2010 to April, 2012. The vehicle was provided to the Minister/Advisor Law and Justice Division by the President's Secretariat

Audit observed that the Minister/Advisor Law and Justice Division was also provided an 1800cc vehicle by the Ministry of Law and Justice.

Audit is of the view the expenditure incurred by the Ministry of Law and Justice on bullet proof vehicle was irregular and unauthorized as the Law Minister was already provided an 1800cc vehicle as per his entitlement.

The management replied that the Cabinet Division had been requested to accord approval to the use of vehicle No. GP-71 5400cc by the Advisor to the Prime Minister beyond his entitlement and the expenditure incurred.

The reply indicates that the management has accepted the audit observation.

The PAO was informed on 04.11.2013, but DAC was not held till the finalization of the report.

Audit recommends that responsibility may be fixed for the irregularity.

21.4.3 Unauthorized retention of 19 vehicles in excess of authorization from Vehicle Authorization Committee

Para xv of Annexure to the Cabinet Division No. 6/7/2011-CPC dated 12.12.2011 states that the Ministries/Divisions/Departments needing operational vehicles shall get their authorization of such vehicles fixed from the Vehicle Committee constituted with a representative each from Cabinet Division, Finance Division and the respective Ministry/Division/Department.

Cabinet Division vide U.O. No. 2/20/1011-CPC dated 23.02.2012 authorized seven vehicles to be maintained for Protocol/General/Operational duties of Ministry of Law & Justice. Details are as under:

S. No.	Engine Capacity	No. of Vehicles
1.	1300cc Car	One
2.	800/1000cc Vehicle	Five
3.	Van up to 3000cc	One

Para 3 of Cabinet Division vide U.O. No. 2/20/1011-CPC dated 23.02.2012 states that all other vehicles, in excess to above authorized vehicles being used for Protocol/General/Operational duties may immediately be surrendered to the Cabinet Division, Central Pool of Cars by 01.03.2012.

The Ministry of Law, Justice and Human Rights was maintaining 26 vehicles of engine capacity ranging from 800cc to 1800cc.

Audit observed as under:

i. 19 vehicles were being maintained in excess of the vehicles authorized by the Vehicle Committee constituted pursuant to the Transport Monetization Policy.

ii. The excess vehicles were not surrendered to the Cabinet Division, Central Pool of Cars as required under Cabinet Division U.O. No. 2/20/1011-CPC dated 23.02.2012.

Audit is of the view that retention and maintenance of vehicles in excess of authorization from Vehicle Committee was irregular and unauthorized.

The management replied that the Cabinet Division was informed that at present the vehicles being used in protocol/general/operational duties were according to the authorization of Cabinet Division.

The reply was not accepted because the Cabinet Division only authorized seven vehicles for general/protocol/operational duties.

The PAO was informed on 04.11.2013, but DAC was not held till the finalization of the report.

Audit recommends that the excess vehicles should be surrendered to the Cabinet Division.

21.4.4 Irregular and un-authorized monetization of vehicle - Rs. 0.554 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 provides 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 Ministry of Law, Justice and Human Rights approved the monetization of vehicle No. GF-048 Toyota Corolla 1300cc 2007 Model at a depreciated value of Rs. 554,172 to Mr. Sohail Qadeer Siddiqui, Joint Secretary, Ministry of Law, Justice and Human Rights vide letter No. F.4(15)/2010(T)G dated 14.12.2012.

Audit observed as under:

i. The officer was not working in the Ministry of Law, Justice and Human Rights on 01.01.2012.
ii. The officer assumed the charge of the post of Joint Secretary (BPS-20), Ministry of Law, Justice and Human Rights on 31.05.2012.
iii. The vehicle was not allocated to or in possession of the officer on 31.12.2011.

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 stated that the Mr. Sohail Qadeer Siddqui was a B-20 officer of the Secretariat Group and was posted as Director General, Benazir Income Support Programme, Balochistan. The Compulsory Monetization Policy did not specify any expiry date and the vehicle was handed over to the officer under the Monetization Policy. The policy specifies that those officers who were posted in the provincial governments at the time of enforcement of policy shall avail the facility after their repatriation to the Federal Government. Therefore, the possession of vehicle on 31.12.2011 and the posting of officer on 01.01.2012 did not affect the eligibility of the officer. The Cabinet Division was informed on 22.10.2012 after monetization of the vehicle that did not respond negatively and accepted the monetization of vehicle.

The reply was not accepted because Para 8 of Cabinet Division's U.O. No. F.2/25/2011-CPC dated 22.06.2012 specifically prohibits monetization of vehicles which were not in possession of officers before 01.01.2012. The officer was only entitled to draw Monetization Allowance after his posting to the Federal Government from an autonomous body.

The PAO was informed on 04.11.2013, 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 irregularity.

21.4.5 Unadjusted expenditure on compensation for victims - Rs. 10.000 million

Rule 668 of Federal Treasury Rules, Volume-1 states that advances granted under special orders of competent authority to Government officers for departmental or allied purposes may be drawn on the responsibility and receipt of the officers for whom they are sanctioned, subject to adjustment by submission of detailed accounts supported by vouchers or by refund, as may be necessary.

Para 2 of Prime Minister's Secretariat letter No. JS(P)/NA-94/Misc/DS (CP)/12 dated 06.03.2013 states that the Prime Minister was pleased to allow compensation of Rs. 10.000 million to the victims of public outrage. The Finance Division was requested to provide Rs. 10.000 million, through Supplementary Grant for compensation. The amount was released to the District Coordination Officer, Toba Tek Singh for distribution amongst the victims in consultation with Mr. Riaz Fatiana, MNA.

The management of Human Rights Division placed an amount of Rs. 10.000 million at the disposal of District Coordination Officer, Toba Tek Singh to compensate the victims of public outrage due to public procession against electricity load shedding. During the procession, one person was killed, around 15 persons were injured, and seven cars & 22 motorcycles were burnt.

Audit observed as under:

i. There were no details on record of the person who died, the persons injured and the assets burnt to justify the expenditure.

ii. Adjustment account of Rs. 10.000 million was not obtained.

Audit is of the view that without the supporting documents the authenticity of the expenditure cannot be ascertained.

The management replied that the DCO, Toba Tek Singh was requested to furnish the verified receipts and copies of CNICs of the victims. The Prime Minister's Secretariat had also directed the DCO to distribute the amount in consultation with Mr. Riaz Fatiana, MNA.

The reply indicates that the management has accepted the audit observation.

The PAO was informed on 04.11.2013, but DAC was not held till the finalization of the report.

Audit recommends that adjustment accounts should be obtained in order to authenticate the expenditure.

21.4.6 Unauthorized expenditure on rent of office building of Ministry - Rs. 17.363 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 Human Rights Division hired office premises at State Life Building No 5, Islamabad and paid an amount of Rs. 17.363 million as rent during 2011-13. Details are as under:

(Rupees)

S. No.	Floor No.	Phase	Monthly rent	Cheque No.	Date	Period	Amount
1.	1st, 2nd, 8th, 9th & 10th	Phase-2	543,832	3813474	20.06.2012	01.07.2011 to 30.06.2012	6,525,984
2.	1st, 2nd, 8th, 9th & 10th	Phase-2	679,784	4261102	09.04.2013	01.07.2012 to 31.03.2013	6,118,056
3.	1st, 2nd, 8th, 9th & 10th	Phase-2	679,784	4432972	23.06.2013	01.04.2013 to 30.06.2013	2,039,355
4.	Ground & 1st	Phase-1	297,760	4434648	27.06.2013	01.08.2012 to 30.04.2013	2,679,840
						Total	**17,363,235**

Audit observed that the Secretary, Ministry of Human Rights 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 matter was referred to the Finance Division for concurrence. The Finance Division had advised that the matter should be processed according to Para 5(f) of the System of Financial Control and Budgeting, 2006.

The reply indicates that the management has accepted the audit observation.

The PAO was informed on 04.11.2013, but DAC was not held till the finalization of the report.

Audit recommends that the matter may be taken up with the Finance Division to regularize the irregularity.

21.4.7 Unauthorized expenditure on rent of office building - Rs. 1.500 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 National Commission on the Status of Women (NCSW), Islamabad hired office at House No. 39, Street No. 56, F-6/4, Islamabad and paid rent amounting to Rs. 1.500 million during 2011-12. Details are as under:

(Rupees)

S. No.	Payee	Monthly rent	Cheque No.	Date	Period	Amount
1.	Mrs. Neema Bhatti	125,000	3659345	18.01.2012	01.05.2011 to 31.10.2011	750,000
2.	Mrs. Neema Bhatti	125,000	3851763	06.06.2012	01.05.2012 to 31.10.2012	750,000
					Total	**1,500,000**

Audit observed that the Chairperson, NCSW 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 matter would be placed before the Departmental Accounts Committee to direct the Finance Division to regularize the payment.

The reply was not accepted because it was not the responsibility of the Departmental Accounts Committee to issue directions to the Finance Division to regularize the unauthorized actions of the management.

The PAO was informed on 04.11.2013, but DAC was not held till the finalization of the report.

Audit recommends that responsibility should be fixed for the irregularity.

21.4.8 Irregular and unauthorized hiring of services of Research Assistants - Rs. 3.296 million

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 management of Attorney General for Pakistan appointed three individuals as Research Assistants in the office of the Attorney General for Pakistan at a remuneration of Rs. 30,000 per month up to 06.07.2011, which was enhanced to Rs. 50,000 per month w.e.f. 07.07.2011. Details are as under:

(Rupees)

S. No.	Name	Period	Amount
1.	Ms. Shafaq Mohsin	24.03.2009 to 28.02.2013	1,813,871
2.	Mr. Salman Faisal	26.03.2009 to 31.12.2011	995,806
3.	Mr. Ali Mustafa	25.06.2010 to 30.10.2011	486,000
		Total	**3,295,677**

Audit observed as under:

i. There was no sanctioned post of Research Assistant in the Office of the Attorney General for Pakistan.

ii. Services of Research Assistants were hired without advertisement.

iii. Payments were made under object head A03917-Law Charges which was not meant for payment of salaries to Research Assistants.

Audit is of the view that appointment of Research Assistants without sanctioned posts and without observing instructions of the Establishment Division was irregular and unauthorized.

The management replied that the powers of appointment of Research Assistants rest with the Ministry of Law, Justice and Human Rights. Therefore, a letter was addressed to the Ministry of Law, Justice and Human Rights regarding appointment of the Research Assistants. However, it is clarified that no payment under the head A03917-Law Charges had been made during 2013-14 after expiry of the contracts of the Research Assistants.

The reply indicates that the management has accepted the audit observation.

The PAO was informed on 04.11.2013, but DAC was not held till the finalization of the report.

Audit recommends that the management should refrain from such irregularities in future.

CHAPTER 22

22. NARCOTICS CONTROL DIVISION

22.1 Introduction of Division

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 Ministry of Narcotics Control for the financial year 2012-13 was Rs. 2,014.336 million including Supplementary Grant of Rs. 225.808 million out of which the Ministry utilized Rs. 1,924.567 million. Grant wise detail of current and development expenditure is mentioned below:

(Rupees)

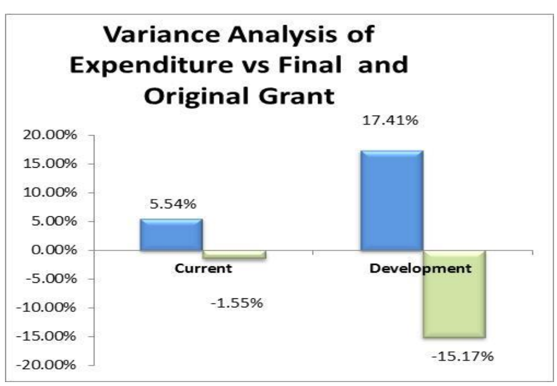
Grant No	Grant Type	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Final Grant/ Appropriation	Actual Expenditure	Excess/ (Savings)	% age Excess/ (Saving)
75	Current	1,477,473,000	106,370,000	1,583,843,000	1,559,366,145	(24,476,855)	(2)
	Subtotal	**1,477,473,000**	**106,370,000**	**1,583,843,000**	**1,559,366,145**	**(24,476,855)**	**(2)**
132	Development	311,055,000	119,438,000	430,493,000	365,200,365	(65,292,635)	(15)
	Subtotal	**311,055,000**	**119,438,000**	**430,493,000**	**365,200,365**	**(65,292,635)**	**(15)**
	Total	**1,788,528,000**	**225,808,000**	**2,014,336,000**	**1,924,566,510**	**(89,769,490)**	**(4)**

Audit noted that there was an overall saving of Rs. 89.769 million, which was due to saving of Rs. 65.293 million in Development Grant and saving of Rs. 24.477 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. 225.808 million were obtained which was 12.63% of 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 5.54%, which, after accounting for supplementary grant changed to savings of 1.55%. In development expenditure, there was an excess expenditure of 17.41% against original budget which changed to saving of 15.17% when Supplementary Grant was taken into account.



22.3 Brief comments on the status of compliance with PAC Directives

Name	Years	No. of audit paras	No. of Actionable Points	Full Compliance	Not Complied	% of Compliance
Narcotics	1989-90	3	3	0	3	0%
	1992-93	19	19	19	0	100%
	1994-95	1	1	1	0	100%
	1996-97	10	10	0	10	0%
	1999-00	24	24	1	23	4%
	Total	**57**	**57**	**21**	**36**	37%

22.4 AUDIT PARAS

Non Production of Record

22.4.1 Non production of record - Rs. 4.320 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 Narcotics Control Division was provided budget allocation of Rs. 4.320 million under 'Lump Provision for Operational Support for Narcotics Control Division' during 2012-13.

Despite repeated requests the management did not provide the record for audit scrutiny.

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

The management did not reply.

The PAO was informed on 08.11.2013, 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 provision of auditable record.

22.4.2 Non production of record of Secret Service Expenditure - Rs. 9.200 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.

Para 4(iv) of Finance Division letter No. F.3(12)-212/75 dated 29.04.1976 states that the payments are properly authorized, made to proper persons (after due identification) and are duly acknowledged and also that Government has received value thereof. Further, the total expenditure has not exceeded the allotment sanctioned for the purpose. For verifying validity of each payment, supporting vouchers, counter foils of cheques, bank statement, invoices, etc. vis-à-vis the entries in the cash book, etc. may be examined. In these records, (a) the name of the party to whom the payment has been made, (b) the date of payment, (c) the nature of the Services/Supplies received, (d) the authorization for the payment by the competent authority (e) the allocation to which the particular payment has been charged and other particulars may be critically checked.

Para 1 of Finance Division letter No. F.3 (12)-212/75 dated 29.04.1976 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 in connection with the secret services and furnish a certificate annually to the Accountant General in this behalf in the prescribed form.

Para 4(v) of Finance Division letter No. F.3(12)-212/75 dated 29.04.1976 states that the bills/cheques drawn from the treasury, which resulted in receipt of cash and other receipts, if any, are entered in the cash book. The cash book is reconciled with the treasury accounts/bank statements.

Para 2 of Finance Division letter No. F.3(12)R-12/75 dated 22.11.1976 states that the position is that when secret service funds are first placed at the disposal of an authority, it is done with the concurrence of the Finance Division and that authority is specified in the sanction by designation. Powers thus stand delegated to that authority only (and no other) to draw and operate upon the funds.

The management of Anti-Narcotics Force (Headquarters), Rawalpindi received an amount of Rs. 9.200 million for Secret Service Expenditure out of which Rs. 8.200 million were transferred to the Regional Directorates/Offices of ANF leaving a balance of Rs. 1.000 million during 2012-13.

Audit observed as under.

i. Certificate of administrative audit conducted by the Controlling Officer was not provided.
ii. The Director General was not authorized to transfer funds to Regional Directorates/Offices of ANF.
iii. Paid vouchers, bills, invoices, sanctions of expenditure and acknowledgements of amount by payees, etc. were not maintained.
iv. Bank statements were not provided.
v. Unspent balance of Rs. 1.000 million, as on 30.06.2013, was not deposited into government treasury.

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

Audit is also of the view that transfer of funds to Regional Directorates/Offices and retention of unspent balance was irregular and unauthorized.

The management replied that the ANF Headquarters did not spend the Secret Service Fund; the fund was distributed to Regional Directorates as per their quantum of work. The amount was paid to informers by Regional Directors and the entire record was maintained by them. However, certificates regarding payment to informers from the Force Commandants were obtained and could be shown to Audit. The unspent balance of Rs. 1.00 million was a liability which would be cleared shortly.

The reply indicates that the management has accepted the audit observation. Further, according to Para 2 of Finance Division letter No. F.3(12)R.12/75 dated 22.11.1976 the powers stood delegated to the authority only which could not be further delegated.

The PAO was informed on 08.11.2013, 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 provision of relevant record and depositing the unspent balance into the treasury.

Irregularity & Non Compliance

22.4.3 Loss due to the award of contract to the 2nd lowest bidder - Rs. 13.126 million

Rule 23(1) of Public Procurement Rules, 2004 states that procuring agencies shall formulate precise and unambiguous bidding documents that shall be made available to the bidders immediately after the publication of the invitation to bid.

Rule 38 of the 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.

The management of Anti-Narcotics Force (Headquarters), Rawalpindi procured Led Lights and Solar PV System under activity titled "Energy Saving Project" which was advertisement on 25.01.2013 for provision of energy saving items and installation at three different locations. The management signed Agreement with M/s Light Serve (Private) Limited, Lahore on 22.02.2013 and paid Rs. 17.994 million and Rs. 2.400 million during 2012-13.

Audit observed as under:

i. M/s Loom Care was the lowest bidder as per comparative statement whereas M/s Light Serve was 2nd lowest bidder.

ii. M/s Light Serve was paid Rs. 2.400 million for additional accessories, designing, engineering, commissioning and consulting charges which was not part of the tender documents and bid documents.

iii. The bid of M/s Loom Care was declined on the basis that the vendor demanded carriage charges, service charges, GST and that project would be completed in one year with warrantee period of three years. However, there was no documentary evidence to prove that the bidder declined his bid.

iv. According to the lowest bid received from M/s Loom Care the contract price works out to be Rs. 7.268 million, whereas the management paid Rs. 20.394 million to M/s Light Serve resulting in loss of Rs. 13.126 million.

Audit is of the view that the award of contract to the 2nd lowest bidder was irregular and unauthorized which resulted in loss of Rs. 13.126 million.

The management replied that the bid of M/s Loom Care was abnormally low, as compared to the six bidders. They were called to sign agreement vide HQ ANF letter No. 78/Tender/NF/Mil dated 13.02.2013. In response the company asked for additional charges vide their letter dated 17.02.2013, i.e. carriage charges, installation charges, service charges, General Sales Tax and all other government taxes and one year for completion project. Despite repeated telephonic contact, the company did not turn up. Therefore the bid was rejected but neither the security deposit of Rs. 150,000 was forfeited nor any action under Public Procurement

Rules, was taken against the firm. Regarding payment of Rs. 2.400 million it is correct that installation was the responsibility of the bidder as per laid down terms and conditions. However, the accessories required to fix the lights, Geysers and solar panels were not mentioned in the bid by the contractor. Hence, overpayment was made to M/s Light Serve.

The reply indicates that the management has accepted the audit observation. Further, no documentary evidence was provided that M/s Loom Care declined their bid.

The PAO was informed on 08.11.2013, but DAC was not held till the finalization of the report.

Audit recommends that responsibility may be fixed for the irregularity and loss sustained to government.

22.4.4 Unjustified and irregular payment of cash reward – Rs. 119.048 million

Section 34(1) of Control of Narcotic Substances Act, 1997 states that the Federal Government may, as soon as may be after the commencement of this Act, set up a Federal Narcotics Testing Laboratory and such other institutes and Narcotics Testing Research Laboratories or notify any other laboratory or institute to be a Federal Narcotics Testing Laboratory for carrying out the purposes of this Act.

Section 34(2) of Control of Narcotic Substances Act, 1997 states that the Provincial government may, whenever deems appropriate, set up Provincial Narcotics Testing Laboratories.

SRO No. 596(I)/97 dated 07.07.1997 issued by the Narcotics Control Division states that the Federal Government is pleased to notify the Pakistan Council of Scientific and Industrial Research Laboratories (PCSIR), Lahore, National Institute of Health Laboratory, Islamabad, Sindh Laboratory of Chemical Analysis, Karachi, PCSIR Laboratory, Karachi, PCSIR Laboratory, Peshawar and Central Drug Laboratory, DHA, Karachi and all Narcotics Testing Laboratories set up by the Provincial Governments to be the Federal Narcotics Testing Laboratories for the purpose of this Act.

The management of Anti-Narcotics Force (Headquarters), Rawalpindi paid Rs. 119.049 million as cash reward to informers, raiding parties and deposit in the Welfare Fund on the basis of Lab Testing Reports for seized narcotics. Details are as under:

(Rs. in million)

S. No.	Name of Regional Directorate of ANF	Informers (1/2 Share)	Raiding Parties (1/4 Share)	Welfare Fund (1/4 Share)	Total
1.	Rawalpindi	3.098	1.549	1.549	6.196
2.	Quetta	27.100	13.550	13.550	54.200
3.	Lahore	1.531	0.766	0.765	3.062
4.	Karachi	16.133	8.066	8.066	32.265
5.	Peshawar	11.663	5.831	5.831	23.325
	Total	**59.525**	**29.762**	**29.761**	**119.048**

Audit observed that the payments were made on the basis of Lab Testing Reports issued from laboratories which were not notified for the said purpose.

Audit is of the view that payment of cash award was irregular and unauthorized.

The management replied that Lab Testing Reports were signed by the Government Analysts. Exclusive Federal Testing lab for the purpose could not be established due to non-availability of funds nor is likely to be established due to economic crunch.

The reply indicates that the management has accepted the audit observation that reports were not issued by the notified laboratories. Further, government analysts were not authorized to sign the reports as per Control of Narcotic Substances Act, 1997.

The PAO was informed on 08.11.2013, but DAC was not held till the finalization of the report.

Audit recommends that responsibility may be fixed for the irregularity.

22.4.5 Non re-auction of 32 left over Seized/Confiscated vehicles

Rule 5(3)(b) of Disposal of Vehicles and other Articles (involved in Narcotics Cases) Rules, 2013 states that after giving advertisement in classified columns of at least three leading English language and Urdu language daily newspapers (preferably Sunday issue) and any local language of the area at least five to seven days in advance of the date of auction specifying the general description of vehicles to be auctioned. No advertisement or public notice in newspapers shall be required in respect of left over vehicles already notified and such vehicles shall be put to re-auction on display of notice on appropriate place, reception or gate of Regional Directorate or the concerned office of other Law Enforcement Agencies. Notice board shall be made approachable to common man at least two days before the date of re-auction.

Para 1(c) of letter No. 1(46)ANF/IR/MT/2011 dated 14.11.2011 states that confiscated vehicles should be placed in public auction/sale at least twice to obtain the reserve price. If the reserve price is not obtained in two successive auctions/sales, the Auction Committee may review the price, keeping in view the previous bids received and the condition of the vehicle.

The management of Regional Directorate, Anti-Narcotics Force, Rawalpindi advertised auction of 35 vehicles, including six motorcycles, in newspapers on 30.11.2011.

Audit observed that only two vehicles were auctioned. The bids of the remaining vehicles and motorcycles were rejected by the Auction Committee on the basis that the bids offered were lower than the reserve price, and did not re auction the remaining 32 vehicles.

Audit is of the view that failure to re-auction the vehicles deprived the government of its due receipt.

The management replied that the matter for re-auction of confiscated vehicles had been forwarded to ANF, Headquarters and the remaining 32 vehicles would be auctioned as and when approved by the ANF, Headquarters.

The reply indicates that the management has accepted the audit observation.

The PAO was informed on 30.12.2013, but DAC was not held till the finalization of the report.

Audit recommends that the vehicles may be re-auctioned.

22.4.6 Non-auction of 50 confiscated vehicles

Rule 3 of Disposal of Vehicles and other Articles (involved in Narcotics Cases) Rules, 2013 states that the concerned Regional Directorate, Anti-Narcotics Force or other Law Enforcement Agencies shall, after submission of challan, forward list of seized, frozen and confiscated case property or vehicles required to be auctioned to the Director General or Head of other Law Enforcement Agency for approval.

Rule 5(1) of Disposal of Vehicles and other Articles (involved in Narcotics Cases) Rules, 2013 states that the Chairman of the committee on receipt of clearance from Headquarters Anti-Narcotics Force or Headquarter of concerned Law Enforcement Agencies shall ensure the following namely:

a) Prepare detailed inventory schedule of each vehicle offered for auction;

b) Prepare a list of vehicles to be auctioned indicating the following:

  i) Vehicles, make, type, model and registration

  ii) First Information Report or case number

  iii) Appropriate market price

  iv) Reserve price

  v) Price at which auctioned (blank column)

  vi) Remarks (blank columns)

  vii) Signatures of Auction Committee (blank column)

The management of the Regional Directorate, Anti-Narcotics Force, Rawalpindi was in possession of 50 confiscated vehicles.

Audit observed that the confiscated vehicles were not auctioned since 2004.

Audit is of the view that failure to auction the confiscated vehicles deprived the government of its due receipt.

The management replied that the matter for auction of confiscated vehicles had been forwarded to ANF, Headquarters and the 50 vehicles would be auctioned as and when approved by the ANF, Headquarters.

The reply indicates that the management has accepted the audit observation.

The PAO was informed on 30.12.2013, but DAC was not held till the finalization of the report.

Audit recommends that the vehicles may be auctioned.

CHAPTER 23

23. NATIONAL ACCOUNTABILITY BUREAU

23.1 Introduction of Bureau

National Accountability Bureau (NAB) was established vide Ordinance No. XVIII of 1999 dated 16.11.1999 (NAB Ordinance, 1999) to eradicate corruption and hold accountable all those persons accused of such practices. NAB was also required to provide effective measures for the detection, investigation, prosecution and speedy disposal of cases involving corruption, corrupt practices, misuse/abuse of power, misappropriation of property, kickbacks, commissions, etc. with a view to a fair and just system for all.

NAB Headquarters is situated in the federal capital with five regional offices in the four provinces. The Headquarters exclusively performs policy and monitoring functions while the investigation is carried out in the Regional Offices. The Headquarters, however, retain a very limited investigation capability for very high profile corruption cases as determined by the Chairman, NAB.

Following its mandate, NAB formulated a National Anti-Corruption Strategy (NACS) with input from international experts (supported by the DFID, UK) in 2002. The strategy contains sections on the assessment of the weaknesses of relevant institutions and the system as a whole, proposes the strategic reform agenda and the implementation plan.

The main tasks of NAB have been organized along functional lines and by arranging them into four main divisions, i.e. Operations, Prosecution, Awareness & Prevention and Human Resource & Finance Divisions.

23.2 Comments on Budget & Accounts (Variance Analysis)

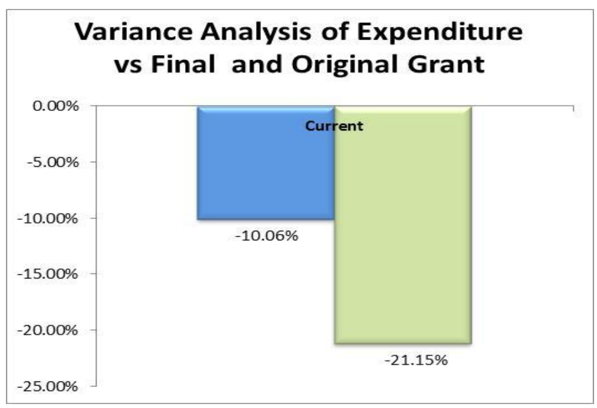
Final budget allocated to NAB for the financial year 2012-13 was Rs. 2,012.817 million out of which the Bureau utilized Rs. 1,587.049 million. The detail of current expenditure is mentioned below:

(Rupees)

Grant No	Grant Type	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Final Grant/ Appropriation	Actual Expenditure	Excess/ (Savings)	% age Excess/ (Saving)
10	Current	1,764,639,000	248,178,000	2,012,817,000	1,587,049,238	(425,767,762)	(21)
	Total	**1,764,639,000**	**248,178,000**	**2,012,817,000**	**1,587,049,238**	**(425,767,762)**	**(21)**

Audit noted that there was a saving of Rs. 425.768 million in the current grant.

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 graph below, the saving in current expenditure was 10.06% of original allocation which changed to 21.15% after supplementary grant was taken into account.



23.3 Brief comments on the status of compliance with PAC Directives

Name	Years	No. of audit paras	No. of Actionable Points	Full Compliance	Not Complied	% of Compliance
NAB	2005-06	3	3	2	1	67%
	Total	**3**	**3**	**2**	**1**	67%

23.4 AUDIT PARAS

Irregularity & Non Compliance

23.4.1 Improper maintenance of record of Secret Service Expenditure - Rs. 21.162 million

The Honorable Supreme Court of Pakistan in its judgment dated 08.07.2013 declared and directed that:

a) sub-Rule (5) of Rule 37 of the General Financial Rules, whereby the actual accounts for secret service expenditure are taken beyond the jurisdiction of the Auditor General, is illegal, unconstitutional, and of no legal effect;

b) the Auditor General, in order for him to fulfill his duties under Articles 169 and 170 of the Constitution, is not only authorized but also obliged to seek access to any and all records actually maintained by all federal and provincial governments, as well as all entities established by or under the control of the federal and provincial government, regardless of the designation of such records as secret or otherwise;

c) an account subject to audit under Articles 169 and 170 shall be treated as "secret" only if so labeled in a federal or provincial statute and the constitutionality of such legislation will be subject to judicial review on the touchstone of Articles 19A, 169, 171 and other relevant provisions of the Constitution ; and

Para 4(iv) of Finance Division letter No. F.3(12)-212/75 dated 29.04.1976 states that the payments are properly authorized, made to proper persons (after due identification) and are duly acknowledged and also that Government has received value thereof. Further, the total expenditure has not exceeded the allotment sanctioned for the purpose. For verifying validity of each payment, supporting vouchers, counter foils of cheques, bank statement, invoices, etc. vis-à-vis the entries in the cash book, etc. may be examined. In these records, (a) the name of the party to whom the payment has been made, (b) the date of payment, (c) the nature of the Services/Supplies received, (d) the authorization for the payment by

the competent authority (e) the allocation to which the particular payment has been charged and other particulars may be critically checked.

Para 1 of Finance Division letter No. F.3(12)-212/75 dated 29.04.1976 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 in connection with the secret services and furnish a certificate annually to the Accountant General in this behalf in the prescribed form.

Para 2 of Finance Division letter No. F.3(12) R.12/75 dated 22.11.1976 states that when secret service funds are first placed at the disposal of an authority, it is done with the concurrence of the Finance Division and that authority is specified in the sanction by designation. Powers thus stand delegated to that authority only (and no other) to draw and operate upon the funds.

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 National Accountability Bureau, Islamabad incurred an expenditure of Rs. 21.162 million out of Secret Service Expenditure during 2011-13.

Audit observed as under:

i. Secret Service Expenditure was utilized without any policy, rules, criteria, procedures, etc.

ii. Administrative audit was not conducted in violation of Finance Division instructions contained in letter No. F.3(12)-212/75 dated 29.04.1976.

iii. Vouchers/bills/invoices were not available.

iv. Voucher numbers were not recorded in the Cash Book. Hence, tracking of the transactions was difficult.

v. Acknowledgements of amounts received were not available.

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

The management replied that NAB was fighting for elimination of white collar crime/corrupt practices from the society. In order to strengthen measures for the detection, prosecution and speedy disposal of cases, a Secret Service Fund was operated by the Chairman, NAB. Proper record, Cash Book, sanction of expenditure, counter foils of cheques, bank statements, etc. were being maintained. As per instructions of the Finance Division, Chairman, NAB as PAO had certified the utilization of the amount in the interest of public service.

The reply was not accepted because vouchers/bills/invoices, acknowledgements of amount received and Certificate of Administrative Audit conducted by the Controlling Officer were not provided.

The DAC in its meeting held on 10.01.2014 was informed that the Supreme Court of Pakistan had decided/ordered that audit of Secret Service Expenditure was not outside the jurisdiction of the Auditor General of Pakistan. The DAC directed the management to maintain the record as per government instructions and also directed to provide the record to Audit for verification.

After the DAC meeting the management provided Bank Statements, approvals of PAO for incurring the expenditure and Cash Book which did not contain the transactional details, i.e. voucher numbers and payees names, etc.

Audit recommends that complete record should be provided to Audit.

CHAPTER 24

24. NATIONAL ASSEMBLY SECRETARIAT

24.1 Introduction of Secretariat

The National Assembly of Pakistan is the country's sovereign legislative body. It embodies the will of the people to let them be governed under the democratic, multi-party Federal Parliamentary System. The National Assembly makes laws for the Federation in respect of the powers enumerated in the Federal Legislative List. Through its debates, adjournment motions, question hours and Standing Committees, the National Assembly keeps a check over the Executive and ensures that the government functions within the parameters set out in the Constitution and does not violate the fundamental rights of citizens. Only the National Assembly, through its Public Accounts Committee, scrutinizes public spending and exercises control over expenditure incurred by the government.

The Islamic Republic of Pakistan is a Federal State comprising four provinces of Balochistan, Khyber Pakhtunkhwa, Punjab and Sindh; Islamabad is the Federal Capital with Federally Administered Tribal Areas (FATA). These federating units offer a lot of diversity and variety in terms of languages, levels of social and economic development, population density and climatic conditions.

The Members of the National Assembly are elected by direct and free vote in accordance with the law.

The National Assembly Secretariat, is organized and staffed to provide legislative, administrative, and information support services to the Members.

24.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the National Assembly Secretariat for the financial year 2012-13 was Rs. 2,073.556 million out of which the Secretariat utilized Rs. 1,702.360 million. Grant wise detail of current and development expenditure is mentioned below:

(Rupees)

Grant No	Grant Type	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Final Grant/ Appropriation	Actual Expenditure	Excess/ (Savings)	% age Excess/ (Saving)
76	Current	2,073,556,000	-	2,073,556,000	1,702,360,214	(371,195,786)	(18)
	Total	**2,073,556,000**	-	**2,073,556,000**	**1,702,360,214**	**(371,195,786)**	**(18)**

Audit noted that there was an overall saving of Rs. 371.196 million in the Current Grant.

Variance analysis could not be performed due to non-obtaining of Supplementary Grant.

24.3 Brief comments on the status of compliance with PAC Directives

Name	Year	No of audit paras	No of Actionable Points	Full Compliance	Not-Complied	% of Compliance
National Assembly	1996-97	11	11	0	11	0%
Total		**11**	**11**	**0**	**11**	0%

24.4 AUDIT PARAS

Irregularity & Non Compliance

24.4.1 Recovery of salary and allowances from the MNA's disqualified by the Supreme Court of Pakistan - Rs. 59.383 million

The Supreme Court of Pakistan vide orders dated 20.09.2012, 12.11.2012 and 21.03.2013 disposed of Petition No. 5 of 2012 and disqualified a number of Parliamentarians under Article 63(1)(C) of the Constitution of the Islamic Republic of Pakistan, 1973 as they had made false declarations before the Election Commission of Pakistan while filing their nomination papers. The Election Commission of Pakistan also de-notified the names of the Parliamentarians.

The Supreme Court of Pakistan directed five Members of Parliament to refund all monetary benefits drawn by them for the period during which they occupied the public office and had drawn their emoluments, etc. from the public exchequer including monthly remunerations, TA/DA, facilities of accommodation along with other perks. The amount so recovered from all of them shall be deposited in the public exchequer within a period of two weeks. Details are as under:

(Rupees)

S. No	Name of MNA	Amount
1.	Mrs. Farah Naz Isfahani	12,509,662

2.	Mr. Muhammad Jamil Malik	6,484,912
3.	Mr. Farhat Muhammad Khan	16,392,765
4.	Begum Shahnaz Sheikh	11,755,471
5.	Capt.(R) Rai Ghulam Mujtaba Kharral	12,240,482
	Total	**59,383,292**

Audit observed that the National Assembly Secretariat failed to effect recovery from the Ex-Parliamentarians.

Audit is of the view non recovery of monetary benefits was a violation of the orders of the Supreme Court of Pakistan and deprived the government of its due receipt.

The management replied that the letters to the concerned Ex-MNAs were sent for depositing the amount. However, correspondence with the Ex-Parliamentarians would continue till the full recovery of the outstanding amounts.

The reply indicates that the management has accepted the audit observation.

The DAC in its meeting held on 29.11.2013 directed the management to increase efforts for early recovery of the amount.

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

24.4.2 Non-framing of rules for carrying out the Members of Parliament (Salaries & Allowances) Act, 1974

Section 14 of the Members of Parliament (Salaries & Allowances) Act, 1974 states that after consultation with the Speaker of the Assembly and Chairman of the Senate, the Federal Government may, by notification in the official Gazette, make rules for carrying out the purposes of this Act.

Audit observed that despite lapse of 39 years rules for carrying out the purposes of Members of Parliament (Salaries & Allowance) Act, 1974 were not framed.

Audit is of the view that in the absence of rules, control over expenditure could not be made.

The management replied that privileges of Members are being revised from time to time through Finance Bill under Members of Parliament (Salaries & Allowances) Act, 1974. Moreover, it was entirely the responsibility of the Ministry of Parliamentary Affairs to move a Summary/Bill through Ministry of Law for further amendment in the relevant Act. However, the audit observation would be forwarded to the Ministry of Parliamentary Affairs for consideration.

The reply indicates that the management has accepted the audit observation.

The DAC was informed in its meeting held on 29.11.2013 that preparation of draft rules under Section 14 of the Members of Parliament (Salaries & Allowances) Act, 1974 were under process in consultation with the Parliamentary Affairs Division. The DAC pended the para till framing of the rules.

Audit recommends that rules may be framed and implemented.

CHAPTER 25

25. NATIONAL FOOD SECURITY AND RESEARCH DIVISION

25.1 Introduction of Division

Following departments/offices and functions were assigned to National Food Security and Research Division vide SRO 1088(I)/2011(F.No.4-14/2011-Min-I) dated 09.12.2011:

i. Economic coordination and planning in respect of food, economic planning and policy making in respect of agriculture.

ii. Imports and exports control on food grains and foodstuffs, inspection, grading analysis of food grains and foodstuffs, maintenance of standards of quality for import and export and inspection, handling, storage and shipment of rice exports.

iii. Collection of statistics regarding production, consumption, prices, imports and exports of food grains.

iv. Coordination with aid and assistance agencies in respect of food sector.

v. Pakistan Agricultural Research Council and other Federal agriculture research organizations.

vi. Food and Agriculture Organization (FAO) of United Nations in respect of food.

vii. Plant protection, pesticide import and standardization, aerial spray, plant quarantine and locust control in its international aspect and maintenance of locusts warning organizations.

viii. Federal seed certification and registration.

ix. Standardization and import of fertilizer.

x. Procurement of food grains, including sugar:

   a. from abroad;

b. for Federal requirement;

c. for inter-provincial supplies; and

d. for export and storage at ports.

xi. Grading of agricultural commodities, other than food grains, for exports.

xii. Administrative control of PASSCO.

xiii. Preparation of basic plan for bulk allocation of food grains and foodstuffs.

xiv. 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 inter-provincial supplies.

xv. Agricultural Policy Institute.

xvi. Animal quarantine departments, stations and facilities located anywhere in Pakistan.

xvii. National Veterinary Laboratory, Islamabad.

xviii. Laboratory for Detection of Drugs Residues in Animal Products, Karachi.

xix. Veterinary drugs, vaccines and animal feed additives:

a. import and export; and

b. procurement from abroad for Federal requirements and for inter-provincial supplies.

xx. Livestock, poultry and livestock products:

a. import and export; and

b. laying down national grades.

xxi. Pakistan Dairy Development Company.

xxii. Livestock and Dairy Development Board

xxiii. Fisheries Development Board.

xxiv. Pakistan Oil-Seed Development Board (for Federal areas only) added vide SRO No. 128(I)2013 dated 22.02.2013 (F.No. 4-2/2012-Min-I).

xxv. International cooperation matters relating to agriculture and livestock added vide SRO No. 622(I)/2013 (F.No. 4-8/2013-Min-I) dated 28.06.2013.

xxvi. Administrative control of the Agricultural Counselor's Office at Rome, Italy added vide SRO 622(I)/2013 (F.No. 4-8/2013-Min-I) dated 28.06.2013.

25.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the National Health Service Regulations and Coordination Division for the financial year 2012-13 was Rs. 3,906.081 million including Supplementary Grant of Rs. 825.364 million out of which the Division utilized Rs. 3,469.516 million. Grant-wise detail of current and development expenditure is as under:

(Rupees)

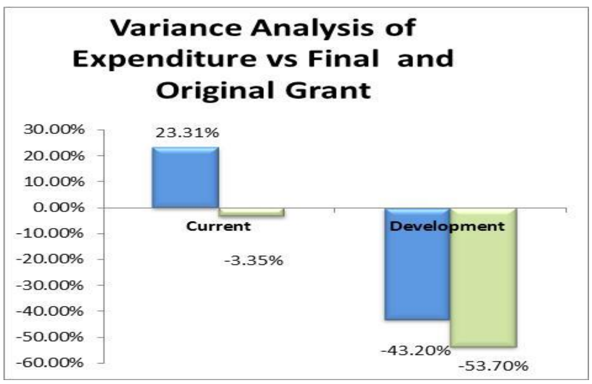
Grant No	Grant Type	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Final Grant/ Appropriation	Actual Expenditure	Excess/ (Savings)	% age Excess/ (Saving)
78	Current	2,585,717,000	713,078,000	3,298,795,000	3,188,369,550	(110,425,450)	(3)
	Subtotal	**2,585,717,000**	**713,078,000**	**3,298,795,000**	**3,188,369,550**	**(110,425,450)**	**(3)**
133	Development	495,000,000	112,286,000	607,286,000	281,146,200	(326,139,800)	(54)
	Subtotal	**495,000,000**	**112,286,000**	**607,286,000**	**281,146,200**	**(326,139,800)**	**(54)**
	Total	**3,080,717,000**	**825,364,000**	**3,906,081,000**	**3,469,515,750**	**(436,565,250)**	**(11)**

Audit noted that there was an overall saving of Rs. 436.565 million, which was mainly due to saving of Rs. 326.139 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. 825.364 million were obtained, which was 26.79% 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 23.31%, which, after accounting for Supplementary Grants changed to savings of 3.35%. In development expenditure, saving against original budget was 43.20% which after accounting for Supplementary Grant changed to 53.70%.



25.3 Brief comments on the status of compliance with PAC Directives

Name	Years	No. of audit paras	No. of Actionable Points	Full Compliance	Not Complied	% of Compliance
National Food Security and Research (Devolved M/o Food and Agriculture)	1987-88	17	17	15	2	88%
	1988-89	11	11	7	4	64%
	1989-90	9	9	5	4	56%
	1990-91	6	6	4	2	67%
	1991-92	19	19	2	17	11%
	1992-93	22	22	6	16	27%
	1993-94	31	31	4	27	13%
	1994-95	6	6	0	6	0%
	1995-96	14	14	0	14	0%
	1996-97	90	90	12	78	13%
	1997-98	7	7	3	4	43%
	1999-00	64	64	5	59	8%
	2000-01	45	45	2	43	4%

	2001-02	20	20	6	14	30%
	2005-06	9	9	5	4	56%
	2006-07	3	3	2	1	67%
	2007-08	5	5	4	1	80%
	2008-09	2	2	0	2	0%
Total		**411**	**411**	**113**	**298**	27%

25.4 AUDIT PARAS

Irregularity & Non Compliance

25.4.1 Irregular expenditure on conversion of vehicles from Single Cabin to Double Cabin - Rs. 5.064 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 subordinate disbursing officers.

Annexure-VII of PC-I of Research for Agricultural Development Program (RADP) provides Single Cabin or equivalent vehicle for distribution within Pakistan Agricultural Research Council on need basis.

The management of RADP paid an amount of Rs. 5.064 million @ Rs. 633,000 per vehicle to M/s Razmak Industries, Peshawar for conversion of eight Single Cabin vehicles to Double Cabin vehicles during 2010-11.

Audit observed that conversion of Single Cabin vehicles into Double Cabin vehicles was not provided in the approved PC-I.

Audit is of the view that the expenditure incurred on conversion of vehicles was irregular and unauthorized.

The management replied that there was no provision for conversion of Single Cabin vehicles to Double Cabin vehicles in the PC-I. However, there was a dire need of scientists of PARC research establishment all over the country because they had to travel in different and difficult terrain for research purposes. Keeping in view this dire need of the scientists the matter was taken up in the 3rd Program Steering Committee of RADP which had the mandate to authorize such type of revision and re-appropriation.

The reply was not accepted because if there was a 'dire need' for Double Cabin vehicles, the same would have been provided in the PC-I.

The PAO was informed on 24.12.2013, but DAC was not held till the finalization of the report.

Audit recommends that responsibility may be fixed for the irregularity.

25.4.2 Unauthorized appointment of Daily Paid Labour - Rs. 34.708 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 management of the Research for Agricultural Development Program (RADP) paid an amount of Rs. 34.708 million to Daily Paid Labour during 2010-13. Details are as under:

(Rs. in million)

S. No.	Year	Budget	Expenditure		Total
			PIU-RADP	NARC & other Stations	
1.	2010-11	33.084	0.905	11.257	12.162
2.	2011-12	12.500	2.620	6.769	9.389
3.	2012-13	20.000	2.129	11.028	13.157
	Total	**65.584**	**5.654**	**29.054**	**34.708**

Audit observed as under:

i. There was no provision for appointment of Daily Paid Labour in the approved PC-I.

ii. The expenditure was met out of the Head of account 6255-Other Services which was not meant for payment to Daily Paid Labour.

Audit is of the view that appointment and payment to Daily Paid Staff was irregular and unauthorized.

The management replied that the RADP was a mega project costing Rs. 3,000.000 million. There was provision to provide need based field/lab equipment to all the research establishments of PARC throughout the country and to strengthen the infrastructure of research establishments of PARC including roads, construction of labs, green houses and glass houses, etc. More than 100 research sub-projects were initiated by RADP, of which more than 80 projects were completed while remaining were on-going. There was no provision of lower level staff in the PC-I of Project Implementation Unit (PIU)-RADP. Maintaining the huge data of all these projects and procurement of a field/lab/machinery and equipment was a tiresome and difficult task to handle. To cater for all these problems and to carryout daily routine work it was very necessary to hire Daily Paid Labour (KPOs, Diarists, LDCs, Naib Qasid, etc.) on need basis.

The reply indicates that the management has accepted the audit observation.

Audit recommends that the irregularity should be discontinued besides fixing responsibility.

CHAPTER 26

26. NATIONAL HEALTH SERVICES REGULATIONS AND COORDINATION DIVISION

26.1 Introduction of Division

Following departments/offices and functions were assigned to National Health Services Regulations and Coordination Division vide SRO No. 389(I)/2013 (F.No.4-5/2013-Min-I) dated 15.05.2013:

i. Pakistan Medical and Dental Council

ii. Pakistan Council for Nursing

iii. College of Physicians and Surgeons

iv. National Councils for Tibb and Homeopathy

v. Pharmacy Council of Pakistan

vi. National associations in medical and allied fields such as Pakistan Red Crescent Society and TB Association

vii. Directorate of Central Health Establishment

viii. Drug Regulatory Authority of Pakistan

ix. International aspects of medical facilities and public health, International Health Regulations, health and medical facilities abroad

x. National Institute of Health

xi. National Health Emergency Preparedness and Response Network

xii. Pakistan Medical Research Council

xiii. Health Services Academy, Islamabad

xiv. Coordination of Vertical Health Programmes including interaction with GAVI, EPI and the Global Fund for AIDS, TB, Hepatitis and Malaria

xv. National planning and coordination in the field of health

xvi. Planning and development policies pertaining to population programs in the country

xvii. Matters relating to National Trust for Population Welfare and National Institute of Population Studies

xviii. Mainstreaming population factor in development planning

xix. Directorate of Central Warehouse and Supplies, Karachi

26.2 Comments on Budget & Accounts (Variance Analysis)

No separate Grant was allocated to the Division during 2012-13, therefore, grant analysis could not be performed.

26.3 Brief comments on the status of compliance with PAC Directives

Name	Years	No of audit paras	No of Actionable Points	Full Compliance	Not Complied	% of Compliance
National Health Services Regulations and Coordination (Devolved M/o Health)	1988-89	2	2	0	2	0%
	1995-96	8	8	5	3	63%
	1996-97	22	22	17	5	77%
	1997-98	1	1	1	0	100%
Total		**33**	**33**	**23**	**10**	70%

26.4 AUDIT PARAS

Non Production of Record

26.4.1 Non production of record of appointments

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 National Council of Homeopathy appointed 16 officials on contract basis during 2012-13.

Despite repeated requests the management did not provide record relating to appointment of the contract employees.

Audit is of the view that due to non-production of record, the authenticity of these appointments could not be ascertained.

The management replied that NCH appointed 16 officials after fulfilling all the codal formalities and record was ready for verification.

The reply was not accepted because no record was provided in support of the appointments.

The PAO was informed on 25.11.2013, 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 providing the relevant record.

26.4.2 Non production of record pertaining to Prime Minister's Programme for Prevention and Control of Hepatitis for the period 2011-13

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’.

Despite repeated requests the management of the Prime Minister’s Programme for Prevention and Control of Hepatitis did not provide the record of financial years 2011-13.

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

The PAO was informed on 24.12.2013, 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 providing the auditable record.

Irregularity & Non Compliance

26.4.3 Irregular expenditure on purchase of office building - Rs. 56.000 million

Para 10(1) 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 25 of Public Procurement Rules, 2004 states that the procuring agency may require the bidders to furnish a bid security not exceeding five per cent of the bid price.

The management of National Council for Homeopathy purchased office building in plot size of 27 marlas for Rs. 56.000 million in the month of September, 2010 (Financial year 2010-11) at Air Port Link Road, Rawalpindi which was approved by the National Council for Homeopathy in its 132nd annual budget meeting held on 05.08.2010.

Audit observed as under:

i. Before the start of purchasing process, valuation of the building was carried out by a firm named “Design Advisor, Islamabad” for a remuneration of Rs. 50,000 and payment was made vide cheque No. 2312096 dated 12.07.2010, which reflects that the management had already decided to purchase the building even before publication of tender in print media on18.08.2010.

ii. Bid security was not received from the firms participating in the bidding process.

iii. In the year 1999, National Council for Homeopathy purchased a plot measuring 30 Marlas situated at Air Port Link Road, Fazal Town, Rawalpindi at a cost of Rs. 2.700 million. The same plot was adjusted during the purchase of office building at a value of Rs. 10.000 million without market assessment of the plot.

iv. The matter of construction of building for NCH was discussed during a meeting held on 15.02.2009, during which the Director General Health directed that efforts may be made to acquire land from CDA for this purpose at Islamabad.

v. The Ministry of Health issued Show Cause Notice dated 31.03.2011 to the ex-president of National Council for Homeopathy wherein it was alleged that market price of the purchased building was approximately Rs. 20.000 million, whereas the building had been purchased for Rs. 56.000 million, resulting in loss of Rs. 36.000 million.

Audit is of the view that the President of NCH purchased the building in Rawalpindi in violation of the directions of Director General, Health and the subsequent non-transparent purchase process resulted in loss of Rs. 36.000 million.

The management replied that building was purchased by ex-president of NCH and complaint against purchase of building was lodged by the present president before the defunct Ministry of health and some other agencies, i.e. NAB and FIA in which stated that building was purchased illegally and unlawfully without observing codal formalities, after examining the case the Ministry disqualified the president. Presently the case was pending with FIA and Ministry also directed FIA to recover the amount from the culprits.

The reply indicates that the management has accepted the audit observation.

The PAO was informed on 25.11.2013, but DAC was not held till the finalization of the report.

Audit recommends that responsibility may be fixed for the irregularity.

26.4.4 Irregular and unauthorized expenditure on procurement of vehicle - Rs. 1.389 million

Finance Division vide O.M. No. F.4(1)Exp.IV/2008 dated 03.07.2008 imposed ban on purchase of any physical assets.

Para 2(b) of Cabinet Division letter No. 6-7(1)/02-M-II dated 22.07.2005 states that new vehicles can be purchased with the approval of Committee constituted in the Finance Division under the Chairmanship of Additional Secretary (Expenditure).

The management of National Council of Homeopathy purchased Toyota Corolla, GLI car, 1300 CC vide cheque No. 2058504 dated 08.05.2009 for Rs. 1.389 million during 2008-09.

Audit observed as under:

i. The vehicle was purchased during the period of ban.

ii. The vehicle was purchased without obtaining the approval of the Committee constituted in the Finance Division.

Audit is of the view that purchase of vehicle during the period of ban and without the approval of Finance Division was irregular and unauthorized.

The management replied that after long correspondence the Ministry of Health had accorded the post-facto approval to purchased Toyota Corolla GLI 1300 CC vide defunct Ministry of Health letter dated 18.02.2011.

The reply was not accepted because Finance Division imposed ban on purchase of vehicles, therefore, the then defunct Ministry of Health was not authorized to accord approval to purchase a vehicle.

The PAO was informed on 25.11.2013, but DAC was not held till the finalization of the report.

Audit recommended that responsibility may be fixed for the irregularity.

26.4.5 Irregular release of penalty amount deducted on account of late supply of vaccines - Rs. 34.726 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 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.

Clause 9 of Section-D of Bidding Documents - Special Conditions of Contract states that in case the deliveries are not completed within the time frame specified in the schedule of requirements, the contract will stand cancelled followed by a Show Cause Notice to the supplier. No supplies will be accepted subsequently and the amount of Performance Guarantee/Security will be forfeited to the Government Account and the firm will be blacklisted at least for two years for future participation in bids.

In case of late delivery of vaccines beyond the period specified in the schedule of requirements, penalty @ 0.30% per day of the cost of late delivered goods shall be imposed upon the supplier.

According to Schedule of Requirements Section E of Bidding Documents M/s Amson Vaccines & Pharma (Private) Limited, Rawalpindi was required to provide 19,274,656 measles vaccines in two installments of 9,637,328 each, 1st on 09.01.2010 and 2nd on 09.03.2010.

The management of Expanded Programme on Immunization (EPI), Islamabad entered in to contract with M/s Amson Vaccines & Pharma, Rawalpindi on 25.11.2009 for supply of 19.275 million doses of Measles Vaccine.

Audit observed as under:

i. M/s Amson did not deliver the 1st installment of 9.637 million doses within due date.

ii. A penalty of Rs. 34.557 million was imposed for late delivery of 1st installment by invoking Clause 9 of Section D of Bidding Documents - Special Conditions of Contract, and was deposited in government account under head of account C03859 on 18.03.2010.

iii. The management released the penalty of Rs. 34.726 million to M/s Amson on 29.05.2013, i.e. after three years from the head of account A03927-Procurement of Drugs and Medicines.

Audit is of the view that refund of penalty to M/s Amson was irregular and unauthorized.

The management replied as under:

i. A contract amounting to Rs. 534.160 million was awarded to M/S Amson Vaccines & Pharma (Pvt) Limited, Rawalpindi on 25.11.2009 by EPI, Ministry of Health (now defunct).

ii. Clause 15.2 of Special Conditions of Contract clearly states that "if at any time in the course of performance of the Contract, the supplier encounters any circumstances impeding timely delivery of the goods; he/she shall promptly notify the purchase in writing of the causes of delay and its likely duration. As soon as practicable, after receipt of the Supplier's notice, the purchaser shall evaluate the situation and depending on merits of the situation, extend the Supplier's time for performance."

iii. In accordance with the aforementioned Clause of the Tender Documents the firm vide letters dated 30.12.2009, 29.01.2010, 09.02.2010 & 01.03.2010 requested to extend the delivery schedule of 1st and 2nd installments on account of following grounds/reasons:

   a. Non availability of direct charted flights from India to Islamabad.

   b. Delay in confirmation of payment by EPI due to which the process of opening of Letter of Credit got delayed.

   c. Christmas/New Year holidays.

iv. On 11.03.2010, EPI extended (with the approval of PAO) the delivery schedule of 2nd installment up to 09.04.2010 while the delivery schedule of 1st installment was not extended.

v. Although the grounds considered for the extension of the delivery period were same for both installments but the extension was granted only for the 2nd installment.

vi. It is pertinent to note that after four administrative Secretaries/PAOs due to the cogent and legitimate reasons sanctioned the refund of penalty on the same analogy of extension of delivery period of the 2nd installment.

vii. Upon completion of all formalities, the case was duly examined and pre-audited by AGPR before the refund of penalty amount. The case was also referred to Finance Division to seek their opinion but the same was neither supported nor opposed by them.

The reply was not accepted because the request for extension of time period of 1st installment was not approved by the management, and penalty of Rs. 34.557 million was imposed. The refund of penalty after period of three years was, therefore, illegal, irregular and unauthorized. The Finance Division also did not respond to the request of EPI for refund of penalty indicating their refusal to the proposal.

The PAO was informed on 09.01.2014, 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 illegal refund.

26.4.6 Irregular payment of Health Allowance - Rs. 1.162 million

Finance Division O.M. No. F.2(13)R-2/2011-777 dated 06.02.2012 states that Federal Government had granted the 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.

Finance Division clarified the term "Health Personnel" vide U.O. No. F.2(13)R-2/2012-172 dated 27.03.2012 as follows:

"Health personnel" means a person who holds a post in any institute or organization delivering services in the health sector and included in Schedule-I, but does not include:

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 Expanded Programme on Immunization (EPI), Islamabad paid Rs. 1.162 million as Health Allowance to Dr. Irfan Ullah Qureshi, Deputy National Project Manager during 2011-13.

Audit observed that the Health Allowance was allowed to the officer who was on deputation from the province of Sindh.

Audit is of the view that payment of Health Allowance to deputationist from a province was irregular.

The management replied that there was no clarification in the principal letter that the Health Allowance would not be allowed to the officers taken on deputation from provinces. Hence, there was no bar on grant of Health Allowance to deputationists from provinces.

The reply was not accepted because Finance Division clarified the term "Health Personnel" vide U.O. No. F.2(13)R-2/2012-172 dated 27.03.2012 according to which the deputationists from provinces were not entitled for Health Allowance.

The PAO was informed on 09.01.2014, but DAC was not held till the finalization of the report.

Audit recommends that responsibility may be fixed for the irregularity and the irregular payment should be recovered.

26.4.7 Irregular procurement of vaccines from UNICEF - Rs. 892.083 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 Lahore High Court while disposing of Intra Court Appeal (ICA-132 of 2006) decided on 30.05.2007 that the undertaking given by the respondents (Ministry of Health and EPI) before the learned Single Judge and reiterated before us today shall be honored and with effect from the next financial year beginning from 01.07.2007, the respondents shall follow the Public Procurement Rules, 2004 in letter and spirit in the matter of procurement of medicines for the said EPI. They will also ensure that the medicines are supplied strictly in accordance with the laws applicable in Pakistan including the Drugs Act, 1976 and the Rules framed thereunder.

The management of Expanded Programme on Immunization (EPI), Islamabad procured BCG, TOPV, Measles, Tetanus Toxoid, Auto Disable Syringes

0.5ml, Reconstitution disposable syringes 2ml and Safety Boxes from UNICEF Supply Division, Copenhagen, Denmark for Rs. 892.083 million during 2012-13.

Audit observed as under:

i. The vaccines and other items were procured from UNICEF against the instructions/verdict of the Lahore High Court.

ii. Procurements were made in violation of Rule 12(2) of Public Procurement Rules, 2004.

iii. UNICEF was not a supplier or contractor.

Audit is of the view that procurement of vaccines without open competition in violation of the orders of the Lahore High Court was irregular and unauthorized.

The management replied that Ministry of Inter Provincial Coordination called a meeting of all Provinces/Areas in Islamabad on 15.10.2012 wherein all the Provinces/Areas showed their inability regarding procurement of vaccines and requested the federal government for their procurement and supply to the provinces till 30.06.2013. Subsequently, the notification regarding extension of EPI up to 30.06.2013 was issued by the Ministry of Inter Provincial Coordination. It was decided in the meeting of Council of Common Interests (CCI) that funds would be provided by the Federal Government for vertical health programmes. In the meeting dated 15.10.2012 it was decided that procurement may be made through UNICEF to meet the emergency for a period of six months and for remaining six months, tenders may be called from local bidders. In this situation it was decided to invoke Rule 42(d)(iii) of Public Procurement Rules, 2004. The court had issued orders to follow the Public Procurement Rules, 2004 and had not prohibited EPI from procurement of vaccines from UNICEF in an emergency.

The reply was not accepted because UNICEF was not a supplier or contractor as provided in Rule 42(d) of Public Procurement Rules, 2004. The Lahore High Court had specifically directed EPI to follow the Public Procurement Rules, 2004 in letter and in spirit. The meeting in the Ministry of Inter Provincial Coordination was held on 15.10.2012 while the vaccines were to be delivered to the provinces by 30.06.2013 indicating that there was no emergency as more than

10 months were available for the procurement of vaccines. The vaccines were purchased from UNICEF on 21.11.2012.

The PAO was informed on 09.01.2014, but DAC was not held till the finalization of the report.

Audit recommends that inquiry may be held and responsibility may be fixed for violating the instructions of the Lahore High Court and Public Procurement Rules, 2004.

26.4.8 Loss due to purchase of vaccines from UNICEF at higher rates - Rs. 41.846 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

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 Expanded Programme on Immunization (EPI), Islamabad procured 4,159,200 BCG vaccines @ Rs. 16.10 per unit and 13,848,000 TOPV vaccines @ Rs. 16.45 per unit from UNICEF Supply Division, Copenhagen, Denmark for Rs. 294.763 million during 2012-13.

Audit observed that the management also procured the same vaccines from a local supplier in January, 2013 at lower rates, i.e. BCG vaccines @ Rs. 10.90 per unit and TOPV at Rs. 14.99 per unit resulting in a loss of Rs. 41.846 million. Details are as under:

(Rupees)

S. No.	Vaccine	Total Quantity (Purchased)	Unit Cost (UNICEF)	Total Cost (UNICEF)	Unit Cost (Local Supplier)	Total Cost (Local Supplier)	Loss
1.	BCG	4,159,200	16.10	66,963,120	10.90	45,335,280	21,627,840

2.	TOPV	13,848,000	16.45	227,799,600	14.99	207,581,520	20,218,080
			Total	**294,762,720**		**252,916,800**	**41,845,920**

Audit is of the view that procurement of vaccines from UNICEF at higher rates resulted in loss to government.

The management replied that Ministry of Inter Provincial Coordination called a meeting of all Provinces/Areas in Islamabad on 15.10.2012 wherein all the Provinces/Areas showed their inability regarding procurement of vaccines and requested the federal government for their procurement and supply to the provinces till 30.06.2013. Subsequently, the notification regarding extension of EPI up to 30.06.2013 was issued by the Ministry of Inter Provincial Coordination. It was decided in the meeting of Council of Common Interests (CCI) that funds would be provided by the Federal Government for vertical health programmes. In the meeting dated 15.10.2012 it was decided that procurement may be made through UNICEF to meet the emergency for a period of six months and for remaining six months, tenders may be called from local bidders. In this situation it was decided to invoke Rule 42(d)(iii) of Public Procurement Rules, 2004. The court had issued orders to follow the Public Procurement Rules, 2004 and had not prohibited EPI from procurement of vaccines from UNICEF in an emergency.

The management also stated that the competent authority was not aware on 21.11.2012 when UNICEF rates were accepted regarding the rates to be offered by local bidders through open tenders which were still to be called and subsequently opened on 18.01.2013. UNICEF offered rates of BCG, Tetanus Toxoid, TOPV and Measles as a whole. Although rates of BCG and TOPV were slightly high but rates of Measles and Tetanus Toxoid were very low.

The reply was not accepted because the procurement made from UNICEF was itself a violation of decision of Lahore High Court and procurement at higher rates without obtaining competitive rates from local suppliers resulted in loss.

The PAO was informed on 09.01.2014, but DAC was not held till the finalization of the report.

Audit recommends that matter may be investigated and responsibility may be fixed for the loss.

26.4.9 Expenditure without framing and approval of Welfare Fund Rules - Rs. 4.200 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.

The management of National Institute of Health (NIH), Islamabad was maintaining Welfare Fund PLS Account No. 2935-8 in National Bank of Pakistan, NIH Branch, Islamabad from 40% contribution of Lab Test Fee realized from private patients and rent of shops.

Audit observed that an expenditure of Rs. 4.200 million was incurred out of Welfare Fund without framing and approval of Welfare Fund Rules from the Ministry of Finance during 2012-13.

Audit is of the view that operation of Welfare Fund and its subsequent utilization without the approval of the Ministry of Finance was irregular and unauthorized.

The management replied that Secretary, Ministry of National Health Services Regulations and Coordination had approved the rules which had been sent to the Finance Division for concurrence.

The reply indicates that the management has accepted the audit observation.

The PAO was informed on 06.11.2013, but DAC was not held till the finalization of the report.

Audit recommends that the Welfare Fund Rules may be got approved from the Finance Division.

26.4.10 Unauthorized allotment of shops to the employees

Rule 20 of the 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 National Institute of Health, Islamabad allotted 68 shops to their employees at monthly of rent of Rs. 1,200 for Category A and Rs. 800 for Category B.

Audit observed as under:

i. The shops were allotted to the employees without open competition.

ii. The shops allotted to the employees had been sublet.

Audit is of the view that allotment of shops without open competition was irregular and unauthorized.

The management replied that shopping centre was constructed in 1995 and the Board of Governors of NIH approved the allotment of the shopping centre to the NIH employees in the 41st meeting held on 07.01.2002 and decided the rent with 10% annual increase. The terms and conditions of agreement were approved by the BOG. However, the employees did not deposit back the agreements after signature. This was neither brought to the notice of the senior management nor any action was taken or efforts made. A Committee was constituted on 27.04.2011 with clear TORs to implement the decision of BOG. The Committee recommended the enhancement of rent, i.e. Rs. 3,113 for large shop and Rs. 2,073 for small shop which could not be recovered as the allottees filed a civil suit and obtained status quo. After devolution of Ministry of Health the NIH was placed under the administrative control of the Ministry of National Health Services Regulations and Coordination w.e.f. 04.05.2013. The BOG became functional and the matter regarding shopping centre was taken up immediately.

The BOG during its 61st meeting held on 16.07.2013 decided the re-balloting of shops purely on merit which were not included in the civil suits/vacated immediately and to work out the details about number of shops, status and rent comparison with the nearby markets for submitting a proposal regarding long term solution and increasing the receipts. The letters regarding subletting of shops were issued to the allottees with clear directions not to sublet the shops.

The reply indicates that the management has accepted the audit observation.

The PAO was informed on 06.11.2013, but DAC was not held till the finalization of the report.

Audit recommends that the shops should be allotted through open competition.

26.4.11 Non recovery of rent of land and buildings - Rs. 124.798 million

Para 5(e) of Finance Division O.M. No. F.3(2)Exp.III/2006 dated 13.09.2006 states that in the matter of receipts pertaining to the Ministry/Division, Attached Departments and Subordinate Offices, the Principal Accounting Officer is expected to ensure that adequate machinery exists for due collection and bringing to account of all receipts of any kind connected with the functions of the Ministry/Division(s)/Departments and Subordinate Offices under his control.

The management of National Institute of Health, Islamabad leased out land and rent out buildings to 12 government departments.

Audit observed that rent amounting to Rs. 124.798 million was outstanding against these departments as on 30.06.2013.

Audit is of the view that non receipt of rent resulted in loss to the government.

The management replied that although different organizations/departments were paying the rent and utility charges but an amount of Rs. 124.798 million including Annual Ground Rent of Rs. 59.029 million was outstanding against various departments up to June, 2013. An amount of Rs. 11.573 million had been recovered and further recoveries were in process.

The reply indicates that the management has accepted the audit observation.

The PAO was informed on 06.11.2013, but DAC was not held till the finalization of the report.

Audit recommends that the outstanding amount of rent may be recovered and deposited into government account.

CHAPTER 27

27. MINISTRY OF OVERSEAS PAKISTANIS AND HUMAN RESOURCE DEVELOPMENT

27.1 Introduction of Ministry

Following departments/offices and functions were assigned to the Ministry of Overseas Pakistanis and Human Resource Development vide SRO No. 622(I)/2013(F. No. 4-8/2013-Min-I) dated 28.06.2013:

1. National policy, planning and coordination regarding manpower development and employment promotion for intending overseas workers.
2. Preparation of short and long-term programs for manpower development and employment promotion abroad.
3. Research into problems of overseas Pakistanis; promotion and coordination of measures best suited to resolving them and motivating Pakistani citizens abroad to strengthen their links with the mother country.
4. Policy for linkages between the training of workers/labour force with the latest requirements abroad.
5. Linkage of training imparted at training institutes like National Training Bureau, Pakistan Manpower Institute, etc. with the efforts for increase in manpower export through Overseas Employment Corporation and Bureau of Emigration and Overseas Employment. This would also include close coordination and linkage with the Community Welfare Attaches abroad.
6. Welfare of Pakistani emigrants abroad and their dependents in Pakistan.
7. Periodic assessment, review and analysis of manpower resources and employment requirements overseas.
8. Administrative control of Overseas Pakistanis Foundation.

9. Special Selection Board for selection of Community Welfare Attaches for posting in Pakistan Missions abroad.

10. Administration of:

a) Emigration Ordinance, 1979;

b) Control of Employment Ordinance, 1965;

c) Workers Welfare Fund Ordinance, 1971;

d) Companies Profits (Workers Participation) Act, 1968;

e) Employees' Old Age Benefits Act, 1976 including supervision and control of the employees' old age benefits institutions.

11. Administrative control of:

a) Overseas Employment Corporation; and

b) Bureau of Emigration and Overseas Employment.

12. Foreign Employment and Emigration.

13. Administration of the Industrial Relations Act, 2012 and keeping a watch on labour legislation from international perspective, coordination of labour legislation in Pakistan and the Industrial Relations Commission.

27.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Ministry for the financial year 2012-13 was Rs. 657.954 million including Supplementary Grant of Rs. 54.123 million out of which the Ministry utilized Rs. 603.882 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)
82	Current	603,831,000	54,123,000	657,954,000	603,881,864	(54,072,136)	(8)
	Total	**603,831,000**	**54,123,000**	**657,954,000**	**603,881,864**	**(54,072,136)**	(8)

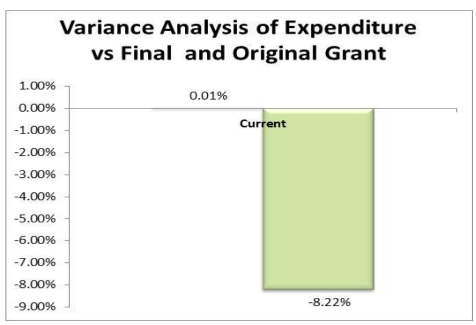
Audit noted that there was saving of Rs. 54.072 million.

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. 54.123 million were obtained, which was 8.96% 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 0.01%, which, after accounting for Supplementary Grants changed to saving of 8.22%.



27.3 Brief comments on the status of compliance with PAC Directives

Name	Years	No. of audit paras	No. of Actionable Points	Full Compliance	Not Complied	% of Compliance
Ministry of Human Resource Development (Devolved M/o Labour and Manpower and M/o Overseas Pakistanis)	1989-90	1	1	1	0	100%
	1990-91	2	2	2	0	100%
	1992-93	13	13	3	10	23%
	1993-94	9	9	7	2	78%
	1994-95	2	2	2	0	100%
	1996-97	1	1	0	1	0%
	1997-98	23	23	10	13	43%
	1999-00	43	43	22	21	51%
	2001-02	1	1	0	1	0%

	2006-07	1	1	0	1	0%
	2008-09	2	2	0	2	0%
Total		**98**	**98**	**47**	**51**	**48%**

27.4 AUDIT PARAS

Non Production of Record

27.4.1 Non production of record of Discretionary Grant - Rs. 2.740 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 Overseas Pakistanis incurred an expenditure of Rs. 2.740 million under the head “Discretionary Grant by the Minister and Minister of State” during 2008-13.

Despite repeated requests the management did not provide the auditable record, i.e. Cash Book, requests of applicants, sanctions, counter folios of cheques, bank statement, reconciliation statement with the AGPR, Islamabad, etc.

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 Private Secretaries to the Federal Minister and Minister of State had been requested to provide all the relevant documents.

The reply indicates that the management has accepted the audit observation.

The PAO was informed on 22.11.2013, 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 auditable record.

CHAPTER 28

28. PAKISTAN ATOMIC ENERGY COMMISSION

28.1 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.

28.2 Comments on Budget & Accounts (Variance Analysis)

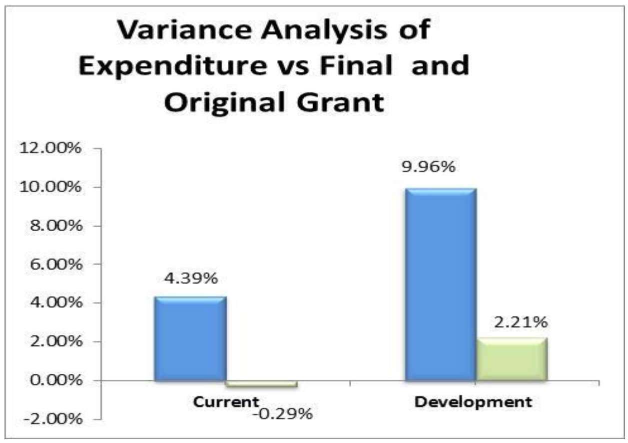
Final budget allocated to Pakistan Atomic Energy Commission for the financial year 2012-13 was Rs. 48,151.376 million against which the Commission utilized Rs. 49,076.080 million. Grant-wise detail of current and development expenditure is as under:

(Rupees)

Grant No	Grant Type	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Final Grant/ Appropriation	Actual Expenditure	Excess/ (Savings)	% age Excess/ (Saving)
12	Current	5,333,950,000	250,000,000	5,583,950,000	5,567,858,432	(16,091,568)	(0.29)
	Sub-total	**5,333,950,000**	**250,000,000**	**5,583,950,000**	**5,567,858,432**	**(16,091,568)**	**(0.29)**
141	Development	39,567,426,000	3,000,000,000	42,567,426,000	43,508,222,000	940,796,000	**2.21**
	Sub-total	39,567,426,000	3,000,000,000	42,567,426,000	43,508,222,000	940,796,000	**2.21**
	Total	**44,901,376,000**	**3,250,000,000**	**48,151,376,000**	**49,076,080,432**	**924,704,432**	**1.92**

Audit noted that there was an excess of Rs. 940.796 million in development grant No. 141 which amounts to 1.95 % of the total budget allocated to the 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, the excess in development grant No. 141 was 9.96% of original allocation which changed to 2.21% after Supplementary Grant was taken.



28.3 Brief comments on the status of compliance with PAC Directives

Name	Years	No. of audit paras	No. of Actionable Points	Full Compliance	Not Complied	% of Compliance
PAEC	1989-90	2	2	2	0	100%
	1992-93	6	6	6	0	100%
	1993-94	1	1	1	0	100%
	1994-95	2	2	2	0	100%
	2006-07	1	1	0	1	0%
Total		**15**	**15**	**14**	**1**	93%

28.4 AUDIT PARAS

Irregularity & Non Compliance

28.4.1 Unauthorized retention of repaid loans/advances - Rs. 31.122 million

Article 78(1) of the Constitution of Islamic Republic of Pakistan, 1973 states that all revenues received by the Federal Government, all loans raised by that

Government, and all money received by it in repayment of any loan, shall form part of a consolidated fund, to be known as the Federal Consolidated Fund.

The management of Pakistan Atomic Energy Commission (Headquarters), Islamabad recovered loans/advances, i.e. House Building Advance, Motor Car Advance, Motor Cycle Advance amounting to Rs. 31.122 million during 2012-13.

Audit observed that the management did not deposit recoveries of these loans/advances into Federal Consolidated Fund.

Audit is of the view that non-deposit of recoveries of loans/advances into the Federal Consolidated Fund was violation of Article 78(1) of the Constitution of Islamic Republic of Pakistan, 1973.

The management replied that the PAEC was maintaining its own revolving funds for the loans and advances since 2003. The amount returned by the individuals was required to be reimbursed in the same account to maintain regular input as per Clause 1(b)(2) of Strategic Plans Division letter No. 931/SWD/B/Policy dated 07.10.2003.

The reply was not accepted because PAEC was regularly receiving budgetary grant from the government. The moneys received in repayment of the loans and advances were required to be deposited into the Federal Consolidated Fund as PAEC or Strategic Plans Division could not frame any rules or procedures in violation of the Constitution.

The PAO was informed on 18.12.2013, but DAC was not held till the finalization of the report.

Audit recommends that the irregular practice should be discontinued and the moneys received in repayment of loans and advances should be deposited into the government treasury.

28.4.2 Irregular and unauthorized expenditure on mobile phone facility - Rs. 2.774 million

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-17 to BPS-20 working in Ministries/Divisions on regular basis.

The management of Pakistan Atomic Energy Commission (Headquarters), Islamabad incurred an expenditure of Rs. 2.774 million on payment mobile phone charges during 2012-13.

The officers of PAEC were not entitled to avail the facility in the light of the instructions issued by the Cabinet Division.

Audit is of the view that incurrence of expenditure on mobile phone facility in violation of instructions of the Cabinet Division was irregular and unauthorized.

The management replied that PAEC was an organization working under the ambit of National Command Authority with Strategic Plans Division as its Secretariat. According to Rule 15 of National Command Authority Act, 2010 the authority may make rules for carrying out the objectives of this Act. By exercising these powers the authority issued Delegation of Powers which was notified by the PAEC. Accordingly all expenditure incurred on mobile phones of PAEC officials was sanctioned with the approval of competent authority as per Section 17(e) of Delegation of Powers. The mobile phone expenditure was met from within the entitled residential ceiling which was already less than the office ceiling as allowed in the federal government.

The reply was not accepted because the mobile phone facility was for the officers of BPS 20 and below working in Ministries/Divisions only. The National Command Authority Act, 2010 did not empower the Strategic Plans Division to violate the government policy.

The PAO was informed on 18.12.2013, but DAC was not held till the finalization of the report.

Audit recommends that instructions of the Cabinet Division should be followed and the irregular practice should be discontinued.

28.4.3 Irregular payment of Project Allowance - Rs. 37.948 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.

Para 1(i) of the Finance Division (Regulation Wing) O.M. No. F.16(1)Reg-14/2003 dated 18.04.2012 states that project allowance will be discontinued in all types of projects with immediate effect to remove distortion in the system.

Para 3 of the Finance Division (Regulation Wing) O.M. No. F.16(1)Reg-14/2003 dated 18.04.2012 states that the earlier instructions contained in Finance Division’s O.M. No. F.16(1)R-14/2003 dated 12.08.2008 stands superseded and replaced by this Office Memorandum.

The management of Pakistan Atomic Energy Commission paid an amount of Rs. 37.948 million as Project Allowance during 2012-13. Details are as under:

(Rs. in million)

S. No.	Office	Amount
1.	PAEC, Headquarters	25.108
2.	Nuclear Institute of Agriculture and Biology, Faisalabad	12.840
	Total	37.948

Audit observed that the Project Allowance was paid to the employees 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 PAEC was a strategic organization under National Command Authority and observing National Command Authority rules/regulations for its employees. According to enforced special pay scales notified Project Allowance at the uniform rate, i.e. 30% of minimum of the pay scale was admissible to all employees of the PAEC. A case was taken up with Strategic Plans Division to resolve the matter accordingly the name of the allowance was renamed as NCA Service Allowance ab-initio w.e.f. 29.11.2001.

The reply was not accepted because the National Command Authority could not frame rules or pay special allowances in violation of the government rules/instructions. The renaming of the allowance ab-initio w.e.f. 29.11.2001 indicates that the National Command Authority has realized that its action of paying Project Allowance was irregular and has now tried to undo the wrong through another irregular act.

The PAO was informed on 25.11.2013 and 18.12.2013, but DAC was not held till the finalization of the report.

Audit recommends that the Project Allowance paid irregularly should be recovered while the irregular practice should be discontinued.

CHAPTER 29

29. MINISTRY OF PETROLEUM AND NATURAL RESOURCES

29.1 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 minerals at the national and international levels, including:
   - (i) Policy, legislation and 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 there under, 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 sea 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 there under;

   (ii) Matters relating to Federal investments and undertakings wholly or partly owned by the Government in the field of oil, gas and minerals, except those assigned to the Industries and Production Division.

5. Administration of:

   (i) The Petroleum Products (Development Surcharges) Ordinance, 1961 and the rules made there under;

   (ii) The Natural Gas (Development Surcharges) Ordinance, 1967 and the rules made there under;

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

29.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Petroleum & Natural Resources Division for the financial year 2012-13 was Rs. 1,199.203 million including Supplementary Grant of Rs. 253.083 million out of which the Division utilized Rs. 904.886 million. Grant-wise detail of current and development expenditure is as under:

(Rupees)

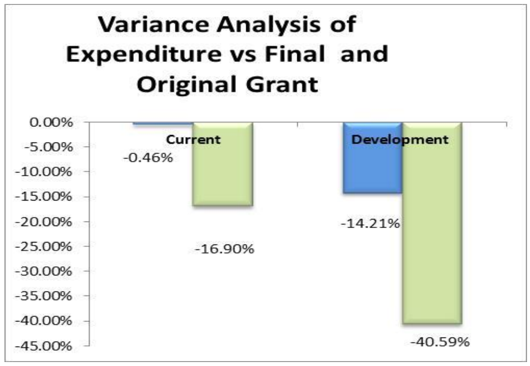
Grant No	Grant Type	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Final Grant/ Appropriation	Actual Expenditure	Excess/ (Savings)	% age Excess/ (Saving)
84	Current	291,949,000	100,004,000	391,953,000	262,768,366	(129,184,634)	(33)
85	Current	306,867,000	34,075,000	340,942,000	333,722,528	(7,219,472)	(2)
86	Current	79,218,000	-	79,218,000	78,410,000	(808,000)	(1)
	Subtotal	**678,034,000**	**134,079,000**	**812,113,000**	**674,900,894**	**(137,212,106)**	**(17)**
135	Development	200,000,000	119,002,000	319,002,000	199,249,957	(119,752,043)	(38)
148	Development	68,086,000	2,000	68,088,000	30,734,902	(37,353,098)	(55)
	Subtotal	**268,086,000**	**119,004,000**	**387,090,000**	**229,984,859**	**(157,105,141)**	**(41)**
	Total	**946,120,000**	**253,083,000**	**1,199,203,000**	**904,885,753**	**(294,317,247)**	**(25)**

Audit noted that there was an overall saving of Rs. 294.317 million, which was due to savings of Rs. 157.105 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. 253.083 million were obtained, which was 26.75% 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 0.46%, which was increased to 16.90% after accounting for Supplementary Grants. In development expenditure, saving against original budget was 14.21% which changed to saving of 40.59% when Supplementary Grants were taken into account.



29.3 Brief comments on the status of compliance with PAC Directives

Name	Years	No. of audit paras	No. of Actionable Points	Full Compliance	Not Complied	% of Compliance
Ministry of Petroleum and Natural Resources	1987-88	2	2	0	2	0%
	1988-89	5	5	2	3	40%
	1990-91	1	1	1	0	100%
	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%
	1999-00	4	4	0	4	0%
	2000-01	52	52	38	14	73%
	2005-06	11	11	3	8	27%
	2006-07	3	3	2	1	67%
	2008-09	3	3	0	3	0%
Total		**94**	**94**	**52**	**42**	55%

29.4 AUDIT PARAS

Non Production of Record

29.4.1 Non production of record of Discretionary Grant by the Minister – Rs. 2.000 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 Petroleum and Natural Resources was allocated budget of Rs. 2.000 as Discretionary Grant of the Minister under ID No. 1596 during 2011-13.

Despite repeated requests the management did not provide the auditable record, i.e. Cash Book, requests of applicants, sanctions, counter folios of cheques, bank statement, reconciliation statement with the AGPR, Islamabad, etc.

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

The management replied that the official concerned had been directed to provide the record to Audit.

The reply indicates that the management has accepted the audit observation.

The PAO was informed on 26.12.2013, 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 auditable record.

29.4.2 Non production of record of Exploration and Production Training Fund

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 Policy Wing of the Ministry of Petroleum and Natural Resources was maintaining bank account No. 53160-01 in Habib Bank Limited, Corporate Branch, Islamabad for Exploration and Petroleum Training Fund.

Despite repeated requests the management did not provide the following auditable record pertaining to Exploration and Petroleum Training Fund:

i. Authority under which the Fund was kept outside the Federal Consolidated Fund.

ii. Cash Book.

iii. Receipts and payments record including vouchers.

iv. Bank reconciliation statement.

v. Counter folios of cheque books.

vi. Name and designation of cheque signatories.

vii. List of officers with record of payment files regarding training abroad/within the country, foreign tours.

viii. Payments made to Consultants and Third Parties, payments made to staff and officers of the Ministry its attached Departments/offices and corporations, etc.

Audit is of the view that due to non-production of record the authenticity of the expenditure as per policy guidelines could not be ascertained.

The management later provided copies of five contracts of Consultants and bank statements of June, 2012 and June, 2013 and stated that the remaining record would be provided later on. However, the management did not provide the remaining record till finalization of the Audit Report.

The PAO was informed on 26.12.2013, 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 auditable record.

Irregularity & Non Compliance

29.4.3 Irregular appointment of M/s Midas (Pvt.) Ltd for media campaign without open competition – Rs. 72.077 million

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.

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 Ministry of Petroleum and Natural Resources paid Rs. 72.077 million to M/s Midas (Private) Limited, Islamabad for media campaign during April and May, 2011. Details are as under:

(Rupees)

S. No.	Sanction No.	Date	Amount
1.	1(1)/2011-CDN	11.10.2011	10,860,301
2.	1(1)/2011-CDN	18.11.2011	38,937,240
3.	1(1)/2011-CDN	18.11.2011	22,279,413
		Total	**72,076,954**

Audit observed as under:

i. The work of media campaign was awarded to M/s Midas (Private) Limited, Islamabad without open competition and involvement of Press Information Department (PID).

ii. The original files relating to release orders for print and electronic media were not provided to Audit to verify the schedule of advertisement, justification for the media campaign, approval of the Secretary, Ministry of Petroleum and Natural Resources, etc.

iii. There was no monitoring mechanism to determine the impact of the media campaign.

Audit is of the view that the appointment of the firm without open competition and involvement of PID was irregular and unauthorized.

The management replied that payment was made to M/s Midas (Private) Limited for the media campaign launched by the Ministry in order to clear the perception and to sensitize the stakeholders about the real causes of oil price hike. Supplementary Grant for clearing the outstanding dues was obtained.

The reply was not accepted because the management did not respond to specific points raised in the audit observation.

The PAO was informed on 26.12.2013, but DAC was not held till the finalization of the report.

Audit recommends that responsibility may be fixed for the irregularity.

CHAPTER 30

30. MINISTRY OF PLANNING AND DEVELOPMENT

30.1 Introduction of Ministry

The functions of the Planning and Development Division as per the Rules of Business, 1973 are:

1. (i) Preparation of comprehensive National Plan for the economic and social development of the country;

   (ii) Formulation, within the framework of the National Plan, of an annual plan and an annual development program; and

   (iii) Recommendations concerning orderly adjustments therein in the light of new needs, better information and changing conditions.

2. Monitoring the implementation of all major development projects and programs; identification of bottlenecks and initiation of timely remedial action.

3. Evaluation of on-going and completed projects.

4. Review and evaluation of the progress achieved in the implementation of the National Plan.

5. Identification of regions, sectors and sub-sectors lacking adequate portfolio of projects and taking steps to stimulate preparation of sound projects in those areas.

6. Continuous evaluation of the economic situation and coordination of economic policies.

7. Organization of research in various sectors of the economy to improve the database and information as well as to provide analytical studies which will help economic decision making.

8. Association with the Economic Affairs Division in matters pertaining to external assistance in individual projects, from the stage prior to preliminary discussion up to the stage of final signing

of documents with aid-giving agencies.

9. Development of appropriate cost and physical standards for effective technical and economic appraisal of projects.

10. Coordination of Social Action Programme with World Bank and other donor Agencies.

11. National Logistics Cell.

12. Administrative control of:

    (i) Economists and Planners Group

    (ii) Pakistan Institute of Development Economics

    (iii) Overseas Construction Board

    (iv) National Fertilizer Development Center

    (v) Pakistan Planning and Management Institute

    (vi) Jawaid Azfar Computer Center

13. The Planning and Development Division will act as the Secretariat of the Planning Commission under the Chairmanship of the Prime Minister which is the apex planning and coordination body. The relationship between the Planning Commission and the Planning and Development Division will be as defined in Cabinet Secretariat (Cabinet Division) Resolution No. 4-6/2006-Min.I dated 20.04.2006.

30.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Planning and Development Division for the financial year 2012-13 was Rs. 40,002.052 million including Supplementary Grant of Rs. 1,075.199 million out of which the Division utilized Rs. 2,152.956 million. Grant-wise detail of current and development expenditure is as under:

(Rupees)

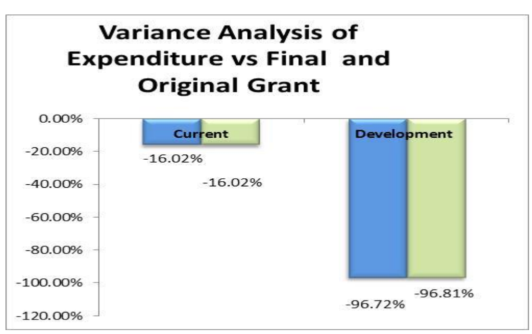
Grant No	Grant Type	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Final Grant/ Appropriation	Actual Expenditure	Excess/ (Savings)	% age Excess/ (Saving)
41	Current	1,086,848,000	8,000	1,086,856,000	912,714,521	(174,141,479)	(16)
	Subtotal	**1,086,848,000**	**8,000**	**1,086,856,000**	**912,714,521**	**(174,141,479)**	**(16)**
124	Development	37,840,005,000	1,075,191,000	38,915,196,000	1,240,241,001	(37,674,954,999)	(97)
	Subtotal	**37,840,005,000**	**1,075,191,000**	**38,915,196,000**	**1,240,241,001**	**(37,674,954,999)**	**(97)**
	Total	**38,926,853,000**	**1,075,199,000**	**40,002,052,000**	**2,152,955,522**	**(37,849,096,478)**	**(95)**

Audit noted that there was an overall saving of Rs. 37,849.096 million, which was mainly due to saving of Rs. 37,674.954 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. 1,075.199 million were obtained, which was 2.76% 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 16.02%. In development expenditure, saving against original budget was 96.72% while the saving came to 96.81% when Supplementary Grant was taken into account.



30.3 Brief comments on the status of compliance with PAC Directives

Name	Years	No. of audit paras	No. of Actionable Points	Full Compliance	Not Complied	% of Compliance
Planning and Development Division	1989-90	1	1	1	0	100%
	1990-91	10	10	10	0	100%
	2000-01	15	15	0	15	0%
	Total	**26**	**26**	**11**	**15**	42%

30.4 AUDIT PARAS

Irregularity & Non Compliance

30.4.1 Irregular payment of Health Allowance - Rs. 4.020 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.

Finance Division clarified the term "Health Personnel" vide U.O. No. F.2(13)R-2/2012-172 dated 27.03.2012 as follows:

"Health personnel" means a person who holds a post in any institute or organization delivering services in the health sector and included in Schedule-I.

The management of Planning and Development Division, Islamabad paid Health Allowance amounting to Rs. 4.020 million to four officers posted in the Planning Division.

Audit observed that the Health Allowance was not admissible to the officers posted in Federal Ministries/Divisions.

Audit is of the view that the payment of Health Allowance was irregular and unauthorized.

The management did not reply.

The PAO was informed on 23.12.2013, but DAC was not held till the finalization of the report.

Audit recommends that responsibility may be fixed for the irregularity and irregular payment of Health Allowance may be recovered.

30.4.2 Irregular payment of Monetization Allowance - Rs. 1.055 million

Para 3 of Cabinet Division letter No. 6/7/2001-CPC dated 12.10.12 states that BS-20 & 22 officers are not entitled to draw Transport Monetization Allowance during Earned Leave, Leave Preparatory to Retirement, or any other kind of leave except Casual Leave and Medical Leave up to one month.

The Planning and Development Division granted 1,450 days Ex-Pakistan leave on Half Average Pay to Mr. Muhammad Ajmal, Chief (B-20), Industries and Commerce Section w.e.f. 01.06.2010.

Audit observed that an amount of Rs. 1.055 million was paid as Monetization Allowance @ Rs. 65,960 per month to the officer from 01.01.2012 to 30.04.2013.

Audit is of the view that payment of Monetization Allowance during period of leave was irregular and unauthorized.

The management did not reply.

The PAO was informed on 23.12.2013, but DAC was not held till the finalization of the report.

Audit recommends that responsibility may be fixed for the irregularity besides recovering the irregular payment.

30.4.3 Non-recovery of compensation from Research Officer - Rs. 3.000 million

The Surety Bond submitted by Mr. Irfan Saleem, Research Officer states that in case of breach of any terms and conditions by him on his failure to return to and stay in Pakistan the scholar shall be bound to compensate the Government by making a refund of the total amount of expenditure incurred on him in foreign currency or its equivalent in Pakistani Rupees at the official rate of exchange prevalent on the date of the breach of the agreement, i.e. Rs. 3.000 million as assessed by the Ministry of Education.

The Finance Division vide letter No. PF.5(128)-Admn-II/95 dated 04.01.2001 transferred Mr. Irfan Saleem, Research Officer, Finance Division on deputation for Doctoral Program in the field of Development Economics at Bradford University under Commonwealth Scholarship Commission in United Kingdom from 22.01.2001 to 21.11.2002. The deputation period was extended up to 21.01.2006 vide Planning and Development Division letter No. 8(4)EG/Ad.II/ PD/95 dated 07.10.2004.

Audit observed as under:

i. The officer did not return after completion of studies.
ii. The management did not recover the amount of Rs. 3.000 million from the officer against the Surety Bond.

Audit is of the view that failure to recover the amount of Rs. 3.000 million resulted in loss to government.

The management did not reply.

The PAO was informed on 23.12.2013, but DAC was not held till the finalization of the report.

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

CHAPTER 31

31. PRIME MINISTER'S OFFICE (PUBLIC)

31.1 Introduction

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 powers 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 tenures 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, the 1956 Parliamentary Constitution was replaced with the 1962 Presidential system, completely dissolving the Prime Minister's Office. 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 was revived and Mr. Zulfikar Ali Bhutto became the elected Prime Minister of Pakistan. The 1973 Constitution provided the parliamentary system to Pakistan and President of Pakistan as a figurehead.

The Prime Minister is elected by the National Assembly, members of which are elected by popular vote. The Prime Minister is responsible for appointing a Cabinet, as well as running the government, and taking executive decisions.

31.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Prime Minister's Office for the financial year 2012-13 was Rs. 1,249.082 million including Supplementary Grant of Rs. 492.829 million against which the Office utilized Rs. 1,190.575 million. Details are 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	702,833,000	492,827,000	1,195,660,000	1,145,175,305	(50,484,695)	(4)
11	Current	53,420,000	2,000	53,422,000	45,399,393	(8,022,607)	(15)
	Total	**756,253,000**	**492,829,000**	**1,249,082,000**	**1,190,574,698**	**(58,507,302)**	**(19)**

There was saving of Rs. 58.507 million which was mainly due to saving in Grant No. 8.

31.3 Brief comments on the status of compliance with PAC Directives

Name	Years	No. of audit paras	No. of Actionable Points	Full Compliance	Not Complied	% of Compliance
Prime Minister's Office	1996-97	6	6	3	3	50%
	2005-06	1	1	0	1	0%
	Total	**7**	**7**	**3**	**4**	43%

31.4 AUDIT PARAS

Irregularity & Non Compliance

31.4.1 Irregular payment of ex-gratia to the employees of Prime Minister's Office out of Contingent Grant - Rs. 319.577 million

Part II(a) of Finance Division O.M. No. F.5(4)-F&A/2000 dated 27.07.2000 relating to instructions for Disbursement of Contingent Grant of the Prime Minister states the purposes as under:

i. Ex-gratia payments to private citizens and organizations which are normally not financed from public money.

ii. Grants to public and private organizations like bar councils which are the responsibility of the provincial governments.

iii. Grants which fall within the financial jurisdiction of the Federal Government or public sector organizations under their control for which full or adequate budgetary provision does not exist.

iv. Donations to schools, clubs, charitable institutions, similar bodies and financial assistance to indigent individuals and public servants.

v. Donations to the needy and the disadvantaged groups/individuals in cases determined at the level of the Prime Minister.

The management of the Prime Minister's Office incurred an expenditure of Rs. 723.525 million out of Contingent Grant during 2009-13.

Audit observed as under:

i. The management incurred an expenditure of Rs. 319.577 million on payment of ex-gratia to the employees (BS-1 to 22) of the Prime Minister's Office (Public and Internal).

ii. Ex-gratia was paid in addition of annual regular honorarium out of Non-Development Budget. Details are as under:

(Rupees)

S. No.	Financial Year	Occasion/Purpose	Amount
1.	2009-10	Eid-ul-Fitr	11,175,150
2.	2009-10	Eid-ul-Azha	4,032,000
3.	2010-11	Eid-ul-Fitr	11,411,318
4.	2010-11	Eid-ul-Azha	11,473,823
5.	2010-11	Honorarium	10,006,894
6.	2011-12	Eid-ul-Fitr	19,772,917
7.	2011-12	Eid-ul-Azha	35,414,418
8.	2011-12	Honorarium	14,636,803
9.	2012-13	Eid-ul-Fitr & Eid-ul-Azha	201,654,152
		Total	**319,577,475**

Audit is of the view that payment of ex-gratia to the employees of the Prime Minister's Office (Public & Internal) was not covered under the purposes of the Contingent Grant, and was, therefore, irregular and unauthorized.

The management replied that Ex-gratia/Eidee out of Contingent Grant to the employees was distributed under the directions/orders of the Prime Minister, which was not a new phenomenon. Owing to an established policy/tradition, the Ex-gratia/Eidee out of Contingent Grant was being approved by every Prime Minister/President/Chief Executive since its inception. The "purposes" of Contingent Grant issued by the Finance Division were guidelines/criteria to be observed by the Principal Accounting Officer, otherwise, it was not beyond the status/mandate of the Prime Minister as defined under the Rules of Business, 1973. The Prime Minister being administrative head of the Federal Government was competent to direct payments out of Contingent Grant. In cases where the Prime Minister considered appropriate in the best public interest, he could relax any guidelines issued by the Finance Division. All proposals for grant of Eidee/Ex-gratia were processed as per wish and directions of every Prime Minister.

The reply was not accepted because the guidelines issued by the Finance Division were fully applicable to payments from the Contingent Grant, being public funds. The purposes of the Contingent Grant were, therefore, clearly defined. According to the guidelines issued by the Finance Division, Ex-gratia payments could only be made to private citizens and organizations which were not financed from public money, while indigent public servants were only entitled to financial assistance.

The PAO was informed on 08.10.2013 and 08.11.2013, but DAC was not held till the finalization of the report.

Audit recommends that the irregularity should be discontinued and public funds should not be utilized for personal benefits.

CHAPTER 32

32. PAKISTAN NUCLEAR REGULATORY AUTHORITY

32.1 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 program. 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, 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 was 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.

32.2 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.

32.3 Brief comments on the status of compliance with PAC Directives

There is no PAC Directive in respect of PNRA.

32.4 AUDIT PARAS

Irregularity & Non Compliance

32.4.1 Irregular payment of Project Allowance - Rs. 26.039 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.

Para 1(i) of the Finance Division (Regulation Wing) O.M. No. F.16(1)Reg-14/2003 dated 18.04.2012 states that Project Allowance will be discontinued in all types of projects with immediate effect to remove distortion in the system.

Para 3 of the Finance Division (Regulation Wing) O.M. No. F.16(1)Reg-14/2003 dated 18.04.2012 states that the earlier instructions contained in Finance Division's O.M. No. F.16(1)R-14/2003 dated 12.08.2008 stand superseded and replaced by this Office Memorandum.

The management of Pakistan Nuclear Regulatory Authority (PNRA) paid an amount of Rs. 26.039 million as Project Allowance to Headquarters employees during 2011-13. Details are as under:

(Rupees)

S. No.	Year	Amount
1.	2011-12	10,470,082
2.	2012-13	15,568,724
	Total	**26,038,806**

Audit observed as under:

i. The Project Allowance was paid to the employees who were not project employees.

ii. The Project Allowance was continued to be paid even after 18.04.2012.

Audit is of the view that payment of Project Allowance was irregular and unauthorized.

The management replied that the Project Allowance had been renamed as "National Command Authority (NCA) Service Allowance" w.e.f. 29.11.2001 by the competent authority, i.e. Strategic Plans Division vide letter No. 998/1/Cop/Fin-Regs dated 15.07.2013.

The reply was not accepted because concurrence of the Finance Division was not obtained. Further, by renaming the allowance with retrospective effect from 29.11.2001 indicated that the earlier audit observation was correct. Disbursement of an allowance under a different name could not condone the irregularity or change the nature of the allowance. The PNRA employees were already being paid for the 'services being rendered'.

The DAC meeting held on 03.01.2014 decided to place the matter before the Public Accounts Committee.

Audit recommends that the Project Allowance paid irregularly should be recovered while the irregular practice should be discontinued.

32.4.2 Non-deposit of unspent receipt - Rs. 52.433 million

The Federal Government vide Finance Act, 2012 added Section 42(2) in the PNRA Ordinance, 2001 wherein it was stated that any surplus of receipts over the actual expenditure in a year after payment of tax shall be remitted to the Federal Consolidated Fund and any deficit from the actual expenditure shall be made up by the Federal Government.

The management of Pakistan Nuclear Regulatory Authority (PNRA), Islamabad was maintaining three accounts in two branches of Askari Commercial Bank, Islamabad for departmental receipt having balances of Rs. 142.112 million as on 30.06.2012. Details are as under:

(Rs. in million)

S. No.	Account No.	Amount
1.	1650500744	46.966
2.	1650500121	1.290
3.	1650501045	93.856
	Total	**142.112**

Audit observed that the unutilized balances were not deposited into the Federal Consolidated Fund on 30.06.2013.

Audit is of the view that failure to deposit the unspent balances into the Federal Consolidated Fund was irregular and unauthorized.

The management replied that a balance of Rs. 52.433 million was available in PNRA Licensing Fee Account No. 1650501045 at Askari Bank, G-8 Markaz, Islamabad was being retained. The supply orders for equipment had been issued to the suppliers but supply of items was still awaited. This amount was, therefore, not surplus. The Finance Division was accordingly informed vide PNRA letter No.

CS/FE/13/10 dated 15.07.2013. The other two accounts were being closed after clearing of outstanding cheques. No further transaction was being carried out of both accounts w.e.f. 01.07.2013.

The reply was not accepted because the management could not provide details of cheques in transit in order to determine the actual balance. As far as payment of outstanding liabilities was concerned, this was required to be met from the budget of the next financial year otherwise the purpose of the amendment in the PNRA Ordinance, 2001 would be defeated. The letter addressed to the Finance Division on 15.07.2013 was only a request by PNRA which had not been responded by the Finance Division.

The DAC in its meeting held on 03.01.2014 directed the management to provide details of cheques in transit to determine the actual amount available on 30.06.2013 which would be deposited in the Federal Consolidated Fund. Later, the management provided details of cheques in transit, thus, establishing the balance amount was Rs. 52.433 million.

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

CHAPTER 33

33. MINISTRY OF PORTS AND SHIPPING

33.1 Introduction of Ministry

In view of paramount importance of the marine sector, the Ministry of Ports & Shipping was created on 02.09.2004. The 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 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;
   - 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 waterways as regards mechanically propelled vessels and the rule of the road on such waterways; carriage of passengers and goods on inland waterways.
5. Lighthouses, 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

33.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Ports and Shipping for the financial year 2012-13 was Rs. 861.679 million including Supplementary Grant of Rs. 5,000 out of which the Division utilized Rs. 560.566 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	536,674,000	5,000	536,679,000	510,572,230	(26,106,770)	(5)
	Subtotal	**536,674,000**	**5,000**	**536,679,000**	**510,572,230**	**(26,106,770)**	**(5)**
149	Development	325,000,000	-	325,000,000	49,994,069	(275,005,931)	(85)
	Subtotal	**325,000,000**	**-**	**325,000,000**	**49,994,069**	**(275,005,931)**	**(85)**
	Total	**861,674,000**	**5,000**	**861,679,000**	**560,566,299**	**(301,112,701)**	**(35)**

Audit noted that there was an overall saving of Rs. 301.113 million. During the year only Rs. 5,000 was obtained as Token Supplementary Grant.

33.3 Brief comments on the status of compliance with PAC Directives

Name	Years	No. of audit paras	No. of Actionable Points	Full Compliance	Not Complied	% of Compliance
Ministry of Ports and Shipping	1992-93	1	1	1	0	100%
	2000-01	10	10	6	4	60%
	2001-02	1	1	0	1	0%
	2006-07	4	4	1	3	25%
	Total	**16**	**16**	**8**	**8**	50%

33.4 AUDIT PARAS

Irregularity and Non Compliance

33.4.1 Irregular monetization of Vehicles - Rs. 2.999 million

Cabinet Division vide Serial No. 6 of attachment with letter No. 6/7/2011/CPC dated 30.12.2011 clarified that the Monetization Policy was applicable only to the Civil Servants in BS-20 to BS-22 working in Ministries/Divisions/Attached Departments and Subordinate offices. The policy was not applicable in case of officers of Autonomous/Semi-autonomous Organizations, Corporations.

Cabinet Division vide Serial No. 8 of attachment with letter No. 6/7/2011/CPC dated 30.12.2011 clarified that such officers shall avail the facility after their repatriation to the federal government, unless such organizations /Provincial Governments decide to adopt the policy.

The management of the Karachi Port Trust, Karachi monetized the following three vehicles:

(Rupees)

S. No.	Name	Designation	Vehicle No.	Make	Amount
1.	Mr. Agha Sarwar Qazilbash	Secretary, Ministry of Ports & Shipping	AUQ-372	Toyota Corolla 2010	1,056,295
2.	Mr. Aslam Hayat	Chairman, KPT	GP-5699	Toyota Corolla 2009	956,326
3.	Mr. Munawar Opal	GM (Admn), KPT	GP-8781	Toyota Corolla 2009	986,085
				Total	**2,998,706**

Audit observed as under:

i. KPT did not adopt the monetization policy.

ii. The officer at Serial No. 1 was authorized to avail monetization of vehicle from the parent Ministry only.

iii. The officer at Serial No. 1 paid only Rs. 0.500 million whereas a balance of Rs. 0.556 million was still outstanding against him.

iv. The officer at Serial No. 2 did not deposit even a single installment against the cost of the monetized vehicle.

Audit is of the view that monetization of vehicles without adoption of the Monetization Policy was irregular and unauthorized.

The management replied that the vehicles under the use of the officers were monetized with the approval of the KPT Board. The recovery from ex-Chairman was not made due to his transfer from KPT.

The reply was not accepted because KPT did not adopt the monetization policy, whereas the Secretary, Ministry of Ports and Shipping was only entitled to avail the facility from the parent Ministry.

The PAO was informed on 08.11.2013, but DAC was not held till the finalization of the report.

Audit recommends that responsibility may be fixed for the irregularity beside recovery of the outstanding amount.

CHAPTER 34

34. PRESIDENT'S SECRETARIAT (PERSONAL)

34.1 Introduction

The President is the symbol of unity of the country. Pakistan is the true legacy of the British Parliamentary System whereby the President is elected by the Electoral College comprising Senate, National Assembly and the four Provincial Assemblies, plus the two MNA's from the Islamabad Capital Territory and FATA representatives in the Assembly. The President is elected for a term of five years and can be re-elected only for two consecutive terms. Being the constitutional head of the country, the President is the Supreme Commander of the Armed Forces and an integral part of the Parliament, who is approached for requisitioning the sessions of the National Assembly and the Senate. His annual address to the Joint Session of the Parliament has immense significance for democracy in Pakistan. The President is the final authority in judicial matters regarding capital punishment and possesses the power to grant pardon. The President must be kept informed of all legislative matters by the Prime Minister. He can exercise his functions in accordance with the advice of the Cabinet or the Prime Minister. The President may seek briefing from Prime Minister on any administrative matter of the country.

34.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the President's Secretariat for the financial year 2012-13 was Rs. 824.542 million including Supplementary Grant of Rs. 207.834 million out of which the Secretariat utilized Rs. 804.522 million. Grant-wise detail of expenditure is as under:

(Rupees)

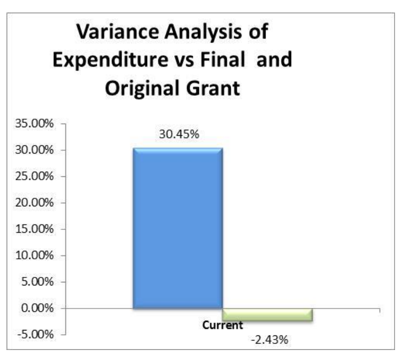
Grant No	Grant Type	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Final Grant/ Appropriation	Actual Expenditure	Excess/ (Savings)	% age Excess/ (Saving)
A	Charged	616,708,000	207,834,000	824,542,000	804,521,608	(20,020,392)	(2)
	Total	**616,708,000**	**207,834,000**	**824,542,000**	**804,521,608**	**(20,020,392)**	**(2)**

Audit noted that there was an overall saving of Rs. 20.020 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. 207.834 million were obtained, which was 33.70% 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 was 30.45% of Original Grant, which came to saving of 2.43% after accounting for Supplementary Grants.



34.3 Brief comments on the status of compliance with PAC Directives

Name	Years	No. of audit paras	No. of Actionable Points	Full Compliance	Not Complied	% of Compliance
President Secretariat	1992-93	1	1	1	0	100%

	2005-06	1	1	0	1	0%
	Total	**3**	**3**	**2**	**1**	67%

34.4 AUDIT PARAS

Irregularity & Non Compliance

34.4.1 Difference of cash advance - Rs. 6.802 million

Rule 77(iv) of FTR Volume-I states that at the end of each month, the head of the office should verify the cash balance in the cash book and record a signed and dated certificate to that effect.

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

The President's Secretariat (Personal), Islamabad maintained Cashbook for the receipts and disbursements and in support of Cashbook two Registers for recording payments of cash were also maintained. The Finance Division, in consultation with AGPR allowed Rs. 10.000 million as Imprest advance vide Endorsement No. 108.DFA(Cab)2010 dated 13.01.2010.

The management provided a statement showing outstanding cash advances with various persons amounting to Rs. 9.511 million as on 20.08.2013.

Audit observed that the outstanding cash advances as per Cash Advance Registers were Rs. 16.312 million, indicating a difference of Rs. 6.802 million between the cash advances reported to Audit and cash advances recorded in the Cash Advance Registers.

Audit is of the view that the difference of cash advances may be susceptible to misappropriation in the absence of actual position of cash receipts and payments.

The management replied that the Imprest was maintained separately which was used for advances paid to different branches of the President's Secretariat, which submit adjustment vouchers against the advances for recoupment of Imprest.

The totals of cash book were checked by an authorized gazetted officer who recorded a certificate on Cash Book on monthly basis as required under FTR.

The President's Secretariat in their revised reply dated 07.01.2014 stated that the amount of cash advances was adjusted.

The reply was not accepted because during verification of record on 20.12.2013 the management failed to provide any adjustment vouchers/ documentary evidence in support of its claim.

During the DAC meeting held on 09.01.2014, the management again promised to provide the adjustment vouchers.

No record was provided till the finalization of the report.

Audit recommends that adjustment vouchers should be provided to Audit.

34.4.2 Excess expenditure on Dispensary Establishment and Maintenance of Gardens - Rs. 26.234 million

Column 3 of the Second Schedule of Section 7(a) of President's Salary, Allowances and Privilege Act, 1975 states that maximum yearly amount for expenditure for staff including dispensary establishment is Rs. 2.250 million.

Column 4 of the Second Schedule of Section 7(a) of President's Salary, Allowances and Privilege Act, 1975 states that maximum yearly amount for expenditure for Contract Allowance including Maintenance of Gardens is Rs. 1.500 million.

The President's Secretariat (Personal) incurred expenditure amounting to Rs. 5.778 million on Dispensary Establishment and Rs. 24.206 million on Maintenance of Gardens during 2012-13. Details are as under:

(Rupees)

S. No.	Description	Permissible Limit	Actual Expenditure	Difference
1.	Dispensary Establishment	2,250,000	5,777,590	3,527,590
2.	Maintenance of Gardens	1,500,000	24,206,546	22,706,546
	Total	**3,750,000**	**29,984,136**	**26,234,136**

Audit observed that expenditure amounting to Rs. 26.234 million was incurred over and above the permissible limit.

Audit is of the view that expenditure incurred over and above the permissible limit was irregular and unauthorized.

The management replied that with the passage of time, the salaries of servants had been enhanced by the government. The prices of goods had also increased simultaneously. The President's Salary, Allowances and Privilege Act, 1975 was last time amended in 2002. The funds under relevant heads were allocated by the Finance Division for salary of staff and other operating expenditure.

The President's Secretariat in their revised reply dated 07.01.2014 stated that as provided in Sections 8 to 10 of President's Salary, Allowances and Privilege Act, 1975, the President may, subject to any general or special order made by him, include the amount in any year in the estimates of expenditure for the purpose of giving effect to the provision of the Act, and such amount shall be charged upon and paid out of the Federal Consolidated Fund.

The reply was not accepted because the stance taken by the President's Secretariat would render the Second Schedule of Section 7(a) of President's Salary, Allowances and Privilege Act, 1975 redundant.

During the DAC meeting held on 09.01.2014, the management informed that efforts would be initiated to amend the President's Salary, Allowances and Privilege Act, 1975 to bring it according to the present requirements.

Audit recommends that corrective measures should be taken.

CHAPTER 35

35. PRESIDENT'S SECRETARIAT (PUBLIC)

35.1 Introduction

The President is the symbol of unity of the country. Pakistan is the true legacy of the British Parliamentary System whereby the President is elected by the Electoral College comprising Senate, National Assembly and the four Provincial Assemblies, plus the two MNA's from the Islamabad Capital Territory and FATA representatives in the Assembly. The President is elected for a term of five years and can be re-elected only for two consecutive terms. Being the constitutional head of the country, the President is the Supreme Commander of the Armed Forces and an integral part of the Parliament, who is approached for requisitioning the sessions of the National Assembly and the Senate. His annual address to the Joint Session of the Parliament has immense significance for democracy in Pakistan. The President is the final authority in judicial matters regarding capital punishment and possesses the power to grant pardon. The President must be kept informed of all legislative matters by the Prime Minister. He can exercise his functions in accordance with the advice of the Cabinet or the Prime Minister. The President may seek briefing from Prime Minister on any administrative matter of the country.

35.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the President's Secretariat for the financial year 2012-13 was Rs. 824.542 million including Supplementary Grant of Rs. 207.834 million out of which the Secretariat utilized Rs. 804.522 million. Grant-wise detail of expenditure is as under:

(Rupees)

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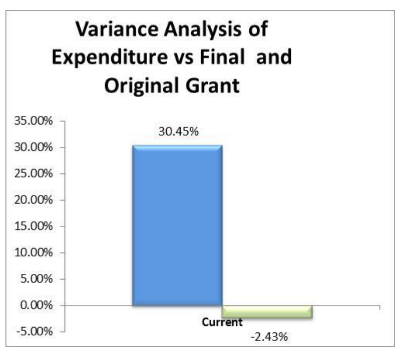
Audit noted that there was an overall saving of Rs. 20.020 million.

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. 207.834 million were obtained, which was 33.70% 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 was 30.45% of Original Grant, which came to saving of 2.43% after accounting for Supplementary Grants.



35.3 Brief comments on the status of compliance with PAC Directives

Name	Years	No. of audit paras	No. of Actionable Points	Full Compliance	Not Complied	% of Compliance
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	2005-06	1	1	0	1	0%
	Total	**3**	**3**	**2**	**1**	67%

35.4 AUDIT PARAS

Irregularity & Non Compliance

35.4.1 Unauthorized payment of Salary, Superior Judicial Allowance, etc. to the Secretary General to the President – Rs. 16.424 million

The Principal Secretary to the Prime Minister vide Note dated 27.11.2008 conveyed approval of the Prime Minister of Pakistan for appointment of Mr. Muhammad Salman Faruqui, Deputy Chairman Planning Commission as Secretary General to the President and stated that his terms and conditions of employment would be finalized by the Establishment Division.

Establishment Division Notification No. 41/95/89-E-I dated 27.11.2008 states that Mr. Muhammad Salman Faruqui, Deputy Chairman Planning Commission was appointed as Secretary General to the President on contract basis and his terms and conditions of service would be issued separately.

Establishment Division Notification No. 41/95/89-E-I dated 11.02.2009 states that Mr. Muhammad Salman Faruqui, Secretary General to the President will continue to be entitled pay, allowances and perquisites admissible to him as Deputy Chairman Planning Commission.

Establishment Division Notification No. 41/95/89-E-I dated 09.08.2008 stated that he was allowed maximum of MP-I Scale as Deputy Chairman Planning Commission.

The Establishment Division vide U.O. No. 41/95/89-E-I dated 26.03.2012 moved a Summary to the Prime Minister for fixation of terms and conditions of service of the officer. The President's Secretariat (Public) proposed that the officer may be allowed the terms and conditions available to Wafaqi Mohtasib/ Federal Tax Ombudsman besides protecting the terms and conditions being availed by him. The proposal was endorsed by the Finance and Establishment Divisions and the Prime Minister approved the same on 22.05.2012. On the request of the President's Secretariat (Public), the Prime Minister on 01.07.2012 re-confirmed the earlier approval dated 22.05.2012. Accordingly, the President's Secretariat (Public) issued the terms and conditions of service of Mr. Muhammad Salman Faruqui, Secretary General to the President vide letter No. F.3(209)/2008-Estt dated 29.05.2012 through which he was allowed the salary package of Wafaqi Mohtasib, i.e. Salary, Sumptuary Allowance and Superior Judicial Allowance at par with the Judges of the Supreme Court of Pakistan, with retrospective effect, i.e. from the date he assumed the charge of the post on 28.11.2008, in addition to the Presidency Allowance which he was already availing.

Audit observed as under:

i. The Establishment Division moved the Summary to the Prime Minister without recording the fact that his terms and conditions of service had already been notified vide Notification No. 41/95/89-E-I dated 11.02.2009.

ii. The officer was allowed maximum of MP-I Scale vide Establishment Division Notification No. 41/95/89-E-I dated 11.02.2009, in the presence of which new terms and conditions could not be fixed, that too with retrospective effect.

iii. Consequently, the officer was paid Rs. 12.295 million as arrears of Salary, Sumptuary Allowance and Superior Judicial Allowance for the period 28.11.2008 to 30.06.2012. Thereafter, he was also paid increases in salary and Superior Judicial Allowance w.e.f. 01.07.2012 as announced vide President's Order No. 1 dated 01.02.2013.

iv. During the period 28.11.2008 to 28.02.2013, i.e. the officer's tenure as Secretary General to the President, an amount of Rs. 16.424 million was paid as Salary, Sumptuary Allowance and Superior Judicial Allowance over and above the already settled terms and conditions of maximum of MP-I Scale.

v. Mr. Muhammad Salman Faruqui, Secretary General to the President had vide U.O. No. 1171(SG)/2011 dated 24.06.2011 informed the Prime Minister that starting June, 2011 he would serve in honorary capacity, and would not draw pay.

Audit is of the view that the payment of Salary, Sumptuary Allowance and Superior Judicial Allowance to the officer at par with the Judges of the Supreme Court/Wafaqi Mohtasib was irregular and unauthorized as he was holding the position of Secretary General to the President and not that of a judge of the Supreme Court or the Wafaqi Mohtasib.

The management replied that the Summary to the Prime Minister for fixation of terms and conditions of service of the officer was moved by the Establishment Division and sent to the President's Secretariat en-route to the Prime Minister's Secretariat.

The President's Secretariat (Public) in their revised reply dated 02.01.2014 stated that the Summary of the terms and conditions of Mr. Muhammad Salman Faruqui, Ex-Secretary General to the President was moved by the Establishment Division and approved by the then Prime Minister. The pay, as well as arrears, of Pay and Allowances was paid after authorization/pay slip of AGPR, Islamabad as well as Finance Division.

The reply was not accepted because the officer was holding the position of Secretary General to the President and not that of a Judge of the Supreme Court/Wafaqi Mohtasib. Further, his terms and conditions of service had already been settled vide Establishment Division Notification No. 41/95/89-E-I dated 11.02.2009. The officer had also informed the Prime Minister through U.O. No. 1171(SG)/2011 dated 24.06.2011 that he would continue to work in honorary capacity, without drawing pay, starting June, 2011.

The DAC meeting held on 08.01.2014, the matter was discussed in detail and it was decided that it may be placed before the Public Accounts Committee.

On the request of the Principal Accounting Officer, another DAC meeting was held on 13.02.2014. The matter was discussed in detail and it was decided that the matter may be placed before the Public Accounts Committee.

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

35.4.2 *Non-adjustment of payment made to the Embassy of Pakistan Washington, USA for medical treatment of the wife of Secretary General to the President - Rs. 2.490 million*

Section 19(2) of the Federal Ombudsmen Institutional Reforms Act, 2013 states that an Ombudsman holding additional responsibility under Section 19 of the Federal Ombudsmen Institutional Ordinance, 2012 may continue to hold additional responsibility in honorary capacity.

The President's Secretariat (Public), Islamabad paid an amount of Rs. 2.490 million (USD 25,000) to the Embassy of Pakistan, Washington, USA through AGPR, Islamabad vide Authority Letter No. TA-I/AUTH/President Sectt/public/12-13/2254 dated 22.05.2013 for medical treatment abroad of the wife of Mr. Muhammad Salman Faruqui, Secretary General to the President with the directions that the disbursement shall be made after verification of medical bills.

Audit observed that the officer was working in honorary capacity as Secretary General to the President w.e.f. 01.03.2013 and was, thus, not entitled to be paid out of the budget of the President's Secretariat (Public).

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

The management replied that the Ministry of National Health Services, Regulations and Coordination, Islamabad submitted Summary for treatment abroad of Mrs. Shahtaj Faruqui w/o Mr. Muhammad Salman Faruqui, Secretary General to the President for which the Prime Minister approved an amount of Rs. 2.490 million (USD 25,000). Mr. M. Salman Faruqui was holding the charge of the post of Federal Ombudsman, therefore, he was entitled for medical treatment of his wife on government expenses and he was also working as Secretary General to the President on honorary basis. Mrs. Faruqui was in a precarious condition and was urgently required to be shifted abroad for treatment. The amount which should have been charged to Wafaqi Mohtasib Secretariat was booked to President's Secretariat (Public) in emergency and the amount was placed at the disposal of Pakistan Embassy in Washington for disbursement after verification of the medical bills. The observation is accepted. The adjustment will be furnished to Audit as and when received from the Ministry of Foreign Affairs/Pakistan Embassy, Washington.

The President's Secretariat (Public) in their revised reply dated 02.01.2014 stated that no extra expenditure was incurred out of the budget of the President's Secretariat. As far as adjustment was concerned, the Ministry of Foreign Affairs had been requested vide letter No. PT.4(121)/2008-B&A dated 19.09.2013 to furnish the adjustment account. Adjustment of Rs. 882,674 had been received while the adjustment of the remaining amount would be provided as and when received.

The replies indicate that the management has accepted the audit observation.

The DAC meeting held on 08.01.2014 directed the management to obtain the adjustment account from the Chief Accounts Officer, Ministry of Foreign Affairs including that of Rs. 882,674.

On the request of the Principal Accounting Officer, another DAC meeting was held on 13.02.2014 in which the para was settled to the extent of Rs. 882,674 on the basis of adjustment account received from the Foreign Office. The adjustment of remaining amount of Rs. 1,607,326 will be provided to Audit on receipt from Foreign Office till which time the para was pended.

Audit recommends that the adjustment account should be provided.

*35.4.3 Unauthorized and irregular payments of Ex-gratia to officers/ staff of the President's Secretariat from the Contingent Grant - Rs. 139.520 million**

Part II(a) of Finance Division O.M. No. F.5(4)-F&A/2000 dated 27.07.2000 states that following will be purposes for disbursement from the Contingent Grant of the President:

i. Ex-gratia payments to private citizens and organizations which are normally not financed from public money.

ii. Grants to public and private organizations like bar councils which are the responsibility of the provincial governments.

iii. Grants which fall within the financial jurisdiction of the Federal Government or public sector organizations under their control for which full or adequate budgetary provision does not exist.

iv. Donations to schools, clubs, charitable institutions, similar bodies and financial assistance to indigent individuals and public servants.

v. Donations to the needy and the disadvantaged groups/individuals in cases determined at the level of the President.

The President's Secretariat (Public) paid Ex-gratia to the employees of Public and Personal Secretariats amounting to Rs. 139.520 million on four occasions during 2012-13. Details are as under:

a) President's Secretariat (Public) **(Rupees)**

S. No.	Category	Eid-ul-Fitr (19.08.2012)	Eid-ul-Azha (25.10.2012)	D 8 Summit (22-23.11.2012)	1st Democratic Tenure (April 2013)	Total
1.	Secretary General	993,819	993,819	993,819	1,257,657	4,239,114
2.	Consultant (Legal)	631,422	631,422	631,422	742,706	2,636,972
3.	Special Secretary/Secretary (BPS-22)	693,623	690,088	681,048	618,092	2,682,851
4.	Additional Secretary (BPS-21)	365,742	376,247	382,487	652,064	1,776,540
5.	Director General (BPS-20)	522,261	384,000	520,216	611,744	2,038,221
6.	Officers of BPS-19	2,068,248	2,233,968	1,744,478	2,514,639	8,561,333
7.	Officers of BPS-18	717,266	1,310,540	1,057,137	1,222,262	4,307,205
8.	Officers of BPS-17	535,306		425,864	509,007	1,470,177
9.	Officers of BPS-16	2,244,510	2,282,126	1,998,209	2,740,286	9,265,131
10.	Officials/Staff of BPS-1 to BPS-15	4,240,043	4,469,820	4,402,471	5,971,831	19,084,165
11.	Others	378,385	849,000	405,000	126,663	1,759,048
	Total	13,390,625	14,221,030	13,242,151	16,966,951	57,820,757

b) President's Secretariat (Personal) **(Rupees)**

S. No.	Category	Eid-ul-Fitr (19.08.2012)	Eid-ul-Azha (25.10.2012)	D 8 Summit (22-23.11.2012)	1st Democratic Tenure (April 2013)	Total
1.	Officers of BPS-20	512,151	1,351,195	354,467	410,177	2,627,990
2.	Officers of BPS-19	1,148,118	1,137,112	1,140,592	1,274,628	4,700,450
3.	Officers of BPS-18	1,682,655	1,613,492	1,404,827	1,996,759	6,697,733
4.	Officers of BPS-17	343,716	343,716	428,568	530,324	1,646,324
5.	Officers of BPS-16	962,261	959,534	782,312	1,115,868	3,819,975
6.	Officials of BPS-1 to BPS-15	14,249,294	15,461,079	13,961,154	17,884,535	61,556,062
7.	Others	650,000		NIL		650,000
	Total	**19,548,195**	**20,866,128**	**18,071,920**	**23,212,291**	**81,698,534**

Audit observed as under:

i. The expenditure was not covered under the purposes meant for disbursement of the Contingent Grant.

ii. The Secretary General to the President was serving on honorary basis with the status of Federal Minister but he was also paid from the Contingent Grant of the President.

Audit is of the view that payment of ex-gratia to the employees of the President's Secretariat was not covered under the purposes of the Contingent Grant, and was, therefore, irregular and unauthorized.

The management replied that the audit observation itself stated that one of the purposes of the Contingent Grant of the President was donation to public servants. The term public servant was applicable to all the government servants in BS-1 & above and was not limited to the employees in BS-1 to 22. The President awarded certain amounts to the employees in the President's Secretariat from time to time irrespective of grade and designation in recognition of the services rendered by them for which they worked hard till night even on holidays.

The Secretary General to the President was serving on honorary basis and was, therefore, not paid salary/allowances from the President's Secretariat. However, Ex-Gratia was an award to the persons performing specific jobs and could be given even to an outsider for the services he rendered in the public interest. Therefore, this Secretariat is of the view that the Ex-Gratia paid to the Ex-Secretary General was justified.

The President's Secretariat in their revised reply dated 02.01.2014 stated that the President's Secretariat did not have any allocation in the head of Honorarium to grant to its employees on different occasions, and Ex-gratia was paid as per approved policy. Finance Division O.M. No. F.5(4)-F&A/2000 dated 27.07.2000 authorizes financial assistance to indigent individuals and public servants, indicating that the Contingent Grant could be utilized, not only for needy persons from the general public, but also for financial assistance to public servants. The officers/staff working in the President Secretariat were covered under the category of public servants. Further, Finance Division O.M. No. 9(4)/B&A/2013 dated 13.11.2013 had added Serial No. vi in the Finance Division O.M. No. F.5(4)-

F&A/2000 dated 27.07.2000 at para 1(b) under the heading II-Contingent Grant, which reads as ‘vi. Any other expenditure which has been approved by the President’.

The reply was not accepted as according to Serial No. i of the purposes of the Contingent Grant, Ex-gratia was admissible to private citizens and organizations which were not normally financed from public money. As far as public servants were concerned they were entitled to financial assistance only under Serial No. iv of the purposes, which was applicable to ‘indigent’ public servants. The incorporation of Serial No. vi in the purposes of Contingent Grant was in addition to the earlier five purposes and applicable prospectively w.e.f. 13.11.2013.

During the DAC meeting held on 08.01.2014, the PAO was of the opinion that anything which the President sanctioned from the Contingent Grant was payable, which had been brought into writing since 13.11.2013. No such audit observation had been raised during the last many years. Audit disagreed for the reason that only ‘financial assistance’ was admissible to indigent public servants while the payments were made on totally unrelated occasions. There was no bar on the President’s Secretariat to obtain budget under the head Honorarium to meet the expenditure. There was also no bar on Audit to raise the observation at this point of time.

On the request of the Principal Accounting Officer, another DAC meeting was held on 13.02.2014 in which the DAC decided that the department will discontinue the practice of payment of ex-gratia to government servants from President’s Contingent Grant and will obtain funds for grant of Honorarium under proper head of account through regular budget. Audit will monitor the progress of the commitment made by the management till which time the para was pended.

Audit recommends that the irregularity should be discontinued and public funds should not be utilized for personal benefits.

* **Note:** Two paras of similar nature were merged with the titles “Unauthorized and irregular payments of Ex-gratia to officers/staff of the President’s Secretariat (Public) from Contingent Grant of the President - Rs. 57.821 million” and “Unauthorized and irregular payments of Ex-gratia to officers/staff of the President’s Secretariat (Personal) from Contingent Grant of the President - Rs. 81.699 million”

*35.4.4 Recovery of Income Tax from the officers of the President's Secretariat - Rs. 6.960 million**

Section 149(1) of the Income Tax Ordinance, 2001 states that every employer paying salary to an employee shall, at the time of payment, deduct tax from the amount paid at the employee's average rate of tax computed at the rates specified in Division I of Part I of the First Schedule on the estimated income of the employee chargeable under the head "Salary" for the tax year in which the payment is made.

The First Schedule, Part I, Division I to Section 12 of Income Tax Ordinance, 2001 provides the rates of income tax for individuals, including salaried persons.

The AGPR, Islamabad deducted Income Tax from the monthly salaries of the officers of President's Secretariat (Public and Personal) during 2012-13.

The management of President's Secretariat paid four additional gross salaries in cash from the Contingent Grant during 2012-13 without deducting Income Tax at source.

Audit observed that the management of President's Secretariat did not deduct an amount of Rs. 6.960 million as Income Tax from 61 officers while making payment in cash from the Contingent Grant. Details are at Annexure-X.

Audit is of the view that failure to deduct Income Tax deprived the government of its due receipts.

The management replied that the President had been granting Ex-gratia to the employees of President's Secretariat for past many years as "Inaam" for the services rendered by them beyond their normal duties at odd hours even on holidays. It was never objected at any forum that Income Tax should be deducted from the recipients of the Ex-gratia. Further, the Ex-gratia was not granted from the head of Honorarium or any other regular head of account, and was paid from the President's Contingent Grant. The President's Secretariat had no mechanism to deduct Income Tax at source. However, observation had been noted for future compliance. The recipients of the Ex-gratia may show the amount so received in their annual Income Tax returns.

The President's Secretariat in their revised reply dated 02.01.2014 reiterated that they had no mechanism to deduct income tax at source, which would be devised in consultation with AGPR and FBR.

The reply was not accepted because the payment was made in cash by the President's Secretariat and the Drawing and Disbursing Officer was bound under law to deduct the Income Tax and deposit it in the treasury. The annual tax returns of the officers were verified by the management, and were thus aware that income tax had not been deducted.

During the DAC meeting held on 08.01.2014, the PAO was of the opinion that this audit observation should have been a part of the previous observation regarding payment of Ex-gratia from Contingent Grant, and that this could result in duplication of amount. Audit disagreed by stating that payment from the Contingent Grant and non-recovery of Income Tax were two separate irregularities, which had been committed one after the other. One was that of payment while this irregularity pertained to recovery of due government receipt.

On the request of the Principal Accounting Officer, another DAC meeting was held on 13.02.2014 in which the DAC decided that Income tax would be recovered from officers concerned as pointed out by Audit after reconciliation of amounts with audit team. Audit would be kept posted about progress.

Audit recommends that the Income Tax amount should be recovered from the officers and deposited into government treasury.

*** Note:** Two paras of similar nature were merged with the titles "Recovery of income tax from the officers of the President's Secretariat (Personal) - Rs. 1.967 million" and "Recovery of income tax from the officers of the President's Secretariat (Public) - Rs. 4.993 million"

35.4.5 Unauthorized payment to the President's Secretariat (Personal) on maintenance, procurement and upkeep of Generators/ Swimming Pool - Rs. 5.000 million

Part II(a) of Finance Division O.M. No. F.5(4)-F&A/2000 dated 27.07.2000 states that following will be purposes for disbursement from the Contingent Grant of the President:

i. Ex-gratia payments to private citizens and organizations which are normally not financed from public money.

ii. Grants to public and private organizations like bar councils which are the responsibility of the Provincial Governments.

iii. Grants which fall within the financial jurisdiction of the Federal Government or public sector organizations under their control for which full or adequate budgetary provision does not exist.

iv. Donations to school, clubs, charitable institutions similar bodies and financial assistance to indigent individuals and public servants.

v. Donations to the needy and the disadvantaged groups/individuals in cases determined at the level of the President.

The President's Secretariat (Public) paid an amount of Rs. 5.000 million out of Contingent Grant to the President's Secretariat (Personal) vide cheque No. A021729 dated 15.03.2013, who reported on 12.06.2013 that the amount had been utilized on daily maintenance and upkeep of generators/swimming pool and purchase of new generators.

Audit observed as under:

i. The expenditure was not included in the purposes of the Contingent Grant.

ii. The evidence of work done, procurements, invoices/bills were not provided.

iii. The responsibility of maintenance of the swimming pool/ generators was that of CDA and not the President's Secretariat.

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

The management replied that in the past President's Secretariat (Personal) had been seeking advance payments from the Contingent Grant for which utilizations were later provided and were within the purposes of Contingent Grant. This was the first time that utilization provided by the President's Secretariat (Personal), i.e. maintenance and purchasing of equipment was not covered in the purposes of the Contingent Grant. The observation was noted and in future practice of giving advance to President's Secretariat (Personal) without seeking utilization would be discontinued.

The President's Secretariat in their revised reply dated 02.01.2014 stated that Finance Division vide O.M. No. 9(4)/B&A/2013 dated 13.11.2013 had added Serial No. vi in the Finance Division O.M. No. F.5(4)-F&A/2000 dated 27.07.2000 at para 1(b) under the heading II-Contingent Grant, which reads as 'vi. Any other expenditure which has been approved by the President'.

The reply was not accepted because the expenditure was not covered under the purposes of the disbursement of the Contingent Grant. Sanctions, approvals, invoices, etc. were not available in support of the said expenditure. The incorporation of Serial No. vi in the purposes of Contingent Grant was in addition to the earlier five purposes and applicable prospectively w.e.f. 13.11.2013.

The DAC meeting held on 08.01.2014 directed the management to provide details of procurements, repair and maintenance, invoices, sanctions, approvals, etc. as required by Audit.

On the request of the Principal Accounting Officer, another DAC meeting was held on 13.02.2014 in which the DAC decided that the para was pended till provision of fully vouched account.

Audit recommends that the auditable documents should be provided in order to ascertain the authenticity of the expenditure.

35.4.6 Unauthorized and irregular payment for Accidental Death Benefit Coverage through State Life Insurance Corporation of Pakistan out of President's Contingent Grant - Rs. 1.046 million

Part II(a) of Finance Division O.M. No. F.5(4)-F&A/2000 dated 27.07.2000 states that following will be purposes for disbursement from the Contingent Grant of the President:

i. Ex-gratia payments to private citizens and organizations which are normally not financed from public money.
ii. Grants to public and private organizations like bar councils which are the responsibility of the Provincial Governments.

iii. Grants which fall within the financial jurisdiction of the Federal Government or public sector organizations under their control for which full or adequate budgetary provision does not exist.

iv. Donations to school, clubs, charitable institutions similar bodies and financial assistance to indigent individuals and public servants.

v. Donations to the needy and the disadvantaged groups/individuals in cases determined at the level of the President.

The management of President's Secretariat (Public and Personal) signed an agreement on 31.05.2011 with State Life Insurance Corporation of Pakistan (SLIC) for Accidental Death Benefit coverage to the employees posted at President's Secretariat and other employees at Bhutto House, Naudero and Bilawal House, Karachi for 1,046 persons and paid premium @ Rs. 1 per thousand sum assured per annum. During the period of coverage, in case any member died due to accident, the SLIC would pay a sum of Rs. 1.000 million to the nominee of the deceased. During 2012-13 an amount of Rs. 1.046 million was paid to SLIC on 27.06.2013.

Audit observed that the expenditure was not allowed under the purposes of disbursement of the Contingent Grant. Further, civil servants working in the President's Secretariat were already insured by the Federal Employees Benevolent and Group Insurance Funds, while the private individuals were not entitled to such facility from the Contingent Grant.

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

The management replied that keeping in view the prevailing severe security situation it was felt to provide additional insurance cover to the employees of President's Secretariat. It was a benevolent gesture by the President of Pakistan for the welfare of the families of officers/staff, therefore, it was decided to be paid from the President's Contingent Grant. The stand alone coverage for the employees posted in President's Secretariat and the Camp Offices at Bilawal House, Karachi and Naudero was for death/injuries only in terrorist attacks and cases of natural death were not included in this scheme as all government employees already stood covered under Group Insurance. Despite facility of Group Insurance and Benevolent Fund Insurance Policy of the government, the Prime Minister in 2006 announced a special package for the employees in case of in service death. As the

Prime Minister's special package was not a violation of government rules, similarly, the Group Insurance Policy for the employees of President's Secretariat against terrorist attacks was not irregular. Once the security situation improves in the country the scheme may be reviewed accordingly.

The insured employees would derive no share from the profit on premium. Rather, according to the agreement, after three consecutive years of the policy 75% of the profit on premium will be payable to the policy holder, i.e. the President's Secretariat while the rest 25% would go to SLIC as administrative expenses. This clause would become applicable next year, and the expenditure for welfare of the families of the public servants was covered under the purposes of the expenditure from Contingent Grant.

The President's Secretariat in their revised reply dated 02.01.2014 stated that Finance Division vide O.M. No. 9(4)/B&A/2013 dated 13.11.2013 had added Serial No. vi in the Finance Division O.M. No. F.5(4)-F&A/2000 dated 27.07.2000 at para 1(b) under the heading II-Contingent Grant, which reads as 'vi. Any other expenditure which has been approved by the President'.

The reply was not accepted as the Contingent Grant was not meant for the purpose on which expenditure was incurred. The Prime Minister had already notified the special package, which was applicable to all government servants for in-service natural and security related deaths. The incorporation of Serial No. vi in the purposes of Contingent Grant was in addition to the earlier five purposes and applicable prospectively w.e.f. 13.11.2013.

During the DAC meeting held on 08.01.2014, the management accepted the irregularity.

On the request of the Principal Accounting Officer, another DAC meeting was held on 13.02.2014 in which the management agreed not to pay further premium to State Life Insurance Corporation and to discontinue the scheme w.e.f. 31.05.2014. The DAC pended the para as Audit would watch the compliance on part of the management.

Audit recommends that the irregular practice should be stopped forthwith.

CHAPTER 36

36. PRIVATIZATION DIVISION

36.1 Introduction of Division

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. The Board of Investment was, thus, attached to the Ministry which was renamed as Ministry of Privatization and Investment on 04.09.2004. The Ministry was divided into Privatization Division and Investment Division on 30.10.2007. Since 08.12.2008, the Investment Division has been placed under a separate Ministry.

Following functions have been allocated to the Ministry as per the Rules of Business, 1973:

1. Privatization Policies.
2. The Transfer of Managed Establishments Order, 1978.
3. Administration of the Privatization Commission Ordinance, 2000.
4. Negotiations with international organizations relating to the functions of Privatization Division.

36.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Privatization Division for the financial year 2012-13 was Rs. 139.236 million including Supplementary Grant of Rs. 30.243 million out of which the Division utilized Rs. 130.992 million. Detail of current expenditure is as under:

(Rupees)

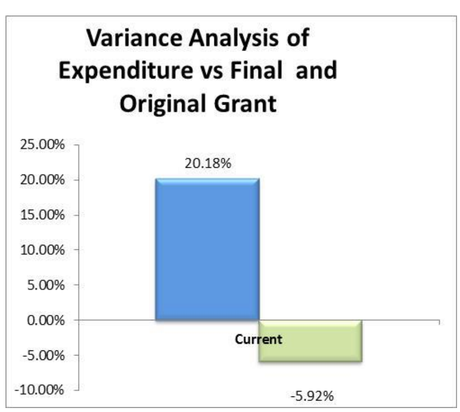
Grant No	Grant Type	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Final Grant/ Appropriation	Actual Expenditure	Excess/ (Savings)	% age Excess/ (Saving)
90	Current	108,993,000	30,243,000	139,236,000	130,991,730	(8,244,270)	(6)
	Total	**108,993,000**	**30,243,000**	**139,236,000**	**130,991,730**	**(8,244,270)**	**(6)**

Audit noted that there was saving of Rs. 8.224 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. 30.243 million were obtained, which was 27.75% 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 20.18%, which, after accounting for Supplementary Grants came to saving of 5.92%.



36.3 Brief comments on the status of compliance with PAC Directives

There were no PAC Directives.

36.4 AUDIT PARAS

Irregularity & Non Compliance

36.4.1 Irregular expenditure on entertainment - Rs. 8.948 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.

The management of Privatization Commission of Pakistan (PC) incurred expenditure of Rs. 8.948 million on entertainment during 2007-12.

Audit observed that the management of Privatization Commission incurred the expenditure without observing the rules. Details are as under:

i. No lists of meetings/participants were provided

ii. Open cheques were drawn from bank in the name of DDO

iii. No criteria for light refreshment was provided

iv. Only a few vouchers were provided, which were not supported with bills/invoices

v. The majority of the expenditure was incurred for office of the Minister and Minister of State

Audit is of the view that the expenditure on entertainment was irregular and unauthorized.

The management replied that the Privatization Commission had to arrange meetings/Conferences/Seminars/Workshops for successful privatization of State Own Enterprises (SOEs). The management also stated that considerable amount was spent on hosting the Board meetings and guests who visited the Chairman/ Secretary office. The management further stated that no expenditure was incurred without approval of the competent authority.

The reply was not accepted because no record was provided in support of the reply.

The DAC meeting was held on 03.12.2013 and directed the management to provide the record to Audit for verification.

No record was provided for verification till the finalization of the report.

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

36.4.2 Non transfer of funds into Government Treasury regarding privatization proceeds - Rs. 1,962.858 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 16(2) of Privatization Commission Ordinance, 2000 states that the privatization proceeds distributed to the Federal Government pursuant to sub-section (1), shall be utilized by the Federal Government as follows:

i. Ten percent for poverty alleviation programs; and

ii. Remaining ninety percent for retirement of the Federal Government debt.

The management of Privatization Commission of Pakistan privatized 167 State Owned Enterprises since its establishment.

Audit observed as under:

i. The Privatization Commission had a closing balance of Rs. 1,962.858 million in 17 bank accounts and in the shape of TDRs as on 30.06.2012.

ii. The management failed to provide transaction-wise details of expenditure and remittance to the Federal Government.

Audit is of the view that in the absence of detailed breakup of 167 transactions, Audit was not in a position to verify the due share of the Federal Government.

The management replied that majority of the sale proceeds received from 167 transactions had been remitted to the Federal Government after formal closure of the transactions. The remaining proceeds of Rs. 2.488 million related to those transactions which could not be closed either due to litigation, disputes or variations in terms of payment, etc. The previous accounting system of the PC did not have the ability/capacity to generate transaction-wise reports of 167 State Owned Enterprises privatized. Since, July, 2010 the Commission had installed new accounting software having the capacity of producing such reports which was under transition phase and shall be completed in the coming year.

The reply was not accepted because without detailed breakup of 167 transactions, Audit could not verify the amount of each transaction and the due share required to be deposited in the government treasury as required under Section 16(1) of Privatization Commission Ordinance, 2000.

The DAC meeting held on 03.12.2013 directed the management to provide complete record to Audit for verification.

No record was provided for verification till the finalization of the report.

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

CHAPTER 37

37. MINISTRY OF RELIGIOUS AFFAIRS AND INTER FAITH HARMONY

37.1 Introduction of Ministry

The Ministry of Religious Affairs and Inter Faith Harmony 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, and 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 the Ministry of Religious Affairs and Inter Faith Harmony 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)

Following functions were transferred to the Ministry of Religious Affairs and Inter Faith Harmony vide SRO No. 622(I)/2013(F.No. 4-8/2013-Min-I) dated 28.06.2013:

- Policy and legislation with regard to interfaith harmony.
- International agreements and commitments in respect of all religious communities and implementation thereof.
- Representation of Pakistan at UN Sub-Commission on Prevention of Discrimination to Minorities.
- Minorities' Welfare Fund.
- National Commission for Minorities.
- Evacuee Trust Property Board.

37.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Ministry of Religious Affairs and Inter Faith Harmony for the financial year 2012-13 was Rs. 1,008.084 million including Supplementary Grant of Rs. 163.353 million out of which the Division utilized Rs. 810.713 million. Grant-wise detail of current expenditure is as under:

(Rupees)

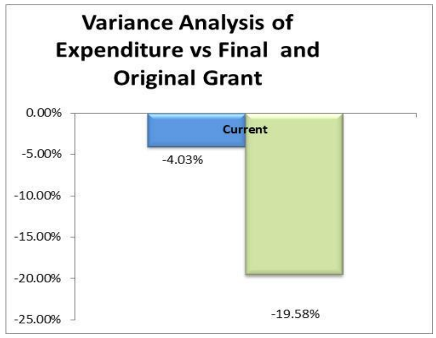
Grant No	Grant Type	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Final Grant/ Appropriation	Actual Expenditure	Excess/ (Savings)	% age Excess/ (Saving)
94	Current	154,349,000	31,145,000	185,494,000	185,791,275	297,275	0
95	Current	74,620,000	1,000	74,621,000	64,302,142	(10,318,858)	(14)
96	Current	406,880,000	76,206,000	483,086,000	471,068,367	(12,017,633)	(2)
79	Current	208,882,000	56,001,000	264,883,000	89,551,637	(175,331,363)	(66)
	Total	**844,731,000**	**163,353,000**	**1,008,084,000**	**810,713,421**	**(197,370,579)**	**(20)**

Audit noted that there was an overall saving of Rs. 197.370 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. 163.353 million were obtained, which was 19.34% 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 4.03% of original grant, which changed to 19.58% after accounting for Supplementary Grants.



37.3 Brief comments on the status of compliance with PAC Directives

Name	Years	No. of audit paras	No. of Actionable Points	Full Compliance	Not Complied	% of Compliance
Ministry of Religious Affairs	1988-89	2	2	2	0	100%
	1989-90	4	4	1	3	25%
	1990-91	3	3	0	3	0%
	1991-92	7	7	4	3	57%
	1992-93	3	3	2	1	67%
	1994-95	1	1	1	0	100%
	1995-96	1	1	1	0	100%
	1996-97	4	4	2	2	50%
	2000-01	27	27	21	6	78%
	2005-06	1	1	1	0	100%
	Total	**53**	**53**	**35**	**18**	66%

37.4 AUDIT PARAS

Non Production of Record

37.4.1 Non production of record of Hajj Group Organizers (HGOs)

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.

Para 18(IV) of the Hajj Policy and Plan, 2012 states that in pursuance of the order of the Supreme Court of Pakistan, applications for enlistment of Hajj Group Organizers (HGOs) will be invited through a public notice in the press highlighting the criteria and procedure as approved in the Hajj Policy.

Despite repeated written and verbal requests the management of Ministry of Religious Affairs did not provide the following record/information:

i. Files regarding HGOs maintained by the Ministry.

ii. Public Notice in the Press for enlistment of the HGOs.

iii. HGOs which participated in response to the Public Notice

iv. Scrutiny/evaluation of HGOs and Minutes of the Committee meeting which evaluated the HGOs.

v. List of selected HGOs.

vi. Evidence/record regarding observance of Criteria for enrolment of HGOs as laid down at Para 19 of the Hajj Policy and Plan 2012.

vii. Non-refundable fee received from the HGOs during 2012-13.

viii. Quota of Hujjaj allotted to HGOs and related record.

ix. Complaints against HGOs and action taken thereon

x. List of HGOs banned temporarily or permanently.

Audit is of the view that due to non-production of record the authenticity of the selection and evaluation procedure for HGOs, allocation of Hujjaj quota to HGOs, etc. could not be ascertained.

The management replied that advertisement was made on 28.04.2012 in the Daily Asas, Rawalpindi and 2,027 HGOs participated. The scrutiny of the HGOs was carried out by a Chartered Accountants firm and newly enrolled HGOs were allotted Hajj quota on the orders of Lahore High Court for 2012. Non-refundable fee received from HGOs was deposited in Pilgrims Welfare Fund account directly by the Hajj Directorates. Quota was allotted to 727 HGOs during 2012. Complaints were received against 64 HGOs, out of which some were penalized, two HGOs were banned temporarily and one permanently.

The reply was not accepted because the relevant record was not provided to Audit in support of the claim of the management.

The PAO was informed on 31.10.2013, 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 relevant record.

37.4.2 Non production of record for Financial Years 2009-11

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 former Ministry of Minorities Affairs was devolved vide Cabinet Division Notification No. 4-9/2011-Min.I dated 29.06.2011 and some of it's functions were transferred to the Provinces while others were assigned to the Ministry of Human Rights. Through another Notification No. 4-10/2011-Min.I dated 29.07.2011, the Ministry of National Harmony was created. Through O.M. No. 4-8/2013-Min.I dated 07.06.2013, the Ministry of Religious Affairs and Ministry of National Harmony were merged and renamed as Ministry of Religious Affairs and Inter Faith Harmony.

Despite repeated requests, the management of Ministry of Religious Affairs and Inter Faith Harmony did not provide the record of funds received and expenditure incurred during the Financial Years 2009-11.

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

The management replied that record was lying with the Devolution Cell of the Cabinet Division.

The reply was not accepted because it was the responsibility of the management to take the record in their custody and provide it to Audit.

The PAO was informed on 31.10.2013, 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 relevant record.

Irregularity & Non Compliance

37.4.3 Irregular retention of compensation amount in Minority Welfare Fund – Rs. 1.500 million*

Para 3 of the Accounting Procedure for Special Fund for the Welfare and Uplift of Minorities, notified by the defunct Ministry of National Harmony (now Ministry of Religious Affairs and Inter Faith Harmony) states that the fund shall consist of grants from the Federal Government, contribution from other agencies such as Evacuee Trust Property Board (ETPB), etc. and profit accrued/earned from Pakistan Investment Bonds and any other investment.

Para 4 of the Accounting Procedure for Special Fund for the Welfare and Uplift of Minorities, notified by the Ministry of National Harmony (now Ministry of Ministry of Religious Affairs and Inter Faith Harmony) states that the Fund shall be non-lapsable and operated under the Head of Account G12-Special Deposit Fund, B-Not bearing interest, G122-Welfare Fund, G12206-Special Fund for the Welfare and uplift of Minorities.

Para 22 of Account Code Volume-IV states that if the recoveries relate to the overpayment of previous years the same may be adjusted by crediting to the departmental receipts.

The management of Ministry of National Harmony deposited Rs. 1.500 million on 08.05.2013 in Minorities Welfare Fund under the Head of Account G12206-Special Fund for the Welfare and Uplift of Minorities for overdrawn amount received for monetary compensation of affected families of Badami Bagh, Lahore.

Audit observed that the overdrawn amount was deposited into Minorities Welfare Fund instead of depositing the amount into government treasury

Audit is of the view that retention of funds in the Minorities Welfare Fund was irregular and unauthorized.

The management replied that the amount was required to be paid on completion of certain information/confirmations regarding the affectees, therefore, the said amount was deposited in Minority Welfare Fund (Non-Lapsable Account).

The reply indicates that the management has accepted the audit observation.

The PAO was informed on 31.10.2013, but DAC was not held till the finalization of the report.

Audit recommends that the retained amount should be deposited into the government treasury.

*** Note:** The earlier title of the para was "Non crediting of previous years overdrawn into Government Receipts – Rs. 1.500 million"

37.4.4 Irregular expenditure on entertainment – Rs. 3.724 million

Serial No. 9(38)(ii) of Annexure-I of Finance Division O.M. No. F.3(2)Exp.III/2006 dated 13.09.2006 states that 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.

The management of Ministry of National Harmony incurred an expenditure of Rs. 3.724 million on entertainment during celebration of 'Christmas 2012' for the Christian Community held on 24.12.2012 and Dewali-2012 on 15.11.2012. Details are as under:

(Rupees)

S. No.	Items	Name of Firm	Bill No./ Date	Amount
1.	Serving of Dinner to 1,000 persons @ Rs. 1,000 plus tax.	M/s Aamir Rajput Catering Service, Karachi	2412201201/ 24.12.2012	1,160,000
2.	Catering/ sitting arrangement for 1,000 persons, arrangement of Generator, Backdrop @ Rs. 1,000 plus tax.		2412201202/ 24.12.2012	1,160,000
3.	Serving of Dinner for 1,175 persons @ Rs. 1,000 plus tax hall charges Rs. 35,000 + tax.	Marriot Hotels, Islamabad	014687/ 15.11.2012	1,403,600
			Total	**3,723,600**

Audit observed that the Secretary of the Ministry was not competent to accord sanction above Rs. 40,000 on the occasions.

Audit is of the view that the expenditure incurred was irregular and unauthorized.

The management replied that holding religious functions for the minorities was a regular activity of the Ministry for which the approval of the President's Secretariat vide U.O. No. 16(1281)/Dir(A-II)/06 dated 14.11.2006 was obtained.

The reply was not accepted because the approval conveyed by the President's Secretariat was only for holding the functions. It did not permit the Ministry to incur expenditure beyond the delegated powers.

The PAO was informed on 31.10.2013, but DAC was not held till the finalization of the report.

Audit recommends that responsibility may be fixed for the irregularity besides seeking regularization of the expenditure from the Finance Division.

37.4.5 Unauthorized procurement of mobile phone sets from Pilgrim Welfare Fund - Rs. 90.000 million

Rule 4 of Hajj Pilgrim Welfare Fund Rules, 1990 provides 15 items on which expenditure from the Fund could be made. Purchase of mobile phone sets was not included in the list of 15 items on which the expenditure could be incurred.

The Ministry of Religious Affairs vide Notification No. A.O.II/1(23)/1408 dated 18.11.1996 substituted Rule 4(xv) of Hajj Pilgrim Welfare Fund Rules, 1990 which stated that any expenditure which was not covered under sub-rules (i) to (xiv) would be made with the concurrence of Ministry of Finance.

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 Ministry of Religious Affairs incurred expenditure of Rs. 90.000 million on purchase of 90,000 mobile phone sets (Huawei-G1101 and 2201-C) @ Rs. 1,000 per set from M/s Pakistan Telecommunication Mobile Limited (M/s Ufone) during Hajj-2012.

Audit observed as under:

i. The expenditure on purchase of mobile phone sets was not covered under Pilgrim Welfare Fund Rules, 1990 as amended from time to time.
ii. The concurrence of Ministry of Finance was not obtained.
iii. The mobile phone sets were purchased without open competition.
iv. The scheduled Hajj flights commenced on 19.09.2012 as mentioned at Para 32/N of file No. 1(1)2012/PW, whereas the proposal for purchase was initiated on 20.09.2012 when the Hajj flights had already commenced.
v. Stock register of mobile phone sets was not provided.
vi. Para 63/N dated 03.01.2013 of file No. 1(1)2012/PW revealed that 8,900 sets (costing Rs. 8.900 million) were lying in the store at Haji Camp, Islamabad which could not be issued to Hujjaj who proceeded before 26.09.2012.

Audit is of the view the procurement of mobile phone sets was irregular and unauthorized and undue favour was extended to the supplier.

The management replied that Rule 4(viii) and Rule 4(x) of the Hajj Pilgrim Welfare Fund Rules, 1990 provide that expenditure could be incurred out of Pilgrim Welfare Fund for purchase of vehicles, equipment, appurtenants and supplies and services which are meant directly and exclusively for pilgrims welfare and for which funds from any source are not available. The Ministry engaged in negotiated tendering with M/s Ufone under Rule 42(d)(iii) of Public Procurement Rules, 2004 as there was extreme urgency. Upon receipt of mobile phone sets the Ministry dispatched the cartons to Haji Camps, therefore, stock registers were maintained by them. As per Stock Report from Haji Camps, 8,900 mobile phone sets were with the Directorates due to the fact that they were obtained at a stage when the Hajj flights commenced, therefore all sets could not be handed over to the Hujjaj.

The reply was not accepted because procurement of mobile phone sets was not covered under the Hajj Pilgrim Welfare Fund Rules, 1990 for which the concurrence of Ministry of Finance was necessary, but was not obtained. There was no emergency as Hajj is a regular yearly feature and mobile phone sets were not required for any emergent purpose. The stock registers were required to be maintained by the Ministry, which had procured and made payment for the mobile phone sets.

The PAO was informed on 31.10.2013, but DAC was not held till the finalization of the report.

Audit recommends that responsibility be fixed for the irregularity.

*37.4.6 Non-recovery of Hajj-2012 dues from Pakistan Bait-ul-Maal - Rs. 13.150 million**

Para 32 of the Hajj Policy and Plan 2012 approved by the Cabinet in its meeting held on 25.04.2012 states that in Hajj -2011 around 500 volunteers were sent to Saudi Arabia on cost sharing basis, i.e. on payment of Rs. 100,000 as airfare and other expenses to meet the shortfall of local Khuddam-ul-Hujjaj. On the basis of experience gained in Hajj-2011, the Ministry of Religious Affairs would depute a contingent of volunteers from Pakistan on cost sharing basis subject to actual requirement and fulfillment of criteria as determined by the Ministry.

The Ministry of Religious Affairs letter No. 5(3)/2012-PW dated 10.05.2012 addressed to Managing Director, Pakistan Bait-ul-Maal states that it was decided by the Ministry to seek a list of 200 persons to serve as Volunteers/Mouveneen. A lump sum amount of Rs. 115,000 against each Volunteer would be paid by the sponsoring agency in advance to the Ministry. Accommodation and transportation facilities would be provided by Pakistan Hajj Mission, and an amount of Saudi Riyal 25 per person per day would be paid to such volunteers during the period of Hajj Duty.

The Ministry of Religious Affairs acquired the services of 170 volunteers from Pakistan Bait-ul-Maal for Hajj 2012.

Audit observed that out of claim of Rs. 19.550 million for 170 volunteers, Pakistan Bait-ul-Maal paid Rs. 6.400 million and an amount of Rs. 13.150 million was still outstanding.

Audit is of the view that failure to recover the dues deprived the government of its due receipt.

The management replied that Pakistan Bait-ul-Maal paid Rs. 6.400 million only while the remaining amount of Rs. 13.150 million was still outstanding. The Ministry was pursuing the case and the outcome would be provided.

The reply indicates that the management has accepted the audit observation.

The PAO was informed on 31.10.2013, but DAC was not held till the finalization of the report.

Audit recommends that the outstanding amount should be recovered.

*** Note:** The earlier title of the para was "Irregular and unauthorized nomination of 170 employees of Pakistan Bait-ul-Maal (PBM) as volunteers and Mouaveneens for Hajj 2012 - Rs. 42.021 million"

37.4.7 Irregular and unauthorized expenditure on purchase of gifts and entertainment from Pilgrim Welfare Fund - Rs. 1.136 million

Rule 4 of Hajj Pilgrim Welfare Fund Rules, 1990 provides 15 items on which expenditure from the Fund could be made. Gifts and entertainment were not included in the list of 15 items on which the expenditure could be incurred.

The Ministry of Religious Affairs vide Notification No. A.O.II/1(23)/1408 dated 18.11.1996 substituted Rule 4(xv) of Hajj Pilgrim Welfare Fund Rules, 1990 which stated that any expenditure which was not covered under sub-rules (i) to (xiv) would be made with the concurrence of the Ministry of Finance.

The management of the Ministry of Religious Affairs incurred expenditure amounting to Rs. 1.136 million on gifts and entertainment out of Pilgrim Welfare Fund during 2012-13. Details are as under:

(Rupees)

S. No.	Item of Expenditure	Date of Sanction	Amount
1.	Dinner at Serena Hotel, Islamabad. (140 Buffet Dinner)	18.03.2013	468,640
2.	Carpets for Gifts	24.09.2012	667,000
		Total	**1,135,640**

Audit observed as under:

i. The expenditure incurred on entertainment and gifts was not covered under Pilgrim Welfare Fund Rules, 1990.

ii. The concurrence of the Ministry of Finance was not obtained.

Audit is of the view that the expenditure on entertainment and gifts from Pilgrims Welfare Fund was irregular and unauthorized.

The management replied that purchase of gifts and post Hajj function was arranged from Pilgrims Welfare Fund. The gifts were presented to the Saudi dignitaries by the Federal Minister for Religious Affairs. The function was arranged in recognition of meritorious services rendered during Hajj-2012 at Serena Hotel, Islamabad for presentation of shields to the officers/staff of the Ministry as well as other organizations, i.e. Hajj Group Organizers (HGOs) representatives, Pakistan Bait-ul-Mal, Hajj Medical Mission, Khuddam-ul-Hujjaj, Razakars and Traffic Police authorities.

The reply indicates that the management has accepted the audit observation.

The PAO was informed on 31.10.2013, but DAC was not held till the finalization of the report.

Audit recommends that responsibility may be fixed for the irregularity.

CHAPTER 38

38. STATE AND FRONTIER REGIONS DIVISION

38.1 Introduction of Division

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 FATA, issuance of policy directives regarding Tribal Areas, administrative reforms/control of Khassadars & Levies and Afghan Refugees, etc. According to the provision of Article 246 of the Constitution of the Islamic Republic 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 Khyber Pakhtunkhwa. The States and Frontier Regions Division also handles matters pertaining to former and acceded States of Amb, Bahawalpur, Khairpur, Swat, Chitral, Mekran, Kalat and Dir.

The Division consists of three Wings, i.e. Administration, Refugees and States/Tribal Areas, each headed by a Joint Secretary; who has Deputy Secretaries and Section Officers to assist him. The Chief Commissionerate of 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 Administered 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 Khyber Pakhtunkhwa 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, regulations 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 Khyber Pakhtunkhwa 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 02.12.2010.

- 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 29.06.2011.

- Coordination of medical arrangement and health delivery system for the Afghan Refugees.

38.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Division for the financial year 2012-13 was Rs. 36,417.249 million including Supplementary Grant of Rs. 2,271.813 million out of which the Division utilized Rs. 35,555.104 million. Grant wise detail of current and development expenditure is mentioned below:

(Rupees)

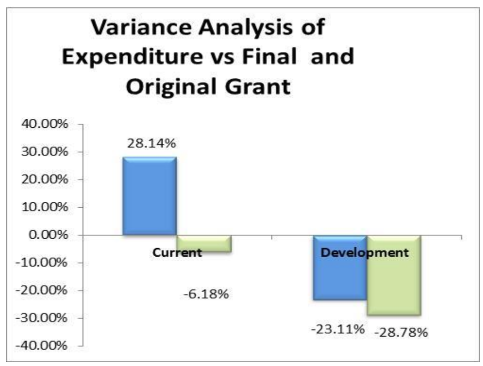
Grant No	Grant Type	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Final Grant/ Appropriation	Actual Expenditure	Excess/ (Savings)	% age Excess/ (Saving)
99	Current	73,192,000	15,936,000	89,128,000	87,272,807	(1,855,193)	(2)
100	Current	5,159,871,000	476,792,000	5,636,663,000	6,691,128,127	1,054,465,127	19
101	Current	12,538,406,000	505,000,000	13,043,406,000	16,099,435,644	3,056,029,644	23
102	Current	3,938,000	-	3,938,000	2,092,494	(1,845,506)	(47)
103	Current	370,029,000	4,000	370,033,000	372,368,196	2,335,196	1
	Subtotal	**18,145,436,000**	**997,732,000**	**19,143,168,000**	**23,252,297,268**	**4,109,129,268**	**(6)**
138	Development	16,000,000,000	1,274,081,000	17,274,081,000	12,302,806,520	(4,971,274,480)	(29)
	Subtotal	**16,000,000,000**	**1,274,081,000**	**17,274,081,000**	**12,302,806,520**	**(4,971,274,480)**	**(29)**
	Total	**34,145,436,000**	**2,271,813,000**	**36,417,249,000**	**35,555,103,788**	**(862,145,212)**	**(35)**

Audit noted that there was an overall saving of Rs. 862.145 million, which was mainly due to saving of Rs. 4,971.274 million in Development Expenditure which was partly offset due to excess expenditure of Rs. 4,109.130 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. 2,271.813 million were obtained, which was 6.65% 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 28.14%, which, after accounting for Supplementary Grants changed to saving of 6.18%. In development expenditure, saving against Original Budget was 28.11% which, after accounting for Supplementary Grant changed to 28.78%.



38.3 Brief comments on the status of compliance with PAC Directives

Name	Years	No. of audit paras	No. of Actionable Points	Full Compliance	Not Complied	% of Compliance
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%
	1994-95	15	15	13	2	87%
	2000-01	4	4	0	4	0%
	2005-06	4	4	1	3	25%
Total		**125**	**125**	**71**	**54**	57%

38.4 AUDIT PARAS

Non Production of Record

38.4.1 Non-production of record of 26 development schemes - Rs. 55.489 million

Section 14(2) of Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 states that the Auditor General shall, in connection with the performance of his duties under this Ordinance, have authority to require that any accounts, books, papers and other documents which deal with, or form, the basis of or otherwise relevant to the transactions to which his duties in respect of audit extend, shall be sent to such place as he may direct for his inspection.

Section 14(3) 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.

UNHCR letter No. 2012/Prog/033 dated 25.01.2012 states that the Entity will provide to the Auditor access to all information of which UNHCR and the Entity are award that is relevant to the engagement such as records, documentations and other matters.

The Commissioner for Afghan Refugees, Quetta released Rs. 21.759 million and Rs. 33.730 million to Deputy Commissioners, Loralai and Quetta, respectively for execution of 26 development schemes during 2011.

Despite repeated requests, the management did not provide the following record/information:

i. Expenditure statements relating to 26 development schemes

ii. Store accounts of the Public Health Engineering and Buildings Divisions

iii. Bank statements

iv. Implementing Partner Financial Monitoring Reports (IPFMR), (RAHA)

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

The management did not reply.

The PAO was informed on 18.04.2012, 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 relevant record.

Irregularity & Non Compliance

38.4.2 Irregular expenditure on entertainment - Rs. 3.323 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.

The management of Ministry of States and Frontier Regions incurred an expenditure of Rs. 3.323 million on entertainment during 2010-13. Details are as under:

(Rupees)

S. No.	Financial Year	Amount
1.	2010-2011	1,185,826
2.	2011-2012	941,000
3.	2012-2013	1,196,220
	Total	**3,323,046**

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 the expenditure on entertainment was irregular and unauthorized.

The management replied that Audit advice had been noted and record of scheduled meetings and list of participants were now being kept in the record.

The reply indicates that the management has accepted the audit observation. It is however added that rules in this regard were already available which the management was required to follow even before the Audit observation.

The PAO was informed on 26.11.2013, but DAC was not held till the finalization of the report.

Audit recommends that responsibility may be fixed for the irregularity.

CHAPTER 39

39. MINISTRY OF SCIENCE AND TECHNOLOGY

39.1 Introduction of Ministry

The following departments/offices and functions were assigned to the Ministry of Science and Technology vide SRO No. 622(I)/2013(F.No. 4-8/2013-Min-I) dated 28.06.2013:

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. Guidance to the research institutions in the Federation, as well as the Provinces, in the fields of applied scientific and technological research
7. Coordination of utilization of manpower for scientific and technological research
8. Promotion and development of industrial technology
9. Promotion of scientific and technological contacts and liaison nationally and internationally, including dealings and agreements with other countries and international organizations
10. Initiate promotional measures for establishment of venture capital companies for technological development and growth

11. Support to NGOs concerned with development of science and technology
12. Promotion of metrology standards, testing and quality assurance system
13. National Commission for Science and Technology
14. Pakistan Council of Scientific and Industrial Research
15. Pakistan Council of Research in Water Resources
16. Council for Works and Housing Research
17. Centre for Applied Molecular Biology
18. Pakistan Science Foundation
19. National Institute of Electronics
20. Pakistan Council of Science and Technology
21. National Institute of Oceanography
22. Scientific and Technological Development Corporation
23. National University of Science and Technology
24. Pakistan Standards and Quality Control Authority
25. Prescription of standards and measures for quality control of manufactured goods
26. Establishment of standards of weights and measures
27. Development, deployment and demonstration of renewable sources of energy
28. Pakistan National Accreditation Council
29. Pakistan Council of Renewable Energy Technologies
30. COMSATS Institute of Information Technology
31. Pakistan Engineering Council

39.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Ministry of Science and Technology for the financial year 2012-13 was Rs. 6,326.722 million including Supplementary Grant of Rs. 923.212 million out of which the Division utilized Rs. 5,697.972 million. Grant-wise detail of current and development expenditure is as under:

(Rupees)

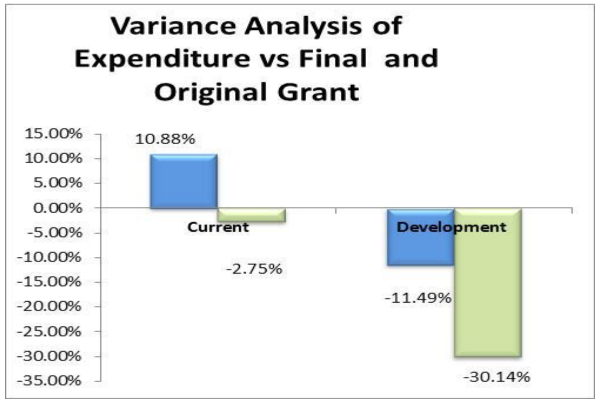
Grant No	Grant Type	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Final Grant/ Appropriation	Actual Expenditure	Excess/ (Savings)	% age Excess/ (Saving)
97	Current	425,610,000	2,000	425,612,000	352,260,107	(73,351,893)	(17)
98	Current	3,666,552,000	573,210,000	4,239,762,000	4,185,041,336	(54,720,664)	(1)
	Subtotal	**4,092,162,000**	**573,212,000**	**4,665,374,000**	**4,537,301,443**	**(128,072,557)**	**(3)**
137	Development	1,311,348,000	350,000,000	1,661,348,000	1,160,670,790	(500,677,210)	(30)
	Subtotal	**1,311,348,000**	**350,000,000**	**1,661,348,000**	**1,160,670,790**	**(500,677,210)**	**(30)**
	Total	**5,403,510,000**	**923,212,000**	**6,326,722,000**	**5,697,972,233**	**(628,749,767)**	**(10)**

Audit noted that there was an overall saving of Rs. 628.750 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. 923.212 million were obtained, which was 17.09% 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 10.88% of Original Grant, which came to saving of 2.75% after accounting for Supplementary Grants. In development expenditure there was saving of 11.49% against Original Budget which increased to 30.14% when Supplementary Grants were taken into account.



39.3 Brief comments on the status of compliance with PAC Directives

Name	Years	No. of audit paras	No. of Actionable Points	Full Compliance	Not Complied	% of Compliance
Science & Technology	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%
	1994-95	6	6	3	3	50%
	1995-96	2	2	0	2	0%
	1996-97	3	3	3	0	100%
	1999-00	158	158	90	68	57%
	2000-01	7	7	1	6	14%
	2005-06	4	4	2	2	50%
	2007-08	3	3	2	1	67%
	2008-09	5	5	2	3	40%
Total		**222**	**222**	**125**	**97**	56%

39.4 AUDIT PARAS

Irregularity & Non Compliance

39.4.1 Irregular monetization of project vehicles - Rs. 1.287 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.

The Cabinet Division vide Circular No. 6/7/2011-CPC dated 30.12.2011 clarified that the policy of monetization of the transport facility was not applicable in case of project vehicles.

The Ministry of Science and Technology monetized three project vehicles to the following three officers:

(Rupees)

S. No.	Registration No. Make and Model	Name of officer	Project Name	Amount
1.	GK-391 Suzuki Cultus 2007	Mr. Amjad Hussain JSA(IL)	Strengthening of P&D Wing	317,850
2.	GS-917 Suzuki Cultus 2008	Syed Nawazish Ali Shah, JSA(P&C)	Strengthening of Ministry of Science & Technology	397,312
3.	GS-503 Suzuki Cultus 2008	Mr. Saqib Aleem, Ex-JS (Admn)	Strengthening of Ministry of Science & Technology	572,416
			Total	**1,287,578**

Audit observed as under:

i. The projects vehicles were monetized in contravention to the monetization policy.

ii. Agreeing with the comments/proposal of the Chief Finance and Accounts Officer and Additional Secretary, the PAO directed on 23.04.2013 that the vehicles may be recovered from the officers without further delay.

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

The management did not reply.

The PAO was informed through Audit and Inspection Report on 23.12.2013 and again on 02.01.2014, but DAC was not held till the finalization of the report.

Audit recommends that the vehicles may be retrieved from the officers and responsibility may be fixed for the irregularity.

39.4.2 Irregular and unauthorized payment of cash award - Rs. 1.260 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 management of Ministry of Science & Technology paid cash award amounting to Rs. 1.260 million to its officers and staff from the head of account A06104-Scholarship during 2011-13.

Audit observed that the cash award was paid to the employees out of budget meant for Scholarships.

Audit is of the view that payment of cash award to the employees was irregular and unauthorized.

The management did not reply.

The PAO was informed through Audit and Inspection Report on 23.12.2013 and again on 02.01.2014, but DAC was not held till the finalization of the report.

Audit recommends that responsibility may be fixed for the irregularity.

39.4.3 Mis-procurement of equipment by negotiation - Rs. 41.785 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 40 of Public Procurement Rules, 2004 states that save as otherwise provided there shall be no negotiations with the bidder having submitted the lowest evaluated bid or with any other bidder, provided that the extent of negotiation permissible shall be subject to the regulations issued by the Authority.

Clause 28 of the Terms and Conditions of the Tender Documents states that the successful bidder will have to provide a Performance Guarantee of 10% of order/contract value for satisfactory execution of the work order. The Performance Guarantee must be valid for a period up to one year after satisfactory handing over the Assembly Line Unit to NIE.

The management of National Institute of Electronics (NIE), Islamabad invited tenders on Turnkey basis for setting up a Surface Mount Printed Circuit (PCB) Assembly Line Facility of capacity 5,000 to 10,000 components placement per hour under a PSDP Project titled "Balancing, Modernization & Rehabilitation (BMR)" on 06.05.2012, which were opened on 28.05.2012. Six firms submitted tenders in the single stage, two envelope tendering procedure. The tenders of two firms were rejected as these firms offered one equipment only. After technical evaluation, the Committee opened the financial bids of the four firms on 05.06.2012 and the rate of US$ 604,814 + Local cost of Rs. 8.071 million (Civil Works) offered by M/s Time & Tune was lowest while the rate of US$ 724,470 + Local cost Rs. 2.178 million (Civil Works) offered by M/s Micropak (Pvt.) Ltd. was 2nd lowest. The management after negotiations issued the supply order on 26.06.2012 to M/s Micropak (Pvt.) Ltd. at US$ 692,742 and local cost of Rs. 3.160 million. For the cost of one equipment, an amount of US$ 274,967 (Rs 28.580 million) was paid vide cheque No. 780051 dated 28.06.2012 and US$ 105,107 (Rs 11.108 million) vide cheque No. 780053 dated 10.10.2012. An amount of Rs. 2.098 million was also paid to M/s Micropak on 17.05.2013 for execution of civil works.

Audit observed as under:

i. The work was awarded to M/s Micropak whose rates were not lowest.
ii. The work was awarded after negotiations.
iii. M/s Micropak provided Performance Guarantee of only 5% of the contract value instead of 10%.

Audit is of the view that undue favour was extended to the firm and the contract was awarded through negotiations which was irregular and unauthorized.

The management replied that the tender was opened on 28.05.2012 during 2011-12. Single stage two envelopes procedure was adopted. Some technical bids submitted by the firms were not fully in accordance with technical specifications of the Tender Documents. To seek clarification, a meeting was held in which all firms were asked to elaborate their quoted turnkey systems. After the presentation and with the consent of all the members of the Committee, it was decided to open the financial bids by taking the bidders in confidence, with the condition that opening of the financial bids would not be considered as final step towards the finalization of the award. The Project Director (BMR) noticed that the rates quoted by the firms were not rational compared with the market price. In the best interest of the government and NIE, all the firms were requested to revise the quoted prices. After completing all codal formalities the award of the contract was awarded to M/s Micropak (Pvt) Ltd., Islamabad. The final financial plan of M/s Micropak (Pvt) Ltd., Islamabad was able to provide the guarantee by the original manufacturers of the equipment and requested to reduce the Performance Guarantee from 10% to 5%. The involvement of multinational firm as guarantor strengthened NIE position for safety of investment. Therefore, the Committee agreed to reduce the Performance Guarantee from 10% to 5%.

The reply indicates that the management has accepted the audit observation regarding award of contract to other than the lowest bidder after negotiations and reduction of Performance Guarantee from 10% to 5%.

The PAO was informed through Audit and Inspection Report on 30.12.2013 and again on 06.01.2014, but DAC was not held till the finalization of the report.

Audit recommends that matter should be investigated to fix the responsibility for the irregularity.

CHAPTER 40

40. STATISTICS DIVISION

40.1 Introduction of Division

Following functions have been assigned to the Division as per the Rules of Business, 1973:

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 adapting 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, definition and classification pertaining to national statistics series

vii. Preparation and implementation of in-service and foreign training programs 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 national census and surveys

xii. Industrial Statistics Act

xiii. Administration of the General Statistics (Reorganization) Act, 2011

xiv. Agricultural Census

xv. Population Census

xvi. National Quinquennial Livestock Census

xvii. Collection, maintenance and analysis of demographic and population statistics

xviii. Vital health statistics

xix. Compilation of labour statistics for national and international consumption

xx. Compilation of manpower and employment statistics for national and international consumption

xxi. Periodic assessment, review and analysis of manpower resources and requirements with reference to the employment situation in the country

40.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Statistics Division for the financial year 2012-13 was Rs. 1,546.170 million including Supplementary Grant of Rs. 64.012 million out of which the Division utilized Rs. 1,529.871 million. Grant-wise detail of current and development expenditure is as under:

(Rupees)

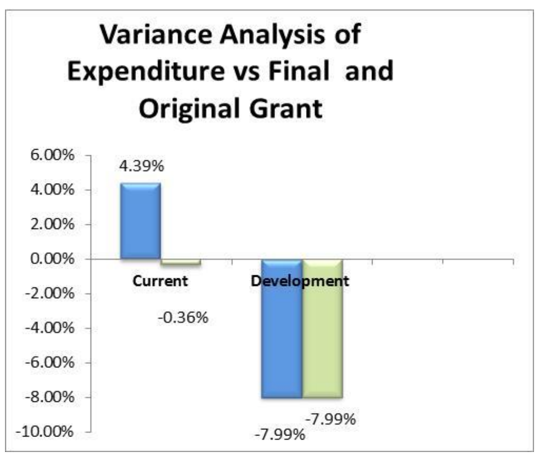
Grant No	Grant Type	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Final Grant/ Appropriation	Actual Expenditure	Excess/ (Savings)	% age Excess/ (Saving)
27	Current	1,342,158,000	64,012,000	1,406,170,000	1,401,053,401	(5,116,599)	(0)
	Subtotal	**1,342,158,000**	**64,012,000**	**1,406,170,000**	**1,401,053,401**	**(5,116,599)**	**(0)**
119	Development	140,000,000	-	140,000,000	128,818,469	(11,181,531)	(8)
	Subtotal	**140,000,000**	-	**140,000,000**	**128,818,469**	**(11,181,531)**	**(8)**
	Total	**1,482,158,000**	**64,012,000**	**1,546,170,000**	**1,529,871,870**	**(16,298,130)**	**(1)**

Audit noted that there was an overall saving of Rs. 16.298 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. 64.012 million were obtained, which was 4.32% 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 4.39% of original grant, which came to saving of 0.36% after accounting for supplementary grants. In development expenditure there was saving of 7.99% against original budget. During the year no supplementary grant was taken into account.



40.3 Brief comments on the status of compliance with PAC Directives

Name	Years	No of audit paras	No of Actionable Points	Full Compliance	Not Complied	% of Compliance
Statistics Division	2005-06	3	3	0	3	0%
Total		**3**	**3**	**0**	**3**	**0%**

40.4 AUDIT PARAS

Irregularity & Non Compliance

40.4.1 Irregular appointment of Chief Statistician - Rs. 2.506 million

Section 14(1) of the General Statistics (Reorganization) Act, 2011 states that there shall be a Chief Statistician of the Bureau who shall be appointed by the Federal Government on such terms and conditions as may be determined by the Federal Government and to be notified in the official Gazette. The Chief Statistician shall be an ex-officio Secretary to the Federal Government.

Section 14(2) of the General Statistics (Reorganization) Act, 2011 states that the Chief Statistician before entering upon office, shall make, before the President of Pakistan, an oath of office and non-disclosure.

The Statistics Division appointed Mr. Asif Bajwa as Chief Statistician vide Notification No. PBS.P.1(1)/2012/160 dated 07.01.2013.

Audit observed as under:

i. The officer assumed the charge of the post of Chief Statistician on 22.01.2013.

ii. The officer took oath of office before the President of Pakistan on 23.07.2013.

iii. The officer was paid Pay and Allowances amounting to Rs. 2.506 million for the period 22.01.2013 to 22.07.2013.

Audit is of the view that payment of Pay and Allowances and decisions taken before taking oath were irregular and unauthorized.

The management replied that the Finance Division was requested to advise with regard to the perks and privileges drawn by Mr. Asif Bajwa before taking oath of the office of Chief Statistician, which was still awaited.

The reply indicates that the management has accepted the audit observation.

The PAO was informed through AIR on 27.12.2013 and again on 06.01.2014, but DAC was not held till the finalization of the report.

Audit recommends that the irregular payment of pay and allowances should be recovered.

40.4.2 Non framing of Rules and Regulations of Pakistan Bureau of Statistics

Section 61(1) of the General Statistics (Reorganization) Act, 2011 states that the appropriate Government may, by notification in the official Gazette, make rules for carrying out the purposes of this Act.

Section 62 of the General Statistics (Reorganization) Act, 2011 states that the Bureau may, with the prior approval of the Federal Government, by notification in the official gazette, make regulations not inconsistent with this Act or the rules made thereunder to carry out the purposes of this Act.

The Pakistan Bureau of Statistics was established on 31.05.2011 under the General Statistics (Reorganization) Act, 2011.

Audit observed that despite lapse of more than two years, the management failed to frame rules and regulations of the Bureau.

Audit is of the view that failure to frame rules and regulations of the Pakistan Bureau of Statistics was a violation of Sections 61 and 62 of the General Statistics (Reorganization) Act, 2011.

The management replied that rules and regulations were being framed.

The reply indicates that the management has accepted the audit observation.

The PAO was informed through Audit and Inspection Report on 27.12.2013 and again on 06.01.2014, but DAC was not held till the finalization of the report.

Audit recommends that the rules and regulations of Pakistan Bureau of Statistics should be framed and notified.

CHAPTER 41

41. MINISTRY OF WATER AND POWER

41.1 Introduction of Ministry

The Ministry of Water and Power, besides all policy matters relating to development of these two resources, performs certain specific functions, 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
- Karachi Electric Supply Corporation
- National Engineering Services Pakistan
- National Power Construction Company
- Private Power and Infrastructure Board
- Water and Power Development Authority
- Federal Flood Commission

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 Pakistan 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

11. Private Power and Infrastructure Board

41.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Water and Power for the financial year 2012-13 was Rs. 58,382.232 million including Supplementary Grant of Rs. 12,761.895 million out of which the Division utilized Rs. 36,625.824 million. Grant-wise detail of current and development expenditure is as under:

(Rupees)

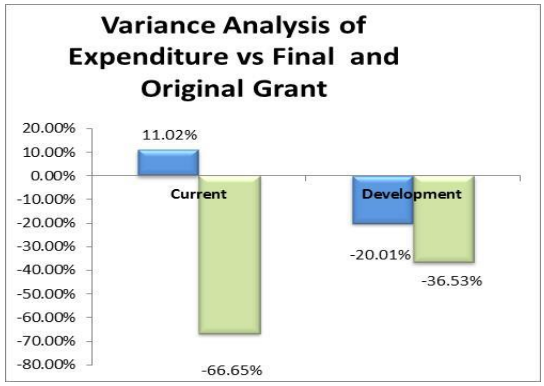
Grant No	Grant Type	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Final Grant/ Appropriation	Actual Expenditure	Excess/ (Savings)	% age Excess/ (Saving)
105	Current	428,058,000	996,889,000	1,424,947,000	475,209,579	(949,737,421)	(67)
	Subtotal	**428,058,000**	**996,889,000**	**1,424,947,000**	**475,209,579**	**(949,737,421)**	**(67)**
140	Development	45,192,279,000	11,765,006,000	56,957,285,000	36,150,614,011	(20,806,670,989)	(37)
	Subtotal	**45,192,279,000**	**11,765,006,000**	**56,957,285,000**	**36,150,614,011**	**(20,806,670,989)**	**(37)**
	Total	**45,620,337,000**	**12,761,895,000**	**58,382,232,000**	**36,625,823,590**	**(21,756,408,410)**	**(37)**

Audit noted that there was an overall saving of Rs. 21,756.408 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. 12,761.895 million were obtained, which was 27.97% 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 excess in current expenditure was 11.02% of Original Grant, which came to saving of 66.65% after accounting for Supplementary Grants. In development expenditure there was saving of 20.01% against original budget which came to saving of 36.53% when supplementary grant was taken into account.



41.3 Brief comments on the status of compliance with PAC Directives

Name	Years	No. of audit paras	No. of Actionable Points	Full Compliance	Not Complied	% of Compliance
Water and Power	1987-88	1	1	1	0	100%
	1994-95	1	1	0	1	0%
	1996-97	1	1	0	1	0%
	1999-00	7	7	1	6	14%
	2005-06	5	5	1	4	20%
	2007-08	2	2	0	2	0%
	Total	**17**	**17**	**3**	**14**	18%

41.4 AUDIT PARAS

Irregularity and Non Compliance

41.4.1 Irregular investment of funds

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 Alternative Energy Development Board (AEDB) invested funds from time to time in financial institutions during 2010-13. Details are as under:

(Rs. in million)

S. No	Bank/Branch	TDR. No.	From	To	%	Months	Amount
1.	Summit Bank Jinnah Avenue	167603	03.06.2009	31.12.2009	13.50	6	100
2.	Do	167614	20.07.2009	19.07.2010	13.50	12	25
3.	Do	167643	03.12.2009	02.12.2010	13.50	12	100
4.	Do	800008039	02.09.2010	01.09.2010	13.00	12	40
5.	Do	80008075	18.01.2011	17.01.2012	13.25	12	100
6	Al-Baraka Islamic Bank	362009093	02.06.2009	01.06.2009	13.25	12	100
7.	Do	36201000320	02.09.2010	01.09.2011	13.00	12	100
8.	Al Baraka Islamic Bank Jinnah Avenue	3620110371	05.10.2011	31.09.2012	13.30	12	100
9.	Sindh Bank, E-11	2847/0	05.10.2012	04.10.2013	9.76	12	100
10.	First Women Bank, Jinnah Avenue	2679	05.10.2012	04.10.2013	9.75	12	100

Audit observed as under:

i. The AEDB Act, 2010 did not contain any provision for investment of funds.

ii. Investments were made in violation of the instructions of the Finance Division

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

The management replied that the Legal Expert of the Finance Division instructed that it would be prudent and essential for AEDB to open and maintain its bank account on the basis of criteria that take into account the credit rating of the banks and the rate of return. There, thus, lies an implied power with AEDB under Section 13(3) to place funds in such banks that offer better return rates and higher security of deposit.

The reply was not accepted because Section 13(3) of AEDB Act, 2010 related to maintenance of Alternate Energy Fund in various commercial banks and not investment from ‘the Fund’.

The PAO was informed on 10.12.2013, but DAC was not held till the finalization of the report.

Audit recommends that responsibility be fixed for investing funds in violation of government instructions, while the unauthorized investment may be withdrawn.

41.4.2 Unauthorized retention of 13 vehicles of closed project

Rule 3(4) of Rules for the Use of Staff Cars, 1980 states that the Cabinet Division will arrange for the upkeep and maintenance of staff cars which become 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 AEDB retained 13 project vehicles after completion of Rural Electrification Projects (REP) which was completed in October, 2009. Details are as under:

S. No.	Project Location	Vehicle No.	Location
REP, Sindh			
1.	Land Rover – Defender	GJ-701	Sub Office, Karachi
2.	Land Rover – Defender	GJ-859	AEDB, Islamabad
3.	Hyundai – Shehzore	GP-5047	AEDB, Islamabad
REP North Balochistan			
4.	Land Rover – Defender	QAR-1075	Sub Office, Quetta
5.	Land Rover – Defender	QAR-1074	Sub Office, Quetta
6.	Hyundai – Shehzore	QAR-1076	Sub Office, Quetta
REP Central Balochistan			
7.	Land Rover – Defender	GK-104	Sub Office, Karachi
8.	Land Rover – Defender	GK-107	Sub Office, Quetta
9.	Hyundai – Shehzore	QAR-1073	Sub Office, Quetta
REP South Balochistan			
10.	Land Rover - Defender	GJ-033	AEDB, Islamabad
11.	Land Rover - Defender	GK-105	Sub Office, Karachi
12.	Land Rover - Defender	GK-106	Sub Office, Quetta
13.	Hyundai - Shehzore	QAR-1078	Sub Office, Quetta

Audit observed that the vehicles of closed projects were retained in violation of the Staff Cars Rules, 1980.

Audit is of the view that the retention of project vehicles after completion of the projects was irregular and unauthorized.

The management replied that the vehicles were approved and purchased against approved PC-Is of four projects, which were deployed in the field during demographic data collection/implementation of their respective projects. However, due to non-allocation of funds, when the project activities were halted, the vehicles were parked at the respective AEDB offices. These vehicles had been used during survey and implementation activity of Parliamentarian Sponsored Village Electrification Program (PSVEP) in Sindh & Balochistan. The AEDB was in the process of budget allocation for the REP projects. Hence, if these vehicles were surrendered, new vehicles would have to be purchased for execution of the said projects, adding financial burden to the exchequer. The AEDB was expecting allocation of funds for the REP's as the Senate recommendations on the Finance Bill - 2013 also included a recommendation for allocation of budget from PSDP 2013-14 to REP.

The reply was not accepted because the projects were closed in October, 2009 and the vehicles were in unauthorized use of AEDB since then.

The PAO was informed on 10.12.2013, but DAC was not held till the finalization of the report.

Audit recommends that the vehicles should be surrendered to the Cabinet Division.

41.4.3 Irregular retention of unspent balance - Rs. 7.437 million

Para 95 of GFR Volume-I states that all anticipated savings should be surrendered to Government immediately they are foreseen but not later than 15th May of each year in any case, unless they are required to meet excesses under some other unit or units which are definitely foreseen at the time. However, savings accruing from funds provided after 15th May 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 Alternative Energy Development Board (AEDB), Islamabad received an amount of Rs. 7.491 million on 26.06.2009 for installation of Solar Home Systems (SHS) in three villages of District Dera Bugti, Balochistan.

Audit observed that the management only utilized Rs. 54,373 whereas the remaining amount of Rs. 7.437 million has been retained by the management for the last four years.

Audit is of the view that retention of unspent balance was irregular and unauthorized.

The management replied that on the request of Mr. Ghulam Qadir Bugti (Ex-MPA, Balochistan) AEDB conducted an initial site survey and feasibility study for electrification of 75 households in three villages. The report was submitted to the Prime Minister's Secretariat at an estimated cost of Rs. 7.491 million. The then Prime Minister approved the scheme and directed the release of Rs. 7.491 million to AEDB from PWP-II of PSDP 2008-09. Tenders for the scheme were floated and bids were evaluated but just before signing of the contract, the sponsor of the scheme, i.e. Mr. Ghulam Qadir Bugti verbally conveyed that stand alone Solar Home Systems (SHS), as per approved feasibility report, were not acceptable as these were Direct Current systems whereas the people of the area wanted Alternating Current systems. The sponsor of the scheme, Ministry of Water & Power and the Prime Minister's Secretariat were informed in writing that the signing of the contract had been deferred due to the uncertainty, and ultimately the bid validity also expired. AEDB repeatedly pursued the Prime Minister's Secretariat for seeking instructions for use of Rs. 7.491 million, but no response has been received as yet.

The reply indicates that the management has accepted the audit observation.

The PAO was informed on 10.12.2013, but DAC was not held till the finalization of the report.

Audit recommends that the unspent balance should be deposited into government treasury.

41.4.4 Irregular award of contract to ineligible contractor through splitting of work - Rs. 267.705 million

Para 59 of CPWD Code states that a group of works which forms one project shall be considered as one work, and the necessity for obtaining the approval or sanction of higher authority to a project which consists of such a group of works is not avoided by the fact that the cost of each particular work in the project is within the powers of approval of sanction of the minor local government or officer concerned.

Pakistan Engineering Council registered M/s Muhammad Khan, Contractor in Category C-3 vide License No. 3509 for construction work not exceeding capital cost of Rs. 50.000 million.

The management of Irrigation Scheme, Chitral awarded the work 'Construction of Trichan to Attakh Irrigation Scheme at Mulkhow Tehsil, District Chitral' costing Rs. 267.705 million to M/s Muhammad Khan, Contractor.

Audit observed that the work amounting to Rs. 267.705 million was awarded to M/s Muhammad Khan, Contractor by splitting the work so as to remain below the contractor's limit for execution of work, i.e. Rs. 50.000 million.

Audit is of the view that splitting the work and award of project beyond the contractor's limit was irregular and unauthorized.

The management replied that the work was tendered in different packages and the contractor, i.e. M/s Muhammad Khan was qualified to participate in each independent package. Summing of different works and comparing the lump sum cost with the limits fixed by the Pakistan Engineering Council was not justified.

The reply was not accepted as the group of works formed one project and was split to bring it within the contractor's limit.

During the DAC meeting held on 03.10.2013, the PAO showed concern over the state of affairs and directed to hold inquiry to determine whether splitting was in order. However, Audit disagreed and was of the view that it was a clear matter of splitting and was also beyond the limit of the contractor. The DAC decided to place the matter before the PAC.

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

41.4.5 Irregular payment before issuance of Work Order - Rs. 3.043 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.

The management of Irrigation Scheme, Chitral issued Work Order for the scheme 'Construction of Trichan to Attakh Irrigation Chitral Scheme R.D 40900-50200' to the contractor M/s Haji Muhammad Khan vide No. 1265-67/M-3 dated 30.03.2006.

Audit observed that the work was started by the contractor on 21.11.2005 before the issuance of Work Order and was paid Rs. 3.043 million vide Voucher No. 16-C dated 20.03.2006 by the Executive Engineer Irrigation, Chitral.

Audit is of the view that payment made to the contractor before issuing Work Order was irregular and unauthorized.

The management replied that the work was executed on the instructions of the competent authority issued vide letter No. 7525-28/IB/WC/536-W dated 25.10.2005 prior to the issuance of proper Work Order, keeping in view the unique and peculiar nature of the scheme as well as in the best interest of the scheme.

The reply indicates that the management has accepted the audit observation.

The DAC meeting held on 03.10.2013 directed the management to provide any such rules under which the Chief Engineer was competent to allow execution of work prior to issuance of Work Order.

During record verification on 25 to 28.10.2013, the management failed to provide approval/competency of any officer who could grant approval to execute the work prior to issuance of Work Order.

Audit recommends that responsibility should be fixed for the irregularity.

Annexure-I **Memorandum for Departmental Accounts Committee (MFDAC)**

(Rs. in million)

S. No.	Ministry	No. of Paras	Amount
1.	Aviation Division	66	168.419
2.	Benazir Income Support Program	76	38,804.870
3.	Cabinet Division	56	1,369.69
4.	Ministry of Communications	76	955.516
5.	Controller General of Accounts	112	2,345.045
6.	Council of Islamic Ideology	4	0.490
7.	Defence Production Division	16	64.379
8.	Economic Affairs Division	9	216,448.47
9.	Education, Trainings and Standards in Higher Education Division	51	6,272.68
10.	Election Commission of Pakistan	143	2,275.42
11.	Establishment Division	139	2,890.63
12.	Federally Administered Tribal Areas	328	4,355.98
13.	Higher Education Commission	270	12,947.88
14.	Human Resource Development Division	19	104.438
15.	Human Rights Division	28	619.824
16.	Ministry of Inter Provincial Coordination	75	1,005.56
17.	Ministry of Interior	566	13,272.83
18.	Ministry of Capital Administration and Development	150	1,538.31
19.	Ministry of Climate Change	9	6.009
20.	Ministry of Commerce	27	225.366
21.	Ministry of Defence, Rawalpindi	48	1,142.34
22.	Ministry of Finance	27	263.921
23.	Ministry of Industries and Production	49	247.978
24.	Ministry of Information, Broadcasting and National Heritage	205	1,522.64
25.	Ministry of Law, Justice and Parliamentary Affairs	48	130.764
26.	Ministry of National Food Security and Research	54	497.252
27.	Ministry of Petroleum And Natural Resources	44	261.328
28.	Ministry of Planning and Development	14	50.838
29.	Ministry of Ports & Shipping	51	34.618
30.	Ministry of Religious Affairs and Inter Faith Harmony	39	6,425.95
31.	Ministry of Science and Technology	99	1,004.77
32.	Ministry of Water and Power	26	74.933
33.	Narcotics Control Division	51	154.897
34.	National Accountability Bureau	57	490.258
35.	National Assembly Secretariat	12	421.028
36.	National Health Services Regulation & Coordination	142	1,235.70
37.	Overseas Pakistanis Division	7	7.698
38.	Pakistan Atomic Energy Commission	14	113.542
39.	Pakistan Nuclear Regulatory Authority	8	116.902
40.	President's Secretariat (Personal)	8	71.777
41.	President's Secretariat (Public)	7	13.676

42.	Prime Minister's Office (Internal)	9	27.689
43.	Prime Minister's Office (Public)	41	1,092.70
44.	Ministry of States and Frontier Regions	65	717.317
45.	Statistics Division	29	70.59
46.	Textile Industries Division	31	68.65
	Total	**3,406**	**321,931.562**

Annexure-II **3.4.5** Irregular and unauthorized monetization of official vehicles to non-entitled officers and payment of Monetization Allowance - Rs. 22.529 million

(Rupees)

S. No.	Registration No.	Allotted to	BPS	Name	Purchase Price	Cost after Depreciation
1	GU-108	DG (Admn&HR)	19	Ms. Farhana Bashir	899,000	469,284
2	GU-106	Director (Donor Coord)	19	Mr. Tahir Noor	899,000	469,284
3	GU-547	Director (CP)	19	Mr. Rana Kaiser Ishaque	857,000	447,359
4	GU-653	Director P (F&A)	19	Mr. Muhammad Khan Marwat	857,000	447,359
5	GU-105	Director (F&A)	19	Ms. Saeeda Baloch	899,000	469,284
6	GU-014	Director (IA)	19	Mr. Muhammad Saleem	899,000	469,284
7	GU-654	Director (WS)	19	Syed Javed Abbas	857,000	447,359
8	GU-231	Director (IT)	19	Mr. Hamid Ali Khan	899,000	469,284
9	GU-045	Director (BS)	19	Mr. Naveed Akbar	965,000	469,284
10	GU-635	Director (Media)	19	Mr. Shoib Khan	857,000	447,359
11	GU-333	Director (Payment)	19	Mr. Noor Rehman Khan	899,000	469,284
12	GU-023	Director (WH)	19	Mr. Zafar Iqbal Khan	899,000	469,284
13	GU-072	Director (M&E)	19	Col (R) Muhammad Iqbal Khan	899,000	469,284
14	GW-843	Director (Legal)	19	Mr. Sohail Hassan Qaiser	918,500	663,616
15	GW-844	Deputy (WR-1)	18	Mr. Monis Ali	918,500	663,616
16	GW-845	Director (WH&ER)	19	Mr. Shahzad Nawaz Cheema	918,500	663,616
17	GX-492	Director (Admin)	19	Ms. Nafees Rahim	965,000	697,212
18	GX-968	Director (Procurement)	19	Mr. Muhammad Shamim	945,000	803,250
19	GX-411	Director (Faisalabad)	19	Mr. Ghazanfar Mehmood	965,000	697,212
20	GU-638	Director (Rawalpindi)	19	Dr. Raja Razi ul Husnain	899,000	469,284
				Total	**18,114,500**	**10,670,798**

Details of Monetization Allowance paid

S. No.	Name	Designation	BPS	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Total
1	Ms. Farhana Bashir	Director	19	47,987	47,987	47,987	47,987	47,987	239,935
2	Dr. Muhammad Tahir Noor	Director	19	47,987	47,987	47,987	47,987	47,987	239,935
3	Rana Kaiser Ishaq	Director	19	47,987	47,987	47,987	47,987	47,987	239,935
4	Muhammad Khan Marwat	Director	19	47,987	47,987	47,987	47,987	47,987	239,935
5	Muhammad Saleem	Director	18	47,987	47,987	47,987	47,987	47,987	239,935
6	Hamid Ali	Director	19	47,987	47,987	47,987	47,987	47,987	239,935
7	Naveed Akbar	Director	19	47,987	47,987	47,987	47,987	47,987	239,935
8	Shoib Khan	Director	19	47,987	47,987	47,987	47,987	47,987	239,935
9	Noor Rehman Khan	Director	19	47,987	47,987	47,987	47,987	47,987	239,935
10	Zafar Iqbal Khan	Director	19	47,987	47,987	47,987	47,987	47,987	239,935
11	Muhammad Shamim Khan	Director	19	47,987	47,987	47,987	47,987	47,987	239,935
12	Monis Ali	Director	18	47,987	47,987	47,987	47,987	47,987	239,935
13	Shahzad Nawaz Cheema	Director	19	47,987	47,987	47,987	47,987	47,987	239,935
14	Muhammad Azhar	Director	19	47,987	47,987	47,987	47,987	47,987	239,935
15	Syed Manzar Abbas	Director	19	47,987	47,987	47,987	-	-	143,961
16	Muhammad Waqas Hanif	Director	19	47,987	47,987	47,987	47,987	47,987	239,935
17	Syed Asif Munir	Dy Director	19	47,987	47,987	47,987	47,987	47,987	239,935
18	Sajid Mehmood Raja	Director	19	47,987	47,987	47,987	47,987	47,987	239,935
19	Syed Javed Abbas	Director	19	-	-	47,987	47,987	47,987	143,961
20	Muhammad Zubair	Director	19	-	-	-	-	47,987	47,987
								Total	**4,414,804**

Annexure-III 4.4.5 Irregular Payment of House Rent Allowance to employees posted on deputation - Rs. 2.352 million

(Rupees)

S. No.	**Name of Officer**	**Designation**	**Date of Deputation**	**HRA**
1.	Mr. Hamad Shamimi	Deputy Secretary (Ministry of Population Welfare)	01.02.2010	1,965,175
2.	Ms. Sundas Khaqan	Assistant Director (President Secretariat)	04.02.2013	107,133
3.	Mr. Adnan Diar	Deputy Director (Postal Staff College)	03.09.2012	279,249
			Total	**2,351,557**

Annexure-IV **5.4.15** Loss on account of purchase of medicines by ignoring the lowest bids - Rs. 4.943 million

(Rupees)

Item No.	Type	Genetic Name	Strength	Brand approved	Pack size	Lowest rate	Purchased rate	Quantity purchased	Difference in rate	Loss
3	Infusion	Paracetamol	1gm/ 100ml	Falgan	25 Vials	26.00 Barrett Hodgson	53.00 Bosch Pharma	18,700	27	504,900
13	Tablet	Mefenamic Acid	500mg	DEEMAC FORTE	1*600	0.19 DELUX	0.71 IRZA	8,500	0.52	4,420
21	Injection	Amoxycillin+ Clavulanic acid	1gm+200mg	Amoxi-Clav 1.2mg Inj	1's	77.83	95.37	37,000	17.54	648,980
22	Injection	Amoxycillin+ Clavulanic acid	500mg+100mg	Amoxi-Clav 600 mg Inj	1's	53.24	80.75	2,500	27.51	68,775
71	Injection	Meropenem	500mg	Meronem 1g IV	1's	264	540	3,100	276	855,600
72	Injection	Meropenem	1gm	Penro	25 Vials	875	900	7,500	25	187,500
99	Cream	Clotrimazole	1%	Creamazole	20gm	13.60 Pharmawise	21.24 Zafa	1,000	9.47	9,470
203	Cream	Silver Sulphadiazine 1%	250gm jar	Dermazin 250gm Cream 1%	250gm	310	373.50	5,000	63.50	317,500
230	Injection	Iron Source	20mg/ ml	FEROSO FT INJ	5x5 ml	14.23 Mediasave Pharma	70.00 HILTON	500	55.77	27,885
255	Inhalation	Isoflurane Liquid	100ml	FORANE	100ml	1450	1550	1,728	100	172,800
270	Gel	Lignocain 2%	20gm	Xylocaine 2% Jelly (Sterile)	15gm	15	24.31	18,250	9.31	169,907.50
316	Injection	Atracurium Besylate	25mg	ATRELAX INJ	5x2.5 ML	70	78	41,000	8	328,000
317	Injection	Atracurium Besylate	50mg	ATRELAX INJ	5x5 ml	114	145	13,000	31	403,000
355	Tablets	Prednisolone (enteric coated)	5mg	Deltacortil EC5 mg	1000's	1.28 Geofman	1.70 Pfizer	255,000	0.42	107,100
495	Infusion	I.V Set (Blister Pack)	As per registration	Shifa IV Set Basic	1x1	11.50	14	455,000	2.50	1,137,500
									Total	**4,943,337.5**

Annexure-V **7.4.2** Less deduction of Income Tax - Rs. 1.807 million

(Rupees)

S.No	Name	Designation	GROSS SALARY	Motetization Allowance	HRA	Taxable Salary	Tax on monetization Allowance	Tax on salary Income	Income Tax Due	Income tax Deducted	Difference
1	PRINCE ABBASS KHAN	CHAIRMAN(BS-22)	**3,415,620**	1150920	413676	2,678,376	57,546	455,674	513,220	96,000	417,220
2	NAIMATULLAH KHAN	MEMBER-I(BS-21)	**2,834,688**	929160	369936	2,275,464	46,458	223,206	269,664	124,341	145,323
3	ZAMEER AHMED	MEMBER-II (BS-21)	**3,053,450**	929160	0	2,124,290	46,458	196,751	243,209	136,700	106,509
4	MUHAMMAD SHAHID	SECRETARY (BS-20)	**1,786,284**	0	0	1,786,284	-	137,943	137,943	25,500	112,443
5	ABDUL KHALIQUE	DG (BS-20)	**2,235,528**	0	0	2,235,528	-	216,217	216,217	43,400	172,817
6	KHALID MEHMOOD	DG (BS-20)	**1,086,096**	0	204552	1,290,648	-	71,565	71,565	14,000	57,565
7	MUHAMMAD ANWAR DG	DG (BS-20)	**1,863,480**	0	0	1,863,480	-	149,522	149,522	32,873	116,649
8	OMER MOEEN CHOUDHRI	DIRECTOR (BS-19)	**1,516,080**	0	0	1,516,080	-	97,412	97,412	18,400	79,012
9	IMRAN ZIA	DIRECTOR (BS-19)	**1,390,884**	0	0	1,390,884	-	81,588	81,588	18,066	63,522
10	KHIZAR HAYAT	DIRECTOR (BS-19)	**1,448,142**	0	0	1,448,142	-	87,314	87,314	11,500	75,814
11	NOOR GHAZI KHAN	DIRECTOR (BS-19)	**1,390,884**	0	0	1,390,884	-	81,588	81,588	18,800	62,788
12	MALIK M. AHSAN	DIRECTOR (BS-19)	**1,390,884**	0	0	1,390,884	-	81,588	81,588	18,066	63,522
13	HAJI KHAN	SPS (BS-19)	**1,435,668**	0	0	1,435,668	-	86,067	86,067	72,959	13,108
14	ASHFAQ AHMED	SPS (BS-19)	**1,433,268**	0	0	1,433,268	-	85,827	85,827	82,799	3,028
15	MUHAMMAD ABBAS	PS (BS-18)	**808,812**	0	0	808,812	-	23,381	23,381	22,952	429
16	MR. DIN MUHAMMAD	DD (BS-18)	**1,343,580**	0	0	1,343,580	-	76,858	76,858	17,000	59,858
17	M.HAMOOD-UR-RAUF	DD (BS-18)	**934,641**	0	0	934,641	-	35,964	35,964	9,000	26,964
18	MR. MUHAMMAD ARSHAD	DD (BS-18)	**747,996**	0	0	747,996	-	17,400	17,400	4,100	13,300
19	M. FAZAL-UR-REHMAN	AO (BS-18)	**1,181,600**	0	0	1,181,600	-	60,660	60,660	11,592	49,068
20	AAMIR SHAHZAD	AD(BS-17)	**512,964**	0	0	512,964	-	5,648	5,648	1,200	4,448
21	ZUBAIR BASHEER CHOUDHRI	AD(BS-17)	**512,964**	0	0	512,964	-	5,648	5,648	1,200	4,448
22	FASIH-UR-REHMAN	AD(BS-17)	**461,534**	0	76248	537,782	-	6,889	6,889	800	6,089
23	SARFARAZ NAWAZ KHAN	AD(BS-17)	**379,916**	0	76248	456,164	-	2,808	2,808	200	2,608
24	ABDUL HAMEED KHAN	AD(BS-17)	**631,788**	0	118872	750,660	-	17,566	17,566	2,406	15,160
25	ABDUL QADIR	AD(BS-17)	**631,812**	0	0	631,812	-	11,591	11,591	2,185	9,406
26	MEHMOOD ALAM	AD(BS-17)	**485,484**	0	86904	572,388	-	8,619	8,619	1,100	7,519
27	MUHAMMAD RIAZ	AD(BS-17)	**720,948**	0	0	720,948	-	16,047	16,047	3,541	12,506
28	MISS NIDA REHMAN	AD(BS-17)	**483,252**	0	0	483,252	-	4,163	4,163	2,600	1,563
29	M. SULEMAN MASUD	AD(BS-17)	**526,212**	0	0	526,212	-	6,311	6,311	1,261	5,050
30	AHMED SHERAZ	CHIEF LEGAL	**1,394,758**	0	0	1,394,758	-	81,976	81,976	17,125	64,851
31	MALIK KAHSIF KAMRAN	FINANCIAL ANALYST	**780,000**	0	0	780,000	-	20,500	20,500	5,125	15,375
32	MR. M. RASHEED	APS (BS-16)	**813,300**	0	0	813,300	-	23,830	23,830	21,590	2,240
33	MR. ARIF ALI	APS (BS-16)	**735,017**	0	0	735,017	-	16,751	16,751	16,205	546
34	MR. M. AKRAM SHAD	APS (BS-16)	**795,210**	0	0	795,210	-	22,021	22,021	20,243	1,778
35	MR. FAISAL MEHMOOD	APS (BS-16)	**637,047**	0	0	637,047	-	11,852	11,852	11,033	819
36	MR. IMTIAZ AHMED	APS (BS-16)	**786,210**	0	0	786,210	-	21,121	21,121	19,292	1,829
37	MR. SHAHZAD NASIR	APS (BS-16)	**627,029**	0	104112	731,141	-	16,557	16,557	10,222	6,335
38	MR. FAQIR HUSSAIN	APS (BS-16)	**534,183**	0	98064	632,247	-	11,612	11,612	5,774	5,838
							150,462	2,578,035	2,728,497	921,150	**1,807,347**

Annexure-VI **11.4.7** Unauthorized promotion of 39 project employees

S. No.	Name of Officer/Official	Initial Appointmen / BPS	Date of Appointment	Promoted as / BPS	Date of Promotion
			BECS Project Employees (Head Office)		
			Additional Director/ Director		
1	Ms. Sadia Atta Ghumman	Fileld Officer / Assistant Director (BPS-17)	19.12.1995	Director (BS-19)	15.11.2011
				DD (BS-18)	01.11.2007
2	Mr. Abdul Hanan	Assistant Director (BPS-17)	07.12.1995	Director (BS-19)	15.11.2011
				DD (BS-18)	01.11.2007
3	Ms. Nabila Riaz	Assistant Director (BPS-17)	21.01.1996	Add. Dir (BS-19)	18.11.2011
				DD (BS-18)	10.02.2010
4	Mr. Muhammad Shahbaz Ullah	Assistant Director (BPS-17)	27.07.1998	Director (BS-19)	18.11.2011
				DD (BS-18)	18.07.2007
			Deputy Director		
5	Mr. Kashif Sohail	Field Coordinator / Assistant Director (BPS-17)	13.02.2004	DD (BS-18)	15.11.2011
6	Ms. Naureen Razaq	Assistant Director (BPS-17)	23.11.2007	DD (BS-18)	15.11.2011
7	Ms. Samra Saman Kiyani	Assistant Director (BPS-17)	16.02.2008	DD (BS-18)	15.11.2011
8	Mr. Imran-ul-Haq	Assistant Director (BPS-17)	28.02.2008	DD (BS-18)	15.11.2011
			Assistant Director		
9	Syed Zahir Hussain Gillani	AFO (BPS-16)	01.01.1995	AD (BS-17)	21.07.2007
10	Ms. Zubaida Chaudhry	Supervisor (BPS-11)	15.05.1996	AFO (BS-16)	01.08.1997
				Asstt. Dir (BS-17)	24.02.2010
11	Mr. Farid-Ud-Din	AFO (BPS-16)	05.01.1996	Asstt. Dir (BS-17)	31.03.2010
12	Mr. Muhammad Noor	Assistant (BPS-11)	04.02.1996	Asstt. Dir (BS-17)	11.01.2008
				AFO (BS-16)	07.07.1996
13	Ms. Nadia Khan	AFO (BPS-16)	01.02.2008	Asstt. Dir (BS-17)	17.11.2011
			RO/AFO/AAO/MTO		
14	Mr. Wali Muhmmad	Assistant (BPS-11)	24.01.1996	AFO (BS-16)	10.03.2010
15	Mr. Asif Majeed	Assistant (BPS-11)	01.03.1997	AFO (BS-16)	10.03.2010

16	Mr. Irfan Sabri	Stenographer (BPS-15)	13.07.1997	AFO (BS-16)	01.06.2010
17	Mr. Shakir Ullah	LDC (BPS-7)	29.06.1995	Stenographer/RO (BS-16)	13.03.2012
				UDC (BS-9)	12.3.2008
Assistant/ Accounts Assistant/Stenotypist					
18	Ms. Hameeda Mustafa	LDC (BPS-7)	23.12.2003	UDC (BS-09)	12.03.2008
				S.T(BPS-14)	05.04.2010
19	Mr. Muhammad Hanif Mughal	S.T (BPS-14)	03/12/2008		
				Assistnat (BS-14)	25.05.2010
20	Mr. Muhammad Rehan Shams	S.T (BPS-14)	03/12/2008	Assistnat (BS-14)	
					04.06.2010
21	Ms. Khalida Asif	LDC (BPS-7)	07.07.1996	UDC (BS-09)	10.11.2009
				Assistnat (BS-14)	05.07.2010
22	Mr. Sajid Hussain	UDC (BPS-9)	17.03.2008	Stenotypist (BPS-14)	18.11.2011
23	Mr. Gul Nawaz	Stenotypist (BPS-12)	18.03.2008	Assistnat (14)	18.11.2011
UDC					
24	Mr. Muhammad Asad Raza	LDC (BS-07)	22.03.2008	UDC (BS-09)	18.11.2011
25	Mr. Tanveer Ahmed	LDC (BS-07)	01.04.2007	UDC (BS-09)	18.11.2011
26	Mr. Muhammad Imran	LDC (BS-07)	18.03.2008	UDC (BS-09)	18.11.2011
27	Mr. Waqar Munawar	LDC (BS-07)	13.03.2008	UDC (BS-09)	18.11.2011
28	Mr. Sajid Ajab	LDC (BS-07)	17.03.2008	UDC (BS-09)	18.11.2011
BECS Project Employees (Punjab)					
Assistant Director					
29	Mr. Tahir Mahmood	AFO (BS-16)	04.09.1996	Asstt. Dir (BS-17)	31.03.2010
				AFO (BS-16)	04.09.1996
30	Mr. Irshad Hussain	AFO (BS-16)	01.10.1996	Asstt. Dir (BS-17)	31.03.2010
				AFO (BS-16)	01.10.1996
31	Mr. Farman Ali	AFO (BS-16)	18.03.1999	Asstt. Dir (BS-17)	31.03.2010
				AFO (BS-16)	18.03.1999
32	Mr. Khalid Mahmood	AFO (BS-16)	04.09.1996	Asstt. Dir (BS-17)	06.08.2010
				AFO (BS-16)	04.09.1996
Assistant					
33	Mr. Shakeel Ahmed	S. Typist (BS-12)	12.12.1996	Assistant (BS-14)	17.02.2009
				S.Typist (BS-12)	12.12.1996
Computer Operator					
34	Mr. Manzoor Ahmed	UDC (BS-7)	26.03.1996	Computer Operator (BS-12)	31.03.2010
				UDC (BS-07)	26.03.1996
BECS Project Employees (KPK)					
Assistant Director					
35	Mr. Khalid Zeb	AFO (BS-16)	12.06.1996	Asstt. Dir (BS-17)	30.09.2010

Assistant					
36	Muhammad Ishaq	UDC (BS-9)	04.08.1997	Assistant (BS-14)	01.12.2007
UDC					
37	Mr. Haji Akbar Khan	LDC (BS-05)	01.09.1997	UDC BS-09	31.03.2010
Driver					
38	Mr. Faisal Mehmood	Naib Qasid (BS-02)	12.08.2010	Driver (BS-05)	20.01.2011
BECS Project Employees (Balochistan)					
Deputy Director					
39	Mr. Mehar Ullah Baloch	Assistant Director (BS-17)	02.02.1996	Deputy Director (BS-18)	14.12.2009

Annexure-VII **16.4.3** Irregular transfer of funds from Assignment Account - Rs. 2,007.757 million

(Rupees)

S. No.	**Cheque No.**	**Date**	**Transferred to Account No.**	**Amount**
1		31.07.2012	79-28	30,000,000
2		08.08.2012	79-28	30,000,000
3		30.08.2012	79-28	30,000,000
4		05.09.2012	79-28	23,800,855
5	B911362	13.08.2012	55002-4	753,148
6	997691	28.09.2012	Pension Fund	6,000,000
7	997692	28.09.2012	Gratuity Fund	1,000,000
8	997693	28.09.2012	7060-4	75,985,250
9	997694	28.09.2012	7060-4	95,659,600
10	997695	28.09.2012	7060-4	110,585,856
11	998714	15.10.2012	55002-4	715,000
12	998715	15.10.2012	79-28	21,654,334
13	998716	15.10.2012	79-28	24,468,223
14	998983	24.10.2012	79-28	16,918,455
15	998984	24.10.2012	79-28	24,373,145
16	998985	24.10.2012	55002-4	647,000
17	998986	24.10.2012	55002-4	715,000
18	3	04.12.2012	7060-4	65,000,000
19	4	04.12.2012	7060-4	60,000,000
20	5	04.12.2012	7060-4	55,000,000
21	207	14.12.2012	79-28	25,454,176
22	208	14.12.2012	55002-4	674,450
23	615	10.01.2013	7060-4	38,500,000
24	616	10.01.2013	7060-4	37,500,000
25	642	10.01.2013	7060-4	47,829,800
26	677	10.01.2013	7060-4	40,600,000
27	689	10.01.2013	7060-4	49,400,000
28	1134	07.02.2013	79-28	24,775,727
29	1135	07.02.2013	79-28	24,729,124
30	4228	15.03.2013	79-28	24,441,113
31	4627	08.04.2013	7060-4	20,000,000
32	4729	08.04.2013	7060-4	20,000,000
33	4737	08.04.2013	7060-4	20,000,000
34	4642	08.04.2013	7060-4	20,000,000
35	4648	08.04.2013	7060-4	20,000,000
36	4651	08.04.2013	7060-4	20,000,000
37	4653	08.04.2013	7060-4	29,500,000

38	4655	08.04.2013	7060-4	30,500,000
39	4660	08.04.2013	7060-4	29,400,000
40	4667	08.04.2013	7060-4	30,600,000
41	4670	08.04.2013	7060-4	29,600,000
42	4674	08.04.2013	7060-4	30,400,000
43	4684	08.04.2013	7060-4	29,700,000
44	4687	08.04.2013	7060-4	30,300,000
45	4691	08.04.2013	7060-4	28,500,000
46		30.04.2013	79-28	10,000,000
47		08.05.2013	79-28	20,000,000
48		10.05.2013	79-28	15,000,000
49	7874	07.05.2013	1334-01	630,000
50	10446	28.06.2013	7060-4	10,816,244
51	10454	28.06.2013	7060-4	50,000,000
52	10457	28.06.2013	7060-4	55,640,000
53	10481	28.06.2013	7060-4	45,660,000
54	10482	28.06.2013	7060-4	33,275,000
55	10490	28.06.2013	7060-4	300,000,000
56	10492	28.06.2013	7060-4	200,000,000
57	10500	28.06.2013	7060-4	4,856,514
			Total	**2,007,757,159**

Annexure-VIII 16.4.10 Non-deposit of refunds from Researchers under NRPU into government treasury - Rs. 49.256 million

(Rupees)

S. No.	File No.	Name	University/Institution	Amount
1	1030	Dr. Farina Malik Khattak	University of Veterinary and Animal Sciences, Lahore	60,625
2	1034	Dr. Shahida Hasnain	University of the Punjab, Lahore	68,631
3	1083	Dr. Muhammad Latif	University of Engineering & Technology, Lahore	1,000,069
4	1096	Dr. Abdul Khaliq Naveed	NUST, Rawalpindi	2,631
5	1104	Dr. Sohail Ahmed	University of Agriculture, Faisalabad	191,437
6	1113	Dr. Tariq Mahmood	Quaid-i-Azam University, Islamabad	3,123
7	1135	Brig. M. Mazhar Hussain	NUST, Rawalpindi	20,431
8	114	Dr. Zahid Ata	University of Agriculture, Faisalabad	8,372
9	115	Dr. Javaid Akhtar	University of Agriculture, Faisalabad	165,343
10	1153	Dr. Mudabbir Hussain	Dow University of Health Sciences Karachi	1,333,231
11	1159	Brig. M. Mazhar Hussain	NUST, Rawalpindi	14,127
12	1163	Brig. M. Mazhar Hussain	NUST, Rawalpindi	122,229
13	1184	Dr. Naheed Ali	University of Peshawar, Peshawar	286,020
14	1194	Dr. M. Shahid Khalil	University of Engineering & Technology, Taxila	28,178
15	125-1	Brig. Liaqat Ali Minhas	NUST, Rawalpindi	11,000
16	1265	Dr. Shahid Jamal	NUST, Rawalpindi	8,408
17	1301	Dr. Sheikh Saeed Ahmad	Fatima Jinnah Women University, Rawalpindi	36,321
18	1322	Dr. Aamer Saeed Bhatti	Quaid-i-Azam University, Islamabad	15,991
19	136	Dr. Shazia Anjum	University of Karachi, Karachi	116,058
20	137-1	Dr. Muhammad Zakria Zakar	University of the Punjab, Lahore	4,921
21	1381	Dr. Dilshad Ahmed Khan	NUST, Rawalpindi	42,621
22	1390	Dr. Shahzia Memon	Liaquat University of Medical and Health Sciences, Jamshoro Sindh	5,710,719
23	1426	Dr. Tanveer Hussain	National Textile University, Faisalabad	20,127
24	146	Dr. Muhammad Jamal Khan	NWFP Agriculture University, Peshawar	43,110
25	1475	Dr. Muhammad Zafar	Bahria University, Islamabad	2,089,890
26	15-1	Dr. M. Zakaullah	Quaid-i-Azam University, Islamabad	63,889
27	16	Dr. Zahid Hussain Chohan	Bahauddin Zakariya University, Multan	15,612
28	169	Dr. Muhammad Umar Khan	Gomal University, D.I. Khan	10,126
29	177	Dr. Zafar Iqbal	University of Agriculture, Faisalabad	99,588
30	179	Dr. Altaf Ali Siyal	Sindh Agriculture University, Tandojam	294,223
31	1792	Brig. M. Mazhar Hussain	NUST, Rawalpindi	110,897
32	180	Dr. Masood Khan Khattak	Gomal University, D.I. Khan	59,341
33	181	Dr. Mohammad Khan Lohar	Sindh Agriculture University, Tandojam	242,849
34	187	Dr. Muhammad Ashfaq	University of Agriculture, Faisalabad	20,563
35	228	Dr. Nazar ul Islam	University of Peshawar, Peshawar	971,689

36	231	Dr. Kamal uddin Ahmad	CIIT, Islamabad	477,000
37	23-1	Dr. Muhmmad IIyas Sarwar	Quaid-i-Azam University, Islamabad	19,368
38	243	Dr. Muhammad Akbar Anjum	Bahauddin Zakariya University, Multan	946,500
39	259	Dr. Nawazish Ali Khan	Quaid-i-Azam University, Islamabad	9,011
40	269	Prof. Dr. Atta ur Rehman	Allama Iqbal Open University, Islamabad	1,769,739
41	305	Dr. Abdul Khaliq	University of Arid Agriculture, Murree Road, Rawalpindi	18,595
42	31	Dr. Muhamamd Saeed Akhtar	University of the Punjab, Lahore	361,000
43	340	Dr. Saifullah	NWFP Agriculture University, Peshawar	90,445
44	341	Dr. Farooq Anwar	University of Agriculture, Faisalabad	33,109
45	342	Dr. Sohail Asif Qureshi	The Aga Khan University, Karachi	178,970
46	343	Dr. A. Faiz M. Ishaq	CIIT, Islamabad	10,195
47	351	Dr. Muhammad Raza Shah	University of Karachi, Karachi	13,067
48	368	Dr. Bushra Mirza	Quaid-i-Azam University, Islamabad	7,201
49	374	Dr. Muhammad Jamil Khan	Gomal University, D.I. Khan	21,246
50	385	Dr. Amanullah Jan	NWFP Agriculture University, Peshawar	5,622
51	4	Dr. Shakil Akhtar Khan	University of Veterinary and Animal Sciences, Lahore	417,540
52	41-1	Dr. Syed Ehteshamul Haque	University of Karachi, Karachi	3,840
53	412	Dr. Khalid Iqbal Talpur	Liaquat University of Medical and Health Sciences, Jamshoro Sindh	101,470
54	427	Dr. Sohail Asif Qureshi	The Aga Khan University, Karachi	39,031
55	445	Dr. Alexander Knodrayev	Government College University, Lahore	1,535,434
56	456	Dr. Aurangzeb Hasan	Quaid-i-Azam University, Islamabad	6,666
57	473	Dr. M. Mumtazuddin Ahmed	Dow University of Health Sciences Karachi	3,350,000
58	48	Dr. Abdul Ghani Pathan	Mehran University of Eng. & Technology, Jamshoro	713,330
59	506	Dr. Toheed Elahi Lodhi	University of Agriculture, Faisalabad	27,766
60	518	Dr. Abdul Razzaq	University of Arid Agriculture, Murree Road, Rawalpindi	121,478
61	520	Dr. Sohail Asif Qureshi	The Aga Khan University, Karachi	667,100
62	525	Dr. Tanvir Ali	University of Agriculture, Faisalabad	47,425
63	529	Dr. Mumtaz Akhtar Cheema	University of Agriculture, Faisalabad	88,514
64	533	Dr. Mian Inayatullah	NWFP Agriculture University, Peshawar	158,430
65	535	Dr. Muhammad Arslan	University of Health Sciences, Lahore	8,115
66	559	Dr. Ashfaq Ahmad	University of Agriculture, Faisalabad	40,429
67	56-1	Dr. Amanullah Bhatti	NWFP Agriculture University, Peshawar	190,765
68	566	Dr. Ali Rohiem El-Ghalban	University of Engineering & Technology, Taxila	1,338,912
69	571	Dr. Ataur Rahman	University of Karachi, Karachi	2,194
70	586	Dr. Asma Ahmad Mirza	Federal Urdu University of Arts, Sciences and Technology, Islamabad	1,530,000

71	589	Dr. Qaisar Ali	NWFP University of Engineering & Technology, Peshawar	446,666
72	59	Dr. Tariq Masud	University of Arid Agriculture, Murree Road, Rawalpindi	5,884
73	621	Dr. Ralphreed Ahad Hasanov	University of Karachi, Karachi	4,640,167
74	623	Dr. Amin Badshah	Quaid-i-Azam University, Islamabad	69,723
75	63	Dr Khan Gul Jadoon	NWFP University of Engineering & Technology, Peshawar	3,737
76	633	Dr. Naghmana Rashid	Allama Iqbal Open University, Islamabad	70,612
77	647	Dr. Ikram-ul-Haq	Government College University, Lahore	13,217
78	669	Dr. Muhammad Iqbal Lone	University of Arid Agriculture, Murree Road, Rawalpindi	4,099
79	673	Dr. Tahira Nasreen Arshed	Federal Urdu University of Arts, Sciences and Technology, Islamabad	322,569
80	675	Dr. Muhammad Mazhar	Quaid-i-Azam University, Islamabad	41,493
81	684	Dr. Muhammad Ahmed Mesaik	University of Karachi, Karachi	6,014
82	686	Dr. G. A. Miana	University of Karachi, Karachi	63,176
83	69	Dr. Khalid Muhammad Khan	University of Karachi, Karachi	310,004
84	692	Dr. Aysha Habib Khan	The Aga Khan University, Karachi	837,859
85	694	Dr. Asghari Maqsood	Quaid-i-Azam University, Islamabad	18,421
86	696	Dr. Saifullah	NWFP Agriculture University, Peshawar	50,053
87	697	Dr. El Sayed Helmy El Ashry	University of Karachi, Karachi	254,725
88	717	Dr. Nasrullah Khan	CIIT, Islamabad	126,735
89	719	Dr. Alina Majeed Choudhary	Federal Urdu University of Arts, Sciences and Technology, Islamabad	5,644,000
90	723	Dr. Zareen Akhter	Quaid-i-Azam University, Islamabad	26,769
91	725	Dr. Ataur Rahman	University of Karachi, Karachi	1,528
92	732	Dr. Dilshad Ahmed Khan	NUST, Rawalpindi	12,000
93	74-1	Dr. Arif Mumtaz	Quaid-i-Azam University, Islamabad	29,188
94	744	Dr. Abdul Qadeer Khan Rajput	Mehran University of Eng. & Technology, Jamshoro	3,305
95	746	Brig. M. Mazhar Hussain	NUST, Rawalpindi	4,015
96	752	Dr. Shamshad Zarina	University of Karachi, Karachi	216,000
97	755	Dr. Syed Dilnawaz Ahmad Gardezi	University of Azad Jammu & Kashmir, Muzaffarabad, Azad Kashmir	335,776
98	756	Dr. Asif Tanveer	University of Agriculture, Faisalabad	5,189
99	764	Mr. Nasir Ahmad	University of Agriculture, Faisalabad	2,355,930
100	770	Dr. Dilshad Ahmed Khan	NUST, Rawalpindi	82,434
101	773	Dr. Abdul Rashid	Gomal University, D.I. Khan	17,802
102	775	Dr. Syed Ali	The Aga Khan University, Karachi	411,051
103	778	Dr. Saifullah	NWFP Agriculture University, Peshawar	47,692
104	781	Dr. Muhammad Zamir Ahmad	University of Health Sciences, Lahore	133,103
105	782	Dr. Ghausia Masood Gilani	University of the Punjab, Lahore	1,297,054
106	783	Mr. Wasim Jafri	The Aga Khan University, Karachi	80,948
107	786	Dr. Sheikh Abdul Saeed	The Aga Khan University, Karachi	25,871

108	790	Dr. Muhammad Asghar	CIIT, Islamabad	683,925
109	791	Dr. Musharaf Ahmad	NWFP Agriculture University, Peshawar	13,278
110	796	Dr. Rabia Hussain	The Aga Khan University, Karachi	207,608
111	80	Ms. Nighat Shakur	International Islamic University, Islamabad	123,034
112	800	Dr. Zafar Iqbal Chaudhry	Bahauddin Zakariya University, Multan	102,527
113	802	Dr. Farah Rauf Shakoori	Government College University, Lahore	5,468
114	806	Dr. Khalid Parvez	NUST, Rawalpindi	177,639
115	808	Dr. Dilshad Ahmed Khan	NUST, Rawalpindi	22,431
116	818	Dr. Muhammad Aslam	Quaid-i-Azam University, Islamabad	107,217
117	845	Dr. Asad Ali	NWFP Agriculture University, Peshawar	111,840
118	85	Dr. Muhammad Latif	University of Engineering & Technology, Lahore	202,674
119	855	Dr. Farzana Shaheen	University of Karachi, Karachi	2,305
120	857	Dr. Muhammad Sarwar	University of Agriculture, Faisalabad	26,220
121	89-1	Dr. Ikram ul Haq (P.I)	Government College University, Lahore	32,000
122	896	Dr. Abdul Khaliq	University of Agriculture, Faisalabad	143,311
123	898	Dr. Abdul Ghaffar	CIIT, Islamabad	80,161
124	908	Dr. Muhammad Aslam	NUST, Rawalpindi	1,273
125	909	Dr. Abdul Khaliq Naveed	NUST, Rawalpindi	4,228
126	910	Dr. Abdul Khaliq Naveed	NUST, Rawalpindi	5,906
127	913	Dr. Majid Hasan Khattak	CIIT, Islamabad	61,875
128	926	Dr. Muhammad Iqbal	University of Agriculture, Faisalabad	89,940
129	938	Dr. Muhammad Javed Iqbal	Quaid-i-Azam University, Islamabad	6,667
130	951	Dr. Syed Sarfraz Hussain	CIIT, Islamabad	1,189,777
131	964	Dr. Nisar Mahmood	NUST, Rawalpindi	3,808
132	97-1	Dr. Tasawar Hussain Khan	Bahauddin Zakariya University, Multan	55,810
133	980	Dr. Hafiz Naeem Asghar Choudhary	University of Agriculture, Faisalabad	89,278
134	983	Dr. Muhammad Qasim	University of Agriculture, Faisalabad	5,466
135	999	Dr. Salim-ur-Rehman	University of Agriculture, Faisalabad	43,714
			Total	**49,256,086**

Annexure-IX 21.4.1 Un-authorized payment to Provincial Bar Councils and Bar Associations - Rs. 776.423 million

(Rupees)

S. No.	Bar Council/Association	Amount
1.	Balochistan Bar Association, Quetta	10,000,000
2.	Balochistan Bar Council	10,000,000
3.	Balochistan Bar Council	5,000,000
4.	District Bar Association, Attock	6,000,000
5.	District Bar Association, Badin	200,000
6.	District Bar Association, Bahawalpur	5,000,000
7.	District Bar Association, Bhawalnagar	1,500,000
8.	District Bar Association, Chakwal	2,000,000
9.	District Bar Association, Chinot	1,500,000
10.	District Bar Association, D.I.Khan	1,000,000
11.	District Bar Association, Dadu	1,000,000
12.	District Bar Association, Dir Lower at Timergara	500,000
13.	District Bar Association, Dir Upper	1,000,000
14.	District Bar Association, Faisalabad	5,000,000
15.	District Bar Association, Ghotki	1,500,000
16.	District Bar Association, Ghotki	1,000,000
17.	District Bar Association, Gujranwala	5,000,000
18.	District Bar Association, Gujrat	500,000
19.	District Bar Association, Hyderabad	2,500,000
20.	District Bar Association, Islamabad	8,000,000
21.	District Bar Association, Jaccobabad	1,000,000
22.	District Bar Association, Jhang	2,000,000
23.	District Bar Association, Kambar	500,000
24.	District Bar Association, Kandh Kot	1,000,000
25.	District Bar Association, Kasur	10,000,000
26.	District Bar Association, Khairpur	2,500,000
27.	District Bar Association, Khushab	500,000
28.	District Bar Association, Larkana	3,000,000
29.	District Bar Association, Layyah	1,500,000
30.	District Bar Association, Lodhran	1,500,000
31.	District Bar Association, Malir	7,000,000
32.	District Bar Association, Mandi Bahuddin	1,000,000
33.	District Bar Association, Mirpur Khas	500,000
34.	District Bar Association, Multan	5,000,000
35.	District Bar Association, Nankana Sahib	500,000
36.	District Bar Association, Narowal	2,000,000
37.	District Bar Association, Nosheroferoz	500,000
38.	District Bar Association, Nowshera	3,500,000
39.	District Bar Association, Okara	5,000,000
40.	District Bar Association, Pakpattan	500,000
41.	District Bar Association, Rajanpur	1,000,000
42.	District Bar Association, Rawalpindi	10,000,000
43.	District Bar Association, Sahiwal	2,000,000
44.	District Bar Association, Shaheed Benazir Abad (Nawab shah)	1,500,000
45.	District Bar Association, Sukkur	1,000,000
46.	District Bar Association, Tando Mohammad Khan	1,500,000

47.	District Bar Association, Tharparkar at Mithi	1,500,000
48.	District Bar Association, Thatta	1,000,000
49.	District Bar Association, Toba Tek Singh	1,000,000
50.	District Bar Association, Vehari	2,000,000
51.	District Br Association Kohlu Agency	200,000
52.	High Court Bar Association, Abbottabad	2,500,000
53.	High Court Bar Association, Bahawalpur	5,000,000
54.	High Court Bar Association, Balochistan	10,000,000
55.	High Court Bar Association, D.I. Khan	2,500,000
56.	High Court Bar Association, Hyderabad	3,500,000
57.	High Court Bar Association, Islamabad	8,000,000
58.	High Court Bar Association, Karachi	10,000,000
59.	High Court Bar Association, Lahore	25,000,000
60.	High Court Bar Association, Larkana	6,500,000
61.	High Court Bar Association, Multan	25,000,000
62.	High Court Bar Association, Peshawar	5,000,000
63.	High Court Bar Association, Rawalpindi Bench	13,500,000
64.	High Court Bar Association, Sindh Karachi	12,500,000
65.	High Court Bar Association, Sukkur	2,000,000
66.	Karachi Bar Association	7,700,000
67.	Karachi Bar Association, Karachi	20,000,000
68.	Khyber Pakhtunkhwa Bar Council	5,000,000
69.	KPK Bar Council, Peshawar	5,000,000
70.	Lahore Bar Association	10,000,000
71.	Peshawar High Court Bar Association	5,000,000
72.	Peshawar Tax Bar Association	200,000
73.	Punjab Bar Council, Lahore	10,000,000
74.	Quetta High Court Bar Association, Balochistan	5,000,000
75.	Sindh Bar Council	5,000,000
76.	Supreme Court Bar Association	10,000,000
77.	Supreme Court Bar Association	220,000,000
78.	Supreme Court Bar Association (For construction)	75,000,000
79.	Taluka Bar Association, Thul	500,000
80.	Tax Bar Association Peshawar	1,000,000
81.	Tax Bar Association, Gujranwala	200,000
82.	Tehsil Bar Association, Ahmed Pur East	1,000,000
83.	Tehsil Bar Association, Ali Pur	1,000,000
84.	Tehsil Bar Association, Bhalwal	400,000
85.	Tehsil Bar Association, Bhowana	1,000,000
86.	Tehsil Bar Association, Booni Chitral	200,000
87.	Tehsil Bar Association, Chishtian	1,500,000
88.	Tehsil Bar Association, Chishtian	1,000,000
89.	Tehsil Bar Association, Fateh Jang	1,000,000
90.	Tehsil Bar Association, Ferozwala	2,000,000
91.	Tehsil Bar Association, Fort Abbas	500,000
92.	Tehsil Bar Association, Fort Abbas	1,000,000
93.	Tehsil Bar Association, Garhi Yasin	1,000,000
94.	Tehsil Bar Association, Gujar Khan	52,000,000
95.	Tehsil Bar Association, Haroonabad	500,000
96.	Tehsil Bar Association, Haroonabad	1,000,000

97.	Tehsil Bar Association, Hasanabdal	1,000,000
98.	Tehsil Bar Association, Hasilpur	500,000
99.	Tehsil Bar Association, Isa Khel	500,000
100.	Tehsil Bar Association, Jahanian	500,000
101.	Tehsil Bar Association, Jalalpur Pirwala	500,000
102.	Tehsil Bar Association, Jampur	2,000,000
103.	Tehsil Bar Association, Jaranwala	5,000,000
104.	Tehsil Bar Association, Jatoi	2,000,000
105.	Tehsil Bar Association, Kabirwala	1,000,000
106.	Tehsil Bar Association, Kahuta	1,800,000
107.	Tehsil Bar Association, Kamalia	4,000,000
108.	Tehsil Bar Association, Kand Kot	500,000
109.	Tehsil Bar Association, Khanpur District Rahimyar Khan	423,000
110.	Tehsil Bar Association, Kot Adu	1,000,000
111.	Tehsil Bar Association, Kotli Sattian	700,000
112.	Tehsil Bar Association, Mailsi	2,500,000
113.	Tehsil Bar Association, Malikwal	1,000,000
114.	Tehsil Bar Association, Mian Channu.	2,000,000
115.	Tehsil Bar Association, Minchanabad	500,000
116.	Tehsil Bar Association, Minchinabad	1,000,000
117.	Tehsil Bar Association, Murree	1,800,000
118.	Tehsil Bar Association, Oghi	200,000
119.	Tehsil Bar Association, Pano Akil	1,000,000
120.	Tehsil Bar Association, Pasrur	5,000,000
121.	Tehsil Bar Association, Phallia	500,000
122.	Tehsil Bar Association, Phallia	500,000
123.	Tehsil Bar Association, Pindi Bhattian	1,000,000
124.	Tehsil Bar Association, Ratodero	2,000,000
125.	Tehsil Bar Association, Rohri	500,000
126.	Tehsil Bar Association, Rojhan	1,000,000
127.	Tehsil Bar Association, Sahiwal	200,000
128.	Tehsil Bar Association, Sehwan	100,000
129.	Tehsil Bar Association, Sehwan	100,000
130.	Tehsil Bar Association, Shakargarh	2,000,000
131.	Tehsil Bar Association, Sialkot	5,000,000
132.	Tehsil Bar Association, Talagang	4,500,000
133.	Tehsil Bar Association, Tandlian Wala	2,000,000
134.	Tehsil Bar Association, Tando Muhammad Khan	1,000,000
135.	Tehsil Bar Association, Tank	1,000,000
136.	Tehsil Bar Association, Wari	1,000,000
137.	Tehsil Bar Association, Wazirabad	1,000,000
138.	Tehsil Bar Association, Zafarwal	1,000,000
	Total	**776,423,000**

Annexure-X 35.4.4 Recovery of Income Tax from the officers of the President's Secretariat - Rs. 6.960 million

(Rupees)

S. No.	Name	Taxable Salary	Tax on Salary due	Withholding Tax deducted	Difference
President Secretariat (Public)					
1.	Mr.Muhammad Salman Farooqi	20,119,600	3,943,920	3,368,785	575,135
2.	Maulvi Anwar-ul-Haq	10,881,740	2,096,348	527,438	1,568,910
3.	Malik Asif Hayat	1,799,429	112,966	0	112,966
4.	Major (R) Haroon-ur-Rasheed	1,332,895	40,816	0	40,816
5.	Mr. Zaid Usman	3,327,176	502,718	25,165	477,553
6.	Mr. Arbab Muhammad Arif	2,788,918	448,892	167,174	281,718
7.	Mr. Asif Ali Khan Durrani	3,770,693	547,069	155,897	391,172
8.	Mr. Abdul Karim Ansari	3,064,486	476,449	226,904	249,545
9.	Syed Muhammad Abdullah	1,030,508	25,915	0	25,915
10.	Syed Moazzam Ali	1,858,463	116,508	94,658	21,850
11.	Mr. Taimur Tajammal	1,848,463	115,908	93,292	22,616
12.	Mr. Muhammad Iqbal	2,076,044	180,323	10,955	169,368
13.	Mr. Arshad Ali Chaudhry	1,944,342	121,661	100,219	21,442
14.	Mr. Zulfiqar Hussain Awan	1,944,342	121,661	100,219	21,442
15.	Mr. Raheel Zia	1,846,416	115,785	13,241	102,544
16.	Sayyed Mubashir Tauqir Shah	618,485	2,185	0	2,185
17.	Mr. Masood Anwar	1,171,372	34,355	0	34,355
18.	Mr. Zahid Hafeez Chaudhry	963,147	23,894	23,104	790
19.	Syed Mushir Ali Shahid	2,157,388	186,017	123,052	62,965
20.	Mr. Asad Naeem	1,924,962	120,498	91,570	28,928
21.	Mr. Arshad Farid Khan	1,705,118	107,307	68,742	38,565
22.	Mr. Anwar-ul-Haq	1,664,830	104,890	75,479	29,411
23.	Mr. Abdul Qadeer Hashmi	1,827,663	114,660	8,429	106,231
24.	Mr. Muhammad Rafique	2,095,874	181,711	105,917	75,794
25.	Mr. Muhammad Sheraz	1,709,543	107,573	75,225	32,348
26.	Malik Ghulam Rasool	1,580,766	99,846	66,078	33,768
27.	Mr. Abdul Qadus	1,553,195	98,192	6,398	91,794
28.	Mr. Muhammad Zia-ul-Haq	2,210,092	189,706	12,258	177,448
29.	Mr. Asim Ali Khan	1,207,294	35,792	26,729	9,063
30.	Mr. Mohsin Abbas	849,630	20,489	20,276	213
31.	Mr. Muhammad Zarif	1,847,097	115,826	2,320	113,506
32.	Mr. Muhammad Aslam Azad	1,486,829	46,973	1,509	45,464
33.	Mr. Ali Akbar	1,018,735	25,562	21,735	3,827
34.	Mr. Amir Azam	1,219,777	36,291	30,349	5,942
35.	Mr. Riaz Hussain	929,075	22,872	16,364	6,508
36.	Mr. Amjad Ikhlaq	958,519	23,756	13,304	10,452
	Sub-total	**90,332,906**	**10,665,331**	**5,672,785**	**4,992,546**
President Secretariat (Personal)					
37.	Brig Muhammad Aamer	1,851,163	422,094	104,605	317,489
38.	Brig (R) Muhammad Iftikahar Mansoor	2,446,529	493,794	261,163	232,631
39.	Capt (Navy) Aamir Saeed	1,842,616	214,436	169,927	44,509
40.	Col Salman Saleem	2,083,258	448,132	184,525	263,607
41.	Lt. Col Raja Ahmed Jahanzeb	1,645,213	188,811	135,687	53,124
42.	Lt. Col Imran Hyder	1,549,063	181,421	123,311	58,110
43.	Lt. Col Babar Mumtaz	481,923	31,428	0	31,428

44.	Lt. Col Jamil Ahmed	1,000,726	100,381	0	100,381
45.	Mr. Aurangzeb Khan	1,585,836	184,230	113,504	70,726
46.	Cdr. Syed Salman Shah	1,550,018	181,880	106,591	75,289
47.	Sqn Ldr Jalal Farooq	852,093	36,133	0	36,133
48.	Major Syed Basharat ul Hassan Gillani	1,536,334	177,299	100,480	76,819
49.	Major Muhammad Shakeel	963,856	45,915	0	45,915
50.	Major Jamil ur Rehman	1,298,246	107,988	73,155	34,833
51.	Major Waqar Ahmed Khan	1,290,052	111,107	60,252	50,855
52.	Major Syed Kashif Hussain	1,249,449	110,250	0	110,250
53.	SP Nazir Ahmed Mirbahar	1,424,460	120,432	100,668	19,764
54.	Dr. Khawar Bhatti	1,319,414	188,538	56,830	131,708
55.	Mr. Khalid Mansoor	857,736	33,907	0	33,907
56.	Mr. Muhammad Ibrahim	1,521,365	180,492	14,414	166,078
57.	Mr. Muhammad Majid Qadeer	833,760	32,695	29,986	2,709
58.	H/Capt (Retd) Mumtaz Hussain	783,000	22,358	20,490	1,868
59.	Mr. Bilal Sheikh	690,996	21,177	18,349	2,828
60.	Mr. Muhammad Asif Javaid	859,608	34,027	31,516	2,511
61.	Mr. Tariq Aslam	739,800	22,504	19,372	3,132
	Sub-total	**32,256,514**	**3,691,428**	**1,724,825**	**1,966,603**
	Grand Total	**122,589,420**	**14,356,759**	**7,397,610**	**6,959,149**