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

AUDIT YEAR 2015-16

AUDITOR GENERAL OF PAKISTAN

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ABBREVIATIONS AND ACRONYMS

A/C	Account
ABL	Allied Bank Limited
ADP	Annual Development Program
AEDB	Alternative Energy Development Board
AFS	Additional Finance Secretary
AG	Accountant General
AGP	Auditor General of Pakistan
AGPR	Accountant General Pakistan Revenues
AIR	Audit and Inspection Report
AJK	Azad Jammu and Kashmir
APPM	Accounting Policies and Procedures Manual
BB-LMA	BISP Beneficiary - Limited Mandate Account
BDC	Benazir Debit Card
BECS	Basic Education Community Schools
BESOS	Benazir Employees Stock Option Scheme
BISP	Benazir Income Support Program
BoG	Board of Governors
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
CFAO	Chief Finance and Accounts Officer
CGA	Controller General of Accounts
CoA	Chart of Accounts
CNIC	Computerized National Identity Card
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
DDO	Drawing and Disbursing Officer
DDWP	Departmental Development Working Party
DFA	Deputy Financial Advisor
DG	Director General
DGA-FG	Directorate General Audit, Federal Government

EAD	Economic Affairs Division
ECC	Economic Coordination Committee
ECNEC	Executive Committee of National Economic Council
ECP	Election Commission of Pakistan
FA	Financial Advisor
FAM	Financial Audit Manual
FAP	Foreign Aided Project
FATA	Federally Administered Tribal Areas
FBR	Federal Board of Revenue
FCF	Federal Consolidated Fund
FDA	FATA Development Authority
FDWP	FATA Development Working Party
FPSC	Federal Public Services Commission
FR	Fundamental Rules
FTR	Federal Treasury Rules
FY	Financial Year
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
HRA	House Rent Allowance
IPC	Inter Provincial Coordination
IPCC	Inter Provincial Coordination Committee
IPFMR	Implementing Partner Financial Monitoring Report
IPSAS	International Public Sector Accounting Standards
JV	Joint Venture
KA&GB	Kashmir Affairs & Gilgit-Baltistan
KPT	Karachi Port Trust
L/C	Letter of Credit
LFA	Leave Fair Assistance
LMA	Limited Mandate Account
LPR	Leave Preparatory to Retirement
MCA	Monopoly Control Authority
MCMC	Mid-Career Management Course
MD	Managing Director

MAFDAC	Memorandum for Departmental Accounts Committee
MIS	Management Information System
MNA	Member National Assembly
MOU	Memorandum of Understanding
NAB	National Accountability Bureau
NADRA	National Database and Registration Authority
NAM	New Accounting Model
NAVTTC	National Vocational and Technical Training Commission
NBP	National Bank of Pakistan
NGOs	Non-Government Organizations
NH&MP	National Highways and Motorway Police
NIE	National Institute of Electronics
NIM	National Institute of Management
NSAP	National Security Action Plan
NSC	National Saving Center
NSMC	National Scholarship Management Committee
NSPP	National School of Public Policy
NTN	National Tax Number
O.M.	Office Memorandum
PAC	Public Accounts Committee
Pak PWD	Pakistan Public Works Department
PAO	Principal Accounting Officer
PC	Privatization Commission
PC-I	Planning Commission-I
PD	Project Director
PID	Press Information Department
PITAC	Pakistan Industrial Technical Assistance Centre
PPR	Public Procurement Rules
PPRA	Public Procurement Regulatory Authority
PSDP	Public Sector Development Program
PSEs	Public Sector Entities
Rs.	Rupees
S.R.O.	Statutory Regulatory Order
SBP	State Bank of Pakistan
SHS	Solar Home System
SLIC	State Life Insurance Corporation of Pakistan
SR	Supplementary Rules
SRO	Statutory Regulatory Order
TA	Travelling Allowance

TDR	Terms Deposit Receipt
TFC	Term Finance Certificates
TOR	Terms of Reference
UBL	United Bank Limited
UPS	Un-interrupted Power Supply
VC	Vice Chancellor
w.e.f.	With Effect From
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 2014-15. 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 2015-16 on test check basis with a view to reporting significant findings to the 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. Relatively less significant issues are listed in Annexure-I of the Report. The Audit observations listed in Annexure-I shall be pursued with the Principal Accounting Officers 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: (Rana Assad Amin)

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 60 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 206 officers and staff with 34,440 person days. The annual budget allocated to the Directorate General for the year 2015-16 amounted to Rs. 176.153 million. 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 incorporated 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. The scope of audit also included reviewing, analyzing and commenting on various Government policies relating to different sectors. Audit of the probity and propriety of administrative decisions taken within the audited entity was also 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 implemented 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 also ascertained 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 audit was primarily conducted for the financial year 2014-15, but in the case of 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 2014-15 was Rs. 13,227,553 million. The auditable expenditure under the jurisdiction of the Directorate General Audit (Federal Government) was Rs. 1,857,731 million covering 60 PAOs and 2,827 formations. Of this, DGA (FG) audited an expenditure of Rs. 506,306 million, which in terms of percentage was 27% of the auditable expenditure. DGA (FG) also conducted 18 audit of Foreign Aided Projects (FAP), four accounts of the Federal Government for certification and 15 Special Audits.

b. Recoveries at the instance of audit

Recovery of Rs. 32.27 million was effected during the first six months of 2015-16 from July, 2015 to December, 2015 on the pointation of Audit.

Recovery aggregating to Rs. 359.125 million during last six months of 2014-15 was effected from January, 2015 to June, 2015 which was not reported in the Audit Report (Civil) 2014-15.

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 and 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. Comparison of budget 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. On pointation of Audit, Evacuee Trust Property Board initiated inquiries against the officials who had caused financial loss to the organization.

ii. Investment of ETPB worth Rs. 42.100 million that was held up with M/s Saudi Pak Leasing out of this principal amount of Rs. 24.395 million had been recovered.

iii. On pointation of Audit, Federal Urdu University referred the case of issuance of fake degrees to FIA.

iv. As a result of Audit opinion on award of contract worth Rs. 59 million for engaging a security company despite having security force of the university the case for such procurement was handed over to NAB by the Federal Urdu University for detailed investigation.

v. As a result of audit observation on regularization of temporary staff at various levels in Karachi Port Trust, a high level inquiry had been initiated to probe the matter and legitimacy of action taken by the management.

vi. Funds amounting to Rs. 1.8 million retained by the office of the Attorney General were deposited into the government treasury.

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 2015-16, 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 14 cases of embezzlement of public money and fictitious payments amounting to Rs. 1,715.692 million[1].

ii. There were 56 cases of irregular expenditure/payments and violation of rules amounting to Rs. 15,808.117 million[2].

iii. There were 24 cases of recovery amounting to Rs. 14,040.779 million[3].

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[1] Para No. 11.4.6, 13.4.3, 13.4.9, 13.4.11, 13.4.13, 13.4.29, 13.4.20, 18.4.5, 25.4.18, 27.4.1, 27.4.2, 27.4.3, 27.4.19, 27.4.20

[2] Para No. 2.4.1, 3.4.2, 3.4.3, 3.4.4, 3.4.5, 3.4.6, 4.4.3, 4.4.4, 4.4.5, 5.4.2, 6.4.1, 7.4.1, 12.4.1, 12.4.3, 12.4.5, 12.4.6, 13.4.2, 13.4.3, 13.4.4, 13.4.5, 13.4.7, 13.4.12, 13.4.14, 13.4.18, 13.4.22, 14.4.1, 15.4.1, 16.4.3, 16.4.5, 17.4.2, 17.4.3, 17.4.5, 18.4.1, 18.4.2, 18.4.4, 18.4.6, 23.4.2, 23.4.3, 24.4.1, 25.4.2, 25.4.3, 25.4.4, 25.4.6, 25.4.15, 25.4.20, 26.4.1, 26.4.2, 26.4.3, 27.4.8, 27.4.17, 28.4.1, 29.4.1, 29.4.2, 29.4.3 ,30.4.1, 30.4.2

[3] Para No. 3.4.9, 3.4.10, 3.4.11, 8.4.1, 10.4.1, 10.4.2, 10.4.3, 11.4.1, 11.4.3, 11.4.4, 11.4.5, 13.4.16, 19.4.2, 20.4.1, 20.4.2, 21.4.1, 22.4.1, 23.4.1, 25.4.5, 25.4.8, 25.4.12, 25.4.14, 27.4.6, 27.4.18

iv. There was only one instance of irregularity pertaining to non-production of record amounting to Rs. 978.43 million[4].

v. There were 30 cases of weak internal controls amounting to Rs. 210,254.455 million[5].

vi. There were 18 cases pertaining to weak financial management amounting to Rs. 90,181.163 million and 13 cases related to unsound asset management amounting to Rs. 107,907.266 million.

vii. Audit paras for the Audit Year 2015-2016 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 as well of 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. All 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. Public Procurement Rules, 2004 should be religiously observed.

vi. All auditable record should be produced on demand.

vii. Bank accounts should be opened with proper authorization.

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

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[4] Para No. 27.4.4

[5] Para No. 1.1.2, , 1.1.3, 1.1.8, 3.4.7, 3.4.8, 4.4.6, 5.4.1, 9.4.1, 11.4.2, 13.4.6, 13.4.8, 13.4.10, 13.4.15, 16.4.1, 16.4.2, 18.4.3, 18.4.4, 19.4.1, 25.4.1, 25.4.7, 25.4.10, 25.4.19, 27.4.5, 27.4.12, 27.4.13, 27.4.16, 27.4.21, 27.4.22, 28.4.2, 29.4.4

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	60	1,857,731
2.	Total formations in audit jurisdiction	2,827	
3.	PAO's Planned	50	161,096
4.	Formations Planned	327	
5.	Total Entities (Ministries / PAOs) Audited	41	306,534
6.	Total formations Audited	240	
7.	Audit & Inspection Reports	240	
8.	Special Audit Reports	15	148,637
9.	Performance Audit Reports	-	-
10.	FAP Reports	18	51,135
11.	Certification Reports	4	18,066,000

** 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	107,907.266
2.	Weak financial management	90,181.163
3.	Weak internal controls relating to financial management	278,269.583
4.	Others	25,959.500
	Total	**502,317.512**

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	74,309.000	37,155.000	18,577.000	1,727,690.000	1,857,731.000	1,231,310.000
2.	Monetary Value of Audit Observations	297.423	7,684.858	11,265.947	483,055.629	502,317.512	1,153,568.325
3.	Recoveries pointed out at the instance of audit	-	-	10,724.083	3,316.696	14,040.779	5,610.513
4.	Recoveries established at the instance of audit	-	-	10,724.083	3,316.696	14,040.779	5,610.513
5.	Recoveries realized at the instance of audit	-	-	53.324	338.071	391.395	471.398

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.	15,808.117
2.	Reported cases of fraud, embezzlement, thefts and misuse of public resources.	1,715.692
3.	Accounting Errors (accounting policy departure from NAM, misclassification, over or understatement of account balances) that are significant but are not material enough to result in the qualification of audit opinions on the financial statement.	257,527.062
4.	If possible quantify weaknesses of internal control	210,254.455

	systems.	
5.	Recoveries and overpayments, representing cases of established overpayment or misappropriations of public monies.	14,098.986
6.	Non-Production of record.	978.430
7.	Others, including cases of accidents, negligence etc.	1,934.770

V. Cost-Benefit

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

Sr. No.	Description	2015-16 Amount	2014-15 Amount
1.	Outlays Audited	1,857,731.000	1,219,958.030
2.	Expenditure on Audit	176.153	165.560
3.	Recoveries made at the instance of audit	391.395	471.398
Cost-Benefit Ratio		**2.21**	**2.85**

CHAPTER 1

1. PUBLIC FINANCIAL MANAGEMENT ISSUES

1.1 ACCOUNTANT GENERAL PAKISTAN REVENUES (AGPR)

1.1.1 Excess expenditure over and above budget allocation – Rs. 242,445.276 million

Risk Categorization: **High**

Observation

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

During Certification Audit of Appropriation Accounts of Federal Government for the year 2014-15, it was observed that an expenditure of Rs. 242,445,276,365 was incurred in excess of budget allocation. Details are as under:

(Rupees)

S. No.	Type of budget	Excess
1.	Current Expenditure	178,336,881,083
2.	Development Expenditure	64,108,395,282
	Total	**242,445,276,365**

Implication:

Audit is of the view that the management was not authorized to make payments without availability of budget. Expenditure in excess of budget allocation indicated disregard of the financial system laid down in the Constitution which requires that expenditure may be incurred only after approval of the competent forum. This indicated that the internal controls were not functioning optimally. Object-wise details are as under:

S. No.	Head of Account	Current Expenditure	Development Expenditure
1.	A01	12,431,695,257	260,666,127
2.	A03	1,837,121,387	28,069,869,171
3.	A04	1,450,649,550	-
4.	A05	4,256,955,094	13,254,975,844
5.	A06	432,463	-
6.	A07	34,718,508,245	-
7.	A08	-	21,301,526,808
8.	A09	17,134,399	1,221,357,332
9.	A10	123,620,739,262	-
10.	A13	3,645,426	-
	Total	**178,336,881,083**	**64,108,395,282**
		Grand Total	**242,445,276,365**

Management Reply:

As employees related expenses are obligatory in nature and in order to avoid hardships to the employees, budget check was not applied. The expenditure was incurred due to inadequate budgetary allocation and non-approval of supplementary grant. In some other cases expenditure was incurred without any involvement of AGPR. In a few cases payments were made directly by the State Bank of Pakistan. Excess also occurred due to surrender of funds but incurring of expenditure after surrender. As regards excess expenditure relating to development grants these pertained to direct disbursement of foreign exchange component by the donors. The matter is under consideration in Finance Division to streamline the procedure of budget allocation and more improved management.

Audit Comments:

Audit recommends that Ministry of Finance and AGPR should determine a time frame to activate budget checks/controls in this regard to avoid expenditure over and above budget allocation.

1.1.2 Expenditure not reconciled - Rs. 49.004 billion

Risk Categorization: **High**

Observation

Para 89-4(viii) of GFR Vol-I states that the head of the department and the Accountant-General, will be jointly responsible for the reconciliation of the figures given in the accounts maintained by the head of the department with those that appear in the Accountant General's books. Unless in any case there are special rules or orders to the contrary, the reconciliation should be made monthly, the initial responsibility resting with the Accountant General.

During Certification Audit of Appropriation Accounts of Federal Government for the year 2014-15, it was noted that an expenditure of Rs. 49.004 billion remained un-reconciled with the departments. Details are as under:

(Rs. in million)

S. No.	Office	Total expenditure	Total reconciled	Remained Un-reconciled
1.	AGPR Islamabad	1,567,119	1,539,520	27,599
2.	Sub-office Peshawar	120,420	115,528	4,892
3.	Sub-office Karachi	10,028,549	10,023,811	4,738
4.	Sub-office Lahore	239,221	228,700	10,521
5.	Sub-office Quetta	69,487	68,513	974
6.	Sub-office Gilgit	36,747	36,467	280
	Total	**12,061,543**	**12,012,539**	**49,004**

Implication:

Out of the total expenditure, 0.41% remained unreconciled. True and fair presentation of expenditure of Federal Government was not possible due to non-reconciliation of expenditure.

Management reply:

All efforts were made to improve the reconciliation position. In this connection list of defaulting Departments was provided to the respective PAOs stressing them to reconcile the expenditure timely and regularly on monthly basis. However, there was still need for improvement of response from the Departments.

Audit Comments:

The initial responsibility for timely reconciliation of expenditure rests with the Accountant General under Para 89(3)(viii) of GFR. The reconciliation was required to be carried out before the finalization of the accounts and preparation of the Manuscript of Appropriation Accounts. Steps need to be taken to reconcile complete expenditure before submission of Manuscript of Appropriation Accounts and Financial Statements to Audit.

1.1.3 A large amount of Supplementary Grants remained not printed - Rs. 84,537.918 million

Risk Categorization: **High**

Observation

Para 3.3.13.4 of Accounting Policy and Procedures Manual (APPM) states that the Finance Division will need to give their consent for the Supplementary Grant application. However, the Supplementary Grant application can only be approved by the National Assembly during the budgetary cycle for the following year.

During Certification Audit of Appropriation Accounts for the year 2014-15, Audit noted the following detail of Supplementary Grants:

(Rupees)

S. No.	Particulars	Amount
1.	Total Supplementary Grant as per Summary of Manuscript of Appropriation Accounts for 2014-15.	289,886,298,000
2.	Supplementary Grant printed in Schedule of Supplementary Grants for 2014-15.	205,348,380,000
3.	Supplementary grant remained not printed.	**84,537,918,000**

Implication:

Audit is of the view that Supplementary Grants amounting to Rs. 84,537,918,000 remained not printed during 2014-15, which comes to 29% of total Supplementary Grants.

Management Reply:

Finance Division replied that the preparation of book of Supplementary Demands for Grants and Appropriations was a time bound document, which was laid before the National Assembly with other budget documents for approval. However, Ministries/Division had the tendency of getting Supplementary Grants throughout the financial year to meet their necessary expenditure.

Every year, Ministries/Divisions and FAs concerned were requested to submit verified schedule of supplementary grants for preparation/compilation of book of Supplementary Grants as early as possible but not later than notified date for closing of Supplementary Budget book. After said date it is not possible for Finance Division to include the schedules finalized after notified date in the book.

The schedules received by Finance Division after target dates are kept for excess budget statement. As and when the Public Accounts Committee of National Assembly examines the Accounts for the year, an exercise is carried out by the Finance Division for preparation and submission of excess budget statement before the National Assembly for approval and authentication.

Audit Comments:

As the Finance Division itself allocates Supplementary Grants, it should initiate appropriate measures to ensure that all Supplementary Grants are printed in the Supplementary Schedule of Authorized Expenditure for authentication by the Parliament. All Ministries/Divisions may be directed to take special care in this regard.

1.1.4 Actual expenditure in minus - Rs. 2.803 million

Risk Categorization: **High**

Observation

Para I(ii) of Annual Audit Plan for closing, Preparation and submission of Annual Accounts for the year 2014-15 circulated by Controller General of Accounts vide letter No. 127/CGA/FME-II/4/2014-15 dated 15.04.2015 stated that there should be no obvious errors like “Minus Actual”.

During Certification Audit of Appropriation Accounts for the year 2014-15, Audit noted that the Actual Expenditure under three Grants appeared as minus in the Manuscript for 2014-15. Details are as under:

(Rupees)

S. No.	**Grant No.**	**Object Head**	**Variation**
1.	25	A08-Loans and Advances	231,360
		A05-Grants, subsidies and write of loans	1,621,185
		A08- Loans and Advances	907,000
2.	81	A03-operating Expenses	3,555
3.	133	A01-Employee Related Expenses	40,141
		Total	**2,803,241**

Implication:

Audit is of the view that;

i. Logically actual expenditure cannot be in minus, as such, this situation needs justification.

ii. The object head A08-Loans and Advances is not related to the said Grant.

iii. These figures have reduced the total expenditure of the relevant Grants. Thus, the total expenditure has also been understated in the Appropriation Accounts to that extent.

Management Reply:

The AGPR Sub office Peshawar and Federal Treasury Office, Islamabad have been requested to intimate the proper reply.

Audit Comments:

Audit recommends taking necessary steps for correction/rectification of figures in the Appropriation Accounts for 2014-15.

1.1.5 Payments by Third Party shown as Nil and no policy framed for Payments by Third Party

Risk Categorization: **High**

Observation

Under IPSAS Cash Basis disclosure of third party payments are a mandatory part of the General Purpose Statements and should be disclosed separately on the face of the Statement of Cash Receipts and Payments of the Federal Government.

During Certification Audit of Appropriation Accounts and Financial Statements of Federal Government for the year 2014-15, Audit noted that the Federal Government had disclosed third party payments as NIL.

Audit observed that no policy had so far been framed/devised to cater Payments by Third Party despite the fact that Audit has been raising this observation for the last many years.

Implication:

i. True and fair picture of the expenditure of Federal Government cannot be presented without indicating third party payments.

ii. Compliance with IPSAS Cash Basis cannot be achieved without separately mentioning third party payments.

Management Reply:

Third party payments are required under cash basis IPSAS. The definition and criteria of third party payments is given in IPSAS. No third party payment was reported during financial year 2014-15.

Audit Comments:

Audit recommends that appropriate measures be taken so that third party payments, if any, are accounted for properly and do not remain outside the financial statements.

1.1.6 Pensioners record not properly cataloged and secured

Risk Categorization: **High**

Observation

Para 2.6 (Definitions) of Accounting Policy and Procedures Manual (APPM) defines permanent record as a record required to be maintained in order to generate accounting transactions, but is not in itself a transaction (e.g. payroll records, GP fund records, pension records).

Para 4.7.3.3 of Accounting Policy and Procedures Manual (APPM) states that where a pension is paid through direct credit transfer, the officer in Accounts Office shall update the pension records.

Para 16.2.3.1 of APPM also states that all accounting records will be retained in their original form for at least a period of ten years. Also refer to the Manual of Standing Orders for retention of permanent records such as Establishment Records, Pension Records etc.

During Certification Audit of Appropriation Accounts and Financial Statements of Federal Government for the year 2014-15, Audit noted that;

i. The record pertaining to pension cases was lying on floor unattended.

ii. The pensioners' record is permanent and important record which should be kept in safe custody.

iii. No arrangement for anti-termite control was effectively in place.

iv. Without cataloging of files, the tracing of requisite record for audit scrutiny was hampered.

Implication:

Audit is of the view that safe custody of the important record may be ensured.

Management Reply:

Audit observation was accepted by the management and replied that necessary measures were underway in this regard.

Audit Comments:

Audit recommends taking immediate steps to ensure that the permanent record is placed appropriately to avoid any loss.

1.1.7 Expenditure pertaining to Capital Account (Civil Works) charged to Revenue Account - Rs. 15,055.645 million

Risk Categorization: **High**

Observation

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

During Certification Audit of Appropriation Accounts and Financial

Statements of Federal Government for the year 2014-15, Audit noted that an amount of Rs. 15,055.645 million was charged to Revenue Account on account of object head A12-Civil Works.

S. No.	Type of Expenditure	Amount
1.	Non-Development	353,201,972
2.	Development	14,702,442,710
	Total	**15,055,644,682**

Audit observed that:

i. The proper Grant for this purpose was 141-Capital Outlay on Civil Works - Ministry of Housing and Works (Capital Account) but the expenditure was charged to Revenue Account by allocating these funds under different grants of Ministries/Divisions.

ii. While preparing Annual Budget the Ministry of Finance divides budget into Capital Account and Revenue Account but allocating funds relating to Capital Account under Revenue Account was in violation of Generally Accepted Accounting Practices.

iii. An expenditure of Rs. 15,055.645 million incurred by the Ministries was not charged to Capital Account. Thus, the Capital Account was understated.

Implication:

Actual expenditure on Capital Account was understated and expenditure on Revenue Account overstated in the Appropriation Accounts and Financial Statements which was against the Generally Accepted Accounting Practices.

Management Reply:

The Joint Secretary, Ministry of Finance has been requested to intimate the proper status.

Audit Comments:

Audit recommends to adopt proper accounting treatment in this regard.

1.1.8 Non-utilization and retention of funds by CDA - Rs. 25.000 million

Risk Categorization: **High**

Observation

Para 13 (vii) of System of Financial Control and Budgeting, 2006 states that during the first quarter of the financial year, releases of the allocations provided in the PSDP for individual schemes, as have already been approved formally by the competent authority or have been given anticipatory approval by the Chairman, ECNEC, shall be made by the Secretary of the Ministry/Division concerned/PAO without approval of FA's Organization in accordance with the Cash Plan of the projects duly approved by the Secretary of the Ministry/Division and Planning and Development Division. All releases during the remaining three-quarters of the financial year shall be made with the prior approval of Financial Adviser's Organization in accordance with the approved Cash Plan. The releases shall be subject to utilization of funds released earlier, after furnishing a certificate by the Principal Accounting Officer regarding satisfactory implementation of approved Work Plan for the previous quarter of the financial year.

Rule 422 of FTR provides that an account of the expenditure against the appropriation must be rendered to the Accountant General Pakistan Revenues, in which the officer should enter on the receipt side all sums he has drawn from the treasury and on the expenditure side all amounts he has spent.

During Certification Audit of Manuscripts of Appropriation Accounts and Financial Statements of Federal Government for the year 2014-15, Audit noted that an amount of Rs. 25.000 million was released from Grant No.124-Development Expenditure of Ministry of Interior to Capital Development Authority (CDA) for the project titled Construction of Police Station at I-16, Markaz, Islamabad during the financial year. Details are as under:

(Rs. in million)

S. No.	Date of Release of funds	Amount
1.	21.10.2014	5.00
2.	27.11.2014	4.219
3.	02.02.2015	7.500
4.	20.04.2015	8.281
	Total	**25.000**

Audit observed that CDA was required to submit utilization of funds report of each quarter under the signature of Principal Accounting Officer only then funds of 2nd, 3rd and 4th Quarters were to be released after receipt of the report, but no report was submitted by the CDA, still AGPR released the payments. In the absence of utilization report Audit apprehends that the funds were not utilized for the project during 2014-15 and were retained by the CDA in its bank account as no utilization report was available on record.

Implication:

Funds were not utilized and unspent balances were retained by CDA at the cost of development project.

Management Reply:

When Ministry of Interior submitted bills for release of 2nd, 3rd and 4th quarters ceiling to CDA on account of subject project, this office returned the claims time and again for want of submission of progress reports/utilization reports under the signature of departmental competent authority. In response, DDO Capital Territory Police submitted a report under the signature of Deputy Director, Works-II CDA which shows actual expenditure up to date Rs. 16.719 million. On the basis of the said report this office released funds. Later on, Deputy Director, Works Division-II informed vide their letter dated 4th April, 2015 (received in this office on 11.11.2015) that no expenditure was booked against the fund provided by the sponsoring agency so far. Ministry of Interior was asked to clarify the position as to why sanction for release of funds for 2nd to 4th quarters were conveyed to this office despite of the fact that no utilization was reported by CDA.

Audit Comments:

Audit recommends following the financial rules in true spirit and unspent balance should be deposited in Federal Consolidated Fund immediately under intimation to Audit.

CHAPTER 2

2. AVIATION DIVISION

2.1 Introduction of Division

The following 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. Airports Security Force

2.2 Comments on Budget & Accounts (Variance Analysis)

Original budget allocated to Aviation Division for the financial year 2014-15 was Rs 2,191.852 million including Supplementary Grant of Rs. 702.946 million, out of which the Program incurred an expenditure of Rs. 1,427.519 million resulting in a saving of Rs. 764.332 million which is 35% of the Final Budget.

Grant No	Grant Type	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Final Grant/ Appropriation	Actual Expenditure	Excess/ (Savings)
5	**Current**	87,000,000	3,000	87,003,000	82,763,390	(4,239,610)
106	**Development**	1,401,906,000	702,943,000	2,104,849,000	1,344,755,691	(760,093,309)

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 expenditure without provision in PC-I and failure to achieve Project Objectives - Rs. 26.004 million

The project titled Capacity Building of Pakistan Metrological Department (PMD), Islamabad valuing Rs. 183.113 million was approved by the CDWP on 03.11.2007. Following were the objectives of the project:

i. To recruit fifty meteorologists as trainee meteorologists who were to be provided meteorologist and provide them training and education in two phases. First locally and then select twenty of the best trainees for scholarships abroad for MS/PhD in the fields of Meteorology Seismology, Hydrometeorology, Agriculture Meteorology, etc.

ii. Of the 20 selected trainees for foreign training, 10 were to be trained in China and other Asian countries while the other 10 were to be trained in Europe and America.

iii. The foreign trained as well as the remaining trainee officers were to be adjusted against the present and future project posts depending on availability of funds under the PC-I.

In line with the project objectives thirty seven Meteorologists were hired in B-17. However, contrary to the provision of the PC-I, instead of imparting foreign training to new incumbents the PMD sent its regular staff members for foreign training out of the project funds by incurring an expenditure of Rs. 26.004 million.

The expenditure was incurred for a purpose that was not in accordance with the provisions of the PC-I. The expenditure was thus irregular.

The management replied that provision/opportunity to build the capacity of PMD was available, therefore, PMD availed the opportunity and build the capacity of existing PMD's employees through international and domestic trainings for better operational work.

The reply was not accepted because training of existing PMD's employees was not covered under the provisions of the PC-I.

Audit recommends that responsibility may be fixed for the irregularity and the PC-I be revised.

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, including education, vocational training, skills development, welfare programs, livelihood programs, health insurance, accident insurance, and access to microfinance. According to the Ordinance, BISP would:

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 2014-15 was Rs 50,000.00 million, out of which the Program incurred an expenditure of Rs. 46,381.086 million resulting in a saving of Rs. 3,618.914 million which is 7.24% of the Final Budget.

(Rupees)

Grant No	Grant Type	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Final Grant/ Appropriation	Actual Expenditure	Excess/ (Savings)	% age Excess/ (Saving)
101	**Development**	50,000,000,000	-	50,000,000,000	46,381,086,248	(3,618,913,752)	(7.24)

Variance analysis could not be performed due to non-existence of a separate grant for BISP. The expenditure was incurred from Grant No. 101 "other expenditure of the Cabinet Division".

3.3 Brief comments on the status of compliance with PAC Directives

There was no PAC Directive in respect of BISP.

3.4 AUDIT PARAS

Irregularity & Non Compliance

3.4.1 Non-establishment of the Council of the Program in violation of the BISP Act, 2010

Section 8 read with Section 5 of the Benazir Income Support Programme Act, 2010 requires establishment of the Council of the Program that empowers the Chief Patron on the advice of the Executive Patron to constitute the Board of the Program. Functioning of the Board is directly linked with the establishment of the Council. The Act mandates the Council to meet at least once in the year.

The BISP Act, 2010 required the establishment of the Council of the Program that would allow it to function as a body corporate that can sue and be sued in a court of law.

Audit observed that the Council of the Program, had not been formally notified failing which the Council had not been convened to hold the mandated annual meeting since promulgation of the BISP Act, 2010.

Audit is of the view that due to non-establishment of the Council all acts by the BISP Board and the Chairperson lacked the required oversight of their decisions that was built into the system under the Act.

The management replied that a letter has been sent to the Finance Division (being administrative head) by Secretary BISP for establishment of the Council of BISP through Chief Patron on the advice of the Executive Patron.

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

The PAO was informed on 19.11.2015, but DAC was not convened till the finalization of the report.

Audit recommends that the Council of the Program should be established and notified to remedy the legal implications.

3.4.2 Irregular selection/appointment of commercial banks and payment of service charges - Rs. 2,192.17 million

Competitive tendering is required under Rule 20 of Public Procurement Rules, 2004 for the procurement of goods, services and works.

The agreements between BISP and Commercial Banks under Clause 4 allows the Banks to charge a commission of 3% from Limited Mandate Account (LMA)-1 of BISP with the banks used for drawing amounts for disbursements to accounts of the beneficiaries (grouped as LMAs-2). To facilitate the beneficiaries, the banks were required to expand their outreach by establishing at least one Point of Sale (POS) per 1,000 beneficiaries, failing which, BISP was allowed to deduct 50% of the service charges (i.e. 3% commission) for the group of beneficiaries that were affected by non-establishment of the POS.

The management of BISP, Islamabad paid an amount of Rs. 2,192.17 million as service charges to six commercial banks hired for execution of BISP programs during 2014-15. Details are as under:

(Rs. in million)

S. No.	Bank	Service Charges
1.	Bank Alfalah Limited	361.39
2.	Habib Bank Limited	511.92
3.	Sindh Bank	20.21
4.	Summit Bank	108.19
5.	Tameer Bank	539.35
6.	United Bank Limited	651.11
	Total	**2,192.17**

Audit observed as under:

i. The banks were selected/appointed arbitrarily without competition for disbursement of funds to over four million beneficiaries.

ii. Contract agreements between the banks and BISP were signed without obtaining clearance from the Ministry of Law as required under para 19 of GFR.

iii. With issuance of ATM Cards by the banks allowed them an indefinite assurance of earning commission on periodic disbursements.

iv. No evidence was made available to authenticate whether the required number of POS per 1,000 beneficiaries were ever established by the six selected banks.

Audit is of the view that selection of banks without following a transparent and competitive process, allowing assured profit for services rendered and signing of contracts without clearance from the Ministry of Law was an undue favor that was considered irregular and unauthorized.

The management replied that rehiring process initiated in late 2013 was quashed for technical reasons and an interim relief was granted by the Prime Minister to continue with the current system till the rehiring was completed. It was decided by the then management to extend the agreements till 30.09.2014 which was further extended till 31.12.2015 with revised terms and lowering of commission from the original 5% to 3%. The banks however did not accept to follow the Clause relating to establishing POS and the related penalty. As regards vetting of contracts by the Ministry of Law was concerned, it was not applicable to autonomous bodies.

The reply was not considered tenable as BISP had submitted to the Prime Minister on 13.12.2013 that continuation of arrangement with the existing banks was necessary for disbursement of upcoming two quarters of 2013-14 and fresh hiring was in process. The request was accordingly granted by the Prime Minister for a limited time, but the management had taken undue advantage of the permission and continued disbursements through the same banks on same terms till finalization of the Audit Report without any authorization. Furthermore, contract agreements that involved expenditure out of public funds require clearance of the Ministry of Law by all public sector entities.

The PAO was informed on 19.11.2015, but DAC was not convened till the finalization of the report.

Audit recommends that matter may be investigated to fix responsibility for the deviations from rules and for providing undue financial advantage to a selected group of banks.

3.4.3 Irregular and unauthorized payment of salaries to deputationists - Rs. 1,257.858 million

Establishment Division vide O.M. No. 1/13/87-R.l dated 03.12.1990 allows deputation of civil servants to Foreign Service in Pakistan on standard terms and conditions developed in consultation with the Finance Division. Under the terms, officials on deputation are given emoluments in Basic Scales as admissible under the government from time to time and deputation allowance @ 20% (maximum Rs. 6,000).

The management of BISP allowed the deputationists to readjust their pay and allowances in accordance with Special Pay Scales (SPS) or to continue in the Basic Scales being followed by the government servants elsewhere.

Audit observed that although the deputationists in BISP were posted on standard terms and conditions, they were all paid under the SPS.

Audit is of the view that extra payment made to deputationists was in violation of the standard terms and conditions for the deputationists.

The management replied that BISP Board in its 7th meeting held on 19.10.2010 decided that all deputationists were extended the offer to adopt the BISP pay package which they all accepted.

The reply was not tenable as Establishment Division had placed the services of the deputationists with BISP on standard terms and conditions that did not allow such an arrangement.

The PAO was informed on 19.11.2015, but DAC was not convened till the finalization of the report.

Audit recommends that the irregular payment should be recovered and deposited into the government treasury besides discontinuation of the irregularity.

3.4.4 Un-authorized retention of government funds - Rs. 2,245.081 million

According to Annexure C of Payments Manual (Un-conditional & Co-responsibility Cash Transfer) after 60 days of inactivity in beneficiaries account after card distribution and credit of first payments, the partner banks shall take the amount from the beneficiaries account and credit it back into BISP's main account, i.e. LMA-1.

The BISP Board in its 20th meeting held on 26.12.2013 directed the management to withdraw the money from the accounts of the beneficiaries, (grouped as LMAs-2) which were dormant for the last 2 years and conduct a study after which the money would be disbursed to the deserving beneficiaries as per new policy of the Board.

Audit observed as under:

i. An amount of Rs. 2,245.081 million for 74,396 beneficiaries remained undrawn for the concerned two years which should have been deposited in to the government treasury.

ii. By not de-crediting the amount after 60 days the management violated its own principles given in its payment manual.

Amount remaining undrawn was required to be refunded to the government treasury as it was not being used for the purpose for which it was granted.

The management replied that de-credited funds were being used for the disbursement of first quarterly installment for those beneficiaries who received their Benazir Debit Cards (BDCs) from partner banks with the approval of Competent Authority of BISP. During the FY-2014-15 out of total de-credited amount of Rs. 1.3 billion, disbursements of Rs. 948.6 million were made to new beneficiaries allotted with BDCs. In 23rd Board meeting of BISP, held on 3rd July 2015, decision was approved that all de-credited accounts be reactivated by issuing a new BDC after bio-metric verification of the beneficiary and all the de-credited amount be re-credited. In light of above, re-crediting process had been designed and under process for approval. Further, accounting treatment for de-credited amount was approved in which de-credited amount would be transferred from LMA-I to Federal Government account by the partner banks concerned directly on the same day when de-credit of LMA-2 was affected. This mechanism was yet to be implemented.

The management of BISP accepted the irregularities.

The PAO was informed on 19.11.2015, but DAC was not convened till the finalization of the report.

Audit recommends that the retained government funds should be deposited into the government treasury. Further, that proper regulations should be framed for accounting of such unused disbursements and their further utilization.

3.4.5 Irregular retention of funds after close of the financial year - Rs. 1,661.790 million

Para 1(iv) of revised procedure for operation of Lapsable Assignment Accounts of Federal Government describes that the amounts remaining unspent at the close of the financial year shall not be used for the next financial year.

Para 2(vi) of revised procedure *ibid* requires that the officers holding Assignment Accounts shall ensure that no money is drawn from these accounts unless it was required for immediate disbursement. Moneys shall not be drawn for deposit into chest or any bank account.

Para 66 of GFR Volume-I states that all estimates of revenue and expenditure included in the Budget were for the financial year.

The management of Benazir Income Support Programme (BISP) had released funds from time to time to the Chief Post Master, Islamabad and different partner commercial banks for necessary cash transfers to its beneficiaries.

Audit observed that an unspent amount of Rs. 1,661.79 million was lying with the Pakistan Post Office (PPO) and partner banks on close of the financial year 2014-15. Complete data was not made available by the management, but outstanding balances with PPO and two banks are given as under:

(Rupees)

S. No.	Type of Account	Name of Bank	Amount
1.	Pakistan Post Office		1,512,824,586
2.	LMA-1	UBL	139,520,944
3.	LMA-1	Sindh Bank	9,444,379
		Total	**1,661,789,909**

Audit is of the view that the amount was withdrawn from the Lapsable Assignment Account without immediate need for disbursement and to avoid the lapse of funds it remained deposited in BISP's LMA-1. This was an irregular and unauthorized practice.

The management replied that funds were provided to payment agencies (Banks and Pakistan Post) under an approved mechanism. Once provided, such agencies took due time for disbursement to beneficiaries but such funds were no more available to BISP for surrender.

The reply was not accepted because the funds were not lying with the payment agencies but were kept in BISP's LMAs-1 with the payment agencies. As far as Pakistan Post is concerned, the huge amount required reconciliation with the payment agency to avoid additional accumulation of undisbursed funds.

The PAO was informed on 19.11.2015, but DAC was not convened till the finalization of the report.

Audit recommends that responsibility should be fixed for the irregularity besides recoupment of funds lying with banks and Pakistan Post.

3.4.6 Payment to NADRA in contravention of the Agreement - Rs. 67.345 million

Clause 6.1 of the Agreement signed between BISP and NADRA states that the service provider's (i.e. NADRA) total remuneration would be on guaranteed volume of 4.4 million and shall be a fixed lump sum including all staff and incidental costs which is Rs. 265 per beneficiary.

As per Appendix-A of the Agreement, NADRA would establish the distribution sites inclusive of hardware, software and network required for enabling verification.

Contrary to the above arrangement, BISP management paid a claim of Rs. 67.345 million by M/s NADRA for purchase of exa-data machine during 2014-15.

Audit observed that the Agreement did not have any provision for accepting claims other than for verification from the database being maintained by NADRA.

Audit is of the view that the claim of NADRA was irregular and not in accordance with the provisions of the Agreement.

The management replied that NADRA had intimated that exa-data Machine for BISP Project was purchased after publishing the open tender on PPRA web site and three newspapers. The machine was purchased from M/s Mega Plus as the lowest bidder. NADRA had paid the amount of Rs. 67.345 million to M/s Mega Plus against the purchase of exa-data Machine on 15th March, 2012.

The reply of the management was not acceptable because the Agreement did not have provision for any payment other than cost of verification.

The PAO was informed on 19.11.2015, but DAC was not convened till the finalization of the report.

Audit recommends that the matter may be investigated and responsibility be fixed for the irregularity, besides recovery of Rs. 67.345 million from NADRA.

3.4.7 Differences in two sets of data - Rs. 608.103 million

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

The MIS Wing of BISP provided soft data relating to beneficiaries.

Audit observed that the amount shown in the cash book did not match with the computer based data provided by the MIS Wing. Details are as under:

(Rupees)

S. No.	Bank	Cheque No.	Amount as per MIS	Amount as per Cheque	Difference
1	Bank Alfalah	245589	3,927,100,500	3,940,492,500	13,392,000
2	Bank Alfalah	232527	3,560,179,500	3,638,515,500	78,336,000
3	Bank Alfalah	232667	107,752,500	130,279,500	22,527,000
4	HBL	245590	4,075,038,000	4,084,191,000	9,153,000
5	HBL	218357	3,707,491,500	3,759,268,500	51,777,000
6	Pakistan Post	221437	1,300,126,500	1,404,688,500	104,562,000
7	Sindh BDC	245599	171,261,000	171,265,500	4,500

8	Sindh BDC	232676	9,441,000	9,445,500	4,500
9	Summit BDC	245595	918,625,500	921,510,000	2,884,500
10	Summit BDC	252545	20,290,500	20,295,000	4,500
11	Summit BDC	232533	816,678,000	834,732,000	18,054,000
12	Summit BDC	232672	19,953,000	23,485,500	3,532,500
13	Summit BDC	218361	801,904,500	805,554,000	3,649,500
14	Tameer BDC	245597	4,558,450,500	4,570,735,500	12,285,000
15	Tameer BDC	232535	4,100,404,500	4,190,080,500	89,676,000
16	Tameer BDC	232674	121,801,500	142,177,500	20,376,000
17	Tameer BDC	218363	4,206,384,000	4,217,238,000	10,854,000
18	Tameer Mobile	245598	48,469,500	48,550,500	81,000
19	Tameer Mobile	232536	92,803,500	94,018,500	1,215,000
20	Tameer Mobile	232675	643,500	747,000	103,500
21	UBL BDC	245592	5,059,786,500	5,071,131,000	11,344,500
22	UBL BDC	232530	4,614,709,500	4,699,215,000	84,505,500
23	UBL BDC	232670	134,082,000	156,289,500	22,207,500
24	UBL BDC	218359	4,762,179,000	4,805,005,500	42,826,500
25	UBL Smart Card	232532	767,956,500	769,387,500	1,431,000
26	UBL Smart Card	218360	768,132,000	771,448,500	3,316,500
	Total		**48,671,644,500**	**49,279,747,500**	**608,103,000**

Audit is of the view that the difference in both the sets of data not only reflected failure of internal controls but also a difference of Rs. 608.103 million in the release and actual disbursement to the beneficiaries which was a serious lapse on the part of the management as the whereabouts of the amount were not known to audit.

The management replied that the amounts as per MIS report in column 4 were adjusted and the balance was shifted to ADB Account and the cheques reflected in ADB account could be confirmed for these balances. This process was carried out as per reference with Consultant to ADB in June, 2015 before quarterly payment generation. Cheque marking application had been updated with change before marking of all cheques for the year 2014-15. Therefore, the difference amounts were transferred automatically to ADB source of Fund.

The reply of the management was not acceptable as no documentary evidence was provided to audit in support of the reply.

The PAO was informed on 19.11.2015, but DAC was not convened till the finalization of the report.

Audit recommends that differences in both the sets of data may be traced-out and shown to audit besides immediate steps to carryout MIS audit since establishment of BISP.

3.4.8 Non-reconciliation of funds placed with Pakistan Post Office - Rs. 3,847.484 million

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

The BISP management released Rs. 3,819.533 million, Rs. 4.497 million and Rs. 23.454 million to Pakistan Post against Poverty Score Card, Waseela-e-Taleem and Parliamentarian System payments respectively during 2014-15.

Audit observed as under

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

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

iii. The management failed to provide the details of amount that remained undisbursed or made to fake/ineligible beneficiaries by the Pakistan Post. Total cases of undisbursed amounts or those drawn by fake/ineligible beneficiaries detected so far compared with the total amount disbursed and recovered may be shown to audit.

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

The management replied that BISP had been continuously approaching Pakistan Post for the timely reconciliation of all financial transactions under the contract. However, Pakistan Post cited various explanations for their non-submission of required reports on time.

The PAO was informed on 19.11.2015, but DAC was not convened till the finalization of the report.

Audit recommends that reconciliation with Pakistan Post Office up to the level of beneficiaries and identification of cause for undisbursed amount lying with Post Office may be carried out immediately.

3.4.9 Unauthorized payment of Monetization Allowance to officers of B-19 - Rs. 7.340 million

The Federal Government approved the "Compulsory Monetization of Transport Facility for Civil Servants in B-20 to B-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 for Civil Servants in B-20 to B-22 who were officially authorized to the Transport Facility. Different rates were granted to each of the B-20, B-21 and B-22 Civil Servants as monthly Monetization Allowance in lieu of the free Transport Facility.

Para 11 of GFR Volume-I provides 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.

The management of Benazir Income Support Program paid an amount of Rs. 7.340 million @ Rs. 45,588 per month as Monetization Allowance to officers of B-19 working as Directors during 2014-15. Details are as under:

(Rupees)

S. No.	Name	Designation	Category	Amount
1	Ali Nawaz	Director	Deputation	319,116
2	Dr. Muhammad Tahir Noor	Director	Deputation	455,880
3	Hamid Ali	Director	Contract	547,056
4	Muhammad Ayub Paracha	Director	Deputation	319,116
5	Muhammad Azhar	Director	Contract	410,292
6	Muhammad Imtiaz	Director	Deputation	182,352

7	Muhammad Khan Marwat	Director	Deputation	547,056
8	Muhammad Shamim Khan	Director	Deputation	547,056
9	Muhammad Zubair	Sr. Pvt. Secretary	Deputation	182,352
10	Mukhtar Paras Shah	Director	Deputation	273,528
11	Nasir Iqbal	Director	Deputation	91,176
12	Naveed Akbar	Director	Contract	547,056
13	Noor Rehman Khan	Director	Contract	547,056
14	Sajid Mehmood Raja	Director	Deputation	182,352
15	Samir Ali	Director	Deputation	410,292
16	Samreen Zahra	Director	Deputation	547,056
17	Shahzad Nawaz Cheema	Director	Deputation	136,764
18	Shazia Toor	Director	Deputation	547,056
19	Syed Javed Abbas	Director	Contract	547,056
			Total	**7,339,668**

Audit observed that the Monetization Policy was for Civil Servants in B-20 to B-22 of Ministries/Divisions/Attached Departments and sub-ordinate offices. Payment of Monetization Allowance to officers of B-19 was not covered under the Monetization Policy.

Audit further observed that a similar audit para was raised during audit of BISP for the year 2013-14 and management replied that a reference regarding admissibility of the Monetization Allowance was being sent to the Cabinet Division and Finance Division for concurrence but neither any progress was shown to the Audit in this regard nor was the irregularity discontinued.

Audit is of the view that payment of Monetization Allowance to officers of BPS- 19 was irregular and unauthorized.

The management replied that BISP Board in its 16th meeting held on 02.10.2012 had approved a compulsory monetization of transport facility and authorized the transport monetization allowance @ of Rs. 47,987 p.m. to the Directors of B-19.

The reply of the management is not accepted as the Monetization Policy was for Civil Servants in B-20 to B-22 of Ministries/Divisions/Attached Departments and sub-ordinate offices. Payment of Monetization Allowance to officers of B-19 was not covered under the monetization policy.

Audit recommends that monetization allowance should be recovered from the non-entitled officers and deposited into the government treasury.

Audit further recommends that monetization allowance paid to the non-entitled officers through manual bills may also be calculated and recovered as the amount calculated by audit was based on salaries disbursed through monthly payroll.

3.4.10 Un-authorized retention of House Rent Allowance and non-deduction of House Rent Charges - Rs. 4.565 million

Rule 4(c)of Accommodation Allocation Rules, 2002 states that government servant 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 26(1) of Accommodation Allocation Rules, 2002 states that unless entitled to rent free accommodation the allottee of an accommodation shall be charged normal rent @ 5% of the emoluments as defined in Rule 2(e).

The management of BISP did not pay House Rent Allowance amounting to Rs. 4.214 million to 31 employees residing in government accommodation and working on deputation during the year 2014-15.

Audit observed as under:

a. The House Rent Allowance amounting to Rs. 4.214 million for the period July, 2014 to June, 2015 against the employees residing in government accommodation was not deposited into the government treasury.
b. House Rent Charges @ 5% amounting to Rs. 0.351 million were not deducted at source from July, 2014 to June, 2015.

Audit is of the view that non-deposit of House Rent Allowance of the employees residing in government accommodation and non-deduction of House Rent Charges was irregular.

The management replied that BISP deposited Rs. 1,739,288, Rs. 116,066 and Rs. 1,423,845 on account of standard/market rent with Estate Office Islamabad during financial year 2014-2015.

The reply of the management was not accepted as the monthly house rent allowance payable to the allottee or his rental ceiling, whichever is more, would be payable into government treasury.

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

Audit further recommends that House Rent Allowance paid to the employees residing in Government accommodation and paid through manual bills may also be calculated and recovered including house rent charges @ 5% as the amount already calculated by audit on the basis of salaries disbursed through monthly payroll.

3.4.11 Irregular award of advance increments and overpayments - Rs. 1.588 million

Para 11 of GFR Volume-I provides 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.

The management of BISP paid pay and allowances to 14 employees after awarding advance increments without recorded reasons.

Audit observed that the employees of BISP were entitled to the pay and allowances on the pay scale against which they were appointed but the employees were paid pay and allowances beyond their entitlement after awarding advance increments without any justification. Audit is of view that the pay and allowances beyond entitlement were irregular and unauthorized.

The management replied that the case was being referred to Internal Audit Wing for Special Audit of BISP Payroll. The case for advance increments would be finalized after Internal Audit Wing’s recommendations.

Audit recommends that the overpayment should be recovered and deposited into the government treasury.

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

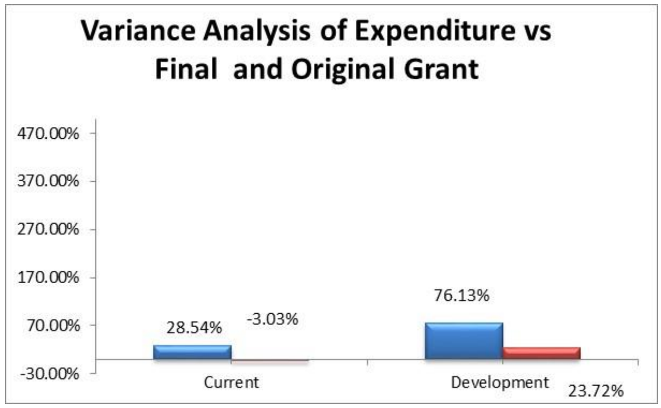
2014-15 was Rs. 113,930.662 million including Supplementary Grant of Rs. 32,333.188 million out of which the Division utilized Rs. 132,862.005 million resulting in excess expenditure of Rs. 18,931.343 million which was mainly in development expenditure. Grant-wise detail of current and development expenditure is as under:

(Rupees)

Grant No	Grant Type	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Final Grant/ Appropriation	Actual Expenditure	Excess/ (Savings)
1	Current	150,392,000	4,100,000	154,492,000	130,075,759	(24,416,241)
2	Current	4,755,392,000	4,298,313,000	9,053,705,000	8,914,801,936	(138,903,064)
3	Current	275,425,000	1,826,378,000	2,101,803,000	1,594,291,869	(507,511,131)
4	Current	5,150,000,000	461,526,000	5,611,526,000	5,396,584,298	(214,941,702)
6	Current	4,326,588,000	48,014,000	4,374,602,000	4,499,640,457	125,038,457
7	Current	874,369,000	35,000,000	909,369,000	919,561,933	10,192,933
14	Current	779,355,000	21,426,000	800,781,000	664,924,558	(135,856,442)
15	Current	212,693,000	6,000	212,699,000	202,921,638	(9,777,362)
16	Current	57,456,000	502,000	57,958,000	38,672,068	(19,285,932)
17	Current	6,152,401,000	729,890,000	6,882,291,000	6,882,290,000	(1,000)
18	Current	80,816,000	2,134,000	82,950,000	82,707,484	(242,516)
	Subtotal	**22,814,887,000**	**7,427,289,000**	**30,242,176,000**	**29,326,472,000**	**(915,704,000)**
	Development	7,077,587,000	17,105,899,000	24,183,486,000	17,259,888,751	(6,923,597,249)
	Development	51,705,000,000	7,800,000,000	59,505,000,000	86,275,645,203	26,770,645,203
	Subtotal	**58,782,587,000**	**24,905,899,000**	**83,688,486,000**	**103,535,533,954**	**19,847,047,954**
	Total	**81,597,474,000**	**32,333,188,000**	**113,930,662,000**	**132,862,005,954**	**18,931,343,954**

Supplementary Grants obtained without careful cash forecasting

According to Para 71 of General Financial Rules (Volume I), while framing budget estimates, the authorities should exercise utmost foresight. Rules of good governance demand that budget processes are carried out in accordance with clearly defined expectations and assumptions and a coordinated calendar of activity. As shown in the chart below, the excess in current expenditure was 28.54%, which, after accounting for Supplementary Grants changed to saving of 3.03%. In development expenditure, excess against original budget was 76.13% which reduced to 23.72% 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	Total No of Actionable Points	Complied	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	13	1	93%
	1997-98	32	32	12	20	38%
	2000-01	33	33	31	2	94%
	2005-06	6	6	5	1	83%
	2006-07	1	1	1	0	100%
	2007-08	9	9	6	3	67%
	2008-09	5	5	3	2	60%
Total		**127**	**127**	**84**	**43**	**66%**
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

Internal Control Weakness

4.4.1 Non-conducting of Physical Verification of the Tosha Khana

Para 9 of Procedures for the acceptance and disposal of Gifts issued by the Cabinet Division vide Office Memorandum No. 9/82014-TK dated 25.10.2011 states that an annual Physical Verification shall be carried out in respect of such articles by an authorized officer of the Cabinet Division in the first quarter of each calendar year.

The management of Cabinet Division (Tosha Khana), Islamabad was requested to produce annual Physical Verification Reports of the Tosha Khana for the Calendar Years 2014 and 2015. The Physical Verification Reports was not provided to audit till close of the Audit.

Non-enforcement of its own policy by the Cabinet Division indicated lack of internal controls.

The management replied that case for physical verification of gifts displayed at various places was under process.

Audit recommends that physical verification of the Tosha Khana as well as report on verification of gifts displayed at various places may be carried out and report thereof be provided to Audit.

4.4.2 Non-maintenance of Stock Registers of Assets received from devolved Ministries/Divisions/Departments

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 on 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.

In pursuance of 18th amendment in Constitution of Pakistan, 17 Ministries were devolved in three phases and Cabinet Division established a Devolution Cell vide Notification No.3/3/2010-Admn-1 dated 13.01.2011. The following functions were assigned to the Cell of the devolved Ministries:

i. To take care of assets of the Defunct Ministries;

ii. To settle accounts of Devolved Ministries;

iii. To ensure proper handing over / taking over of assets of devolved Ministries / Divisions transferred to the Provincial Government and Federal Organizations;

iv. Proper handing over / taking over of assets of devolved Ministries / Divisions transferred to the Provincial Government and Federal Organizations; and

v. any other functions as may be assigned for implementation of Cabinet Division on devolution of specified Federal Ministries / Division

The management of Cabinet Division was requested to provide the stock registers of Assets received from devolved Ministries/Divisions/ Departments. However, no registers were provided.

This indicated that the management did not maintain the required stock registers of assets received from devolved Ministries/Divisions/Departments.

Audit also observed that Physical Verification of the assets received from devolved Ministries/Divisions/Departments was not carried out as the same was not provided to Audit.

Due to non-maintenance of Stock Register and non-conducting of Physical Verification of the assets, audit was not in a position to ascertain the authenticity and assurance of actual assets.

The management replied that stock registers of eight devolved Ministries were available while the stock registers of six devolved Ministries were not handed over to the Cabinet Division. Further, physical verification of assets was carried out by the Cabinet Division and copy of report was also available.

The reply was not accepted because neither stock registers nor physical verification reports were provided during audit of the Cabinet Division nor physical verification report was provided to Audit. Even the physical verification report provided by the Cabinet Division showed only the quantity of existing items. Details of inventory, received from devolved Ministries/Divisions was not included in the physical verification report.

Audit recommends that stock registers of devolved Ministries/Divisions may be maintained and be got verified from Audit.

Audit also recommends that physical verification of all assets of devolved Ministries/Divisions may be carried out and a comprehensive physical verification report thereof be provided to Audit.

Irregularity & Non Compliance

4.4.3 Non-depositing of fee received from the students in government treasury - Rs. 21.252 million

Rule 7 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 deposited in full in a treasury or the bank.

The management of Federal Medical & Dental College (FM&DC), Islamabad received/collected tuition fee from students of FM&DC during April, 2013 to June, 2015 on behalf of Government in the form of Bank Drafts and was retained in the National Bank of Pakistan, NIH Branch Account No. 4018307241. Details are as under:

(Rupees)

S. No.	Batch No.	Fee for F.Y 2011-12	Fee for F.Y 2012-13	Fee for F.Y 2013-14	Fee for F.Y 2014-15	Total
1.	1st Batch	2,400,000	2,340,000	2,352,000	2,304,000	9,396,000
2.	2nd Batch	-	2,400,000	2,376,000	2,400,000	7,176,000
3.	3rd Batch	-	-	2,376,000	2,208,000	4,584,000
4.	4th Batch	-	-	-	2,400,000	2,400,000
					Grand Total	**23,556,000**
					Less Deposited into Govt. Account	**2,304,000**
					Balance	**21,252,000**

Audit observed that only an amount of Rs. 2.304 million was deposited in the government treasury and the remaining amount of Rs. 21.252 million was retained by the management.

The management replied that there was no provision for bifurcation of fee at the time of inauguration like other medical colleges in the provinces and educational institution of Federal Government under Federal Directorate of Education. Case regarding fee bifurcation was under process with Cabinet/Finance Division. As and when fee bifurcation is approved, tuition fee will be transferred to the treasury.

Audit recommends that tuition fee should be deposited into the government treasury, urgently.

4.4.4 Un-authorized retention of hostel charges - Rs. 10.640 million

Rule 7 of FTR Volume-I states that all money received by or tendered to Government officers on accounts of the revenues of the Federal Government shall without undue delay be paid in full in to a treasury or in to the bank.

The management of Federal Medical & Dental College (FM&DC), Islamabad received/collected an amount of Rs. 10.640 million as hostel funds from students from March, 2012 to June, 2015 and retained in the NBP, NIH Branch Account No. 4018307241(809-4). Being surplus funds the amount of hostel charges were required to be deposited into government account without further delay.

Audit observed that the management had not framed rules and regulation for retention and utilization of hostel fee.

The management replied that at the time of inauguration of FM&DC, tuition/hostel fee was approved in lump sum. There was no provision regarding bifurcation of fee at that time like other medical colleges in the provinces and educational institution of Federal Government under Federal Directorate of Education (FDE). The case regarding fee bifurcation was under process with Cabinet/Finance Divisions.

Audit recommends that responsibility may be fixed for the irregularity and surplus funds should be deposited into the government treasury, urgently.

4.4.5 Non-recovery of outstanding licenses fee from generation companies - Rs. 77.268 million

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

Rule-I of Part-I of National Electric Power Regulatory Authority (Fees) Rules, 2002 states that the fee will be calculated at the rate of three thousand seven hundred rupees per Mega Watt (MW) on the basis of the Gross (ISO) MW capacity of the licensed generation facility.

The management of the National Electric Power Regulatory Authority (NEPRA) issued licenses to various generation companies amounting to Rs. 77.268 million during 2014-15.

Audit observed that licenses fee was not recovered from various generation companies.

Audit is of the view that non-recovery of outstanding license fee from generation companies deprived NEPRA from its due receipts.

The management replied that NEPRA had initiated proceedings under NEPRA (Fines) Rules 2002 for recovery of the outstanding fees from defaulting licensees. The cases of five delinquent licensees were sent to District Collector for recovery of outstanding license fee of Rs. 20.598 million under Land Revenue Act. The District Collectors also issued proclamation against the defaulters in leading newspapers. An amount of Rs. 3.845 million had been recovered from the licensees subsequently. Recovery being a continuous process, NEPRA was actively pursuing the recovery cases.

Audit recommends that recovery may be got expedited.

4.4.6 Irregular and unjustified payment of Leave Fare Assistance - Rs. 3.084 million

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

Under the NEPRA Service Regulations, 2003 an amendment made to Regulation 33(6) states that the Rest and Recreation (R&R) Leave shall be admissible to employees for a period of 15 days once in each calendar year with “Leave Fare Assistance” equal to one basic pay and the debit to leave account shall, however, be 10 days provided that an employee has 10 days or more casual leave at his/her credit at the time of availing such leave.

The management of the NEPRA paid Leave Fare Assistance amounting to Rs. 3.084 million to employees who availed R&R leave from January to June, 2015.

Audit observed as under:

i. The matter had earlier been resolved during a DAC meeting held on 15.10.2014 for discussion of Audit Report 2014-15, where NEPRA was directed to discontinue the practice and to recover the already paid amount as encashment of casual leave which was deemed to be irregular.

ii. In compliance with the DAC directive, NEPRA had amended Regulation 33(6) through notification dated 14.01.2015.

iii. Contrary to DAC decision, NEPRA, instead of discontinuing the practice of encashment of casual leave and recovering the irregular payment, made changes in the Regulations in which encashment of 10 days casual leave was replaced with R&R leave of 15 days against counting of 10 days casual leave along with payment of one month’s basic pay as Leave Fare Assistance. This amended Regulation further impacted the financial burden on the exchequer.

Audit is of the view that the management avoided implementing the decision of the DAC dated 15.10.2014 through the amended Regulation by changing the nomenclature of the casual leave encashment facility with R&R leave against Casual Leave and payment of one month's basic pay as Leave Fare Assistance. The amended Regulation in fact, tripled the financial impact. This decision resulted in extra burden of Rs. 3.084 million on NEPRA fund/public exchequer from January to June, 2015.

The management replied that the services of NEPRA employees were governed by NEPRA Service Regulations (NSR), 2003. The Rest and Recreation Leave was in accordance with the NSR. Further, there were various Authorities, bodies where R&R was in practice, i.e. FBR, Privatization Commission, etc.

The reply was not accepted because NSR had been issued without framing the rules. Further, implementation of DAC decision was avoided and additional benefit was given to the employees.

Audit recommends that responsibility should be fixed for avoiding implementation of the DAC decision.

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
- National Commission of Social Welfare

- National Commission for Child Welfare and Development
- National Council for Rehabilitation of Disabled Persons
- 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 2014-15 was Rs. 16,080.007 million including Supplementary Grant of Rs. 15.015 million out of which the Division utilized Rs. 15,814.317 million. Grant-wise detail of current and development expenditure is as under:

(Rupees)

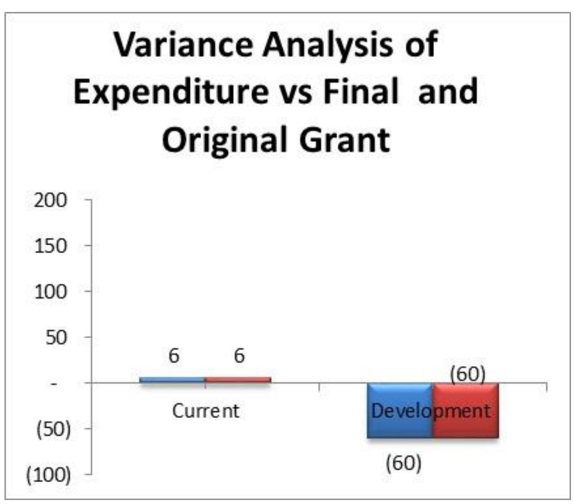
Grant No	Grant Type	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Final Grant/ Appropriation	Actual Expenditure	Excess/ (Savings)
8	Current	14,258,980,000	15,015,000	14,273,995,000	15,095,993,872	821,998,872
107	Development	1,806,012,000	-	1,806,012,000	718,323,200	(1,087,688,800)
	Total	**16,064,992,000**	**15,015,000**	**16,080,007,000**	**15,814,317,072**	**(265,689,928)**

Audit noted that there was an overall savings of Rs. 265.689 million, which was due to savings of Rs. 1,087.688 million in Development Grant No. 107, which was partly offset by excess of Rs. 821.998 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. 15.015 million were obtained, which were 10% 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 6%. In development expenditure, saving against original budget was 60% which remained the same after 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

Irregularity & Non Compliance

5.4.1 Irregular retention of government money - Rs. 39.604 million

Rule 7 of FTR Volume-I states that all moneys received on behalf of Government on account of revenues shall without delay be paid in full into Government Treasury and Government receipts should not be utilized towards expenditure.

The Defunct Ministry of Education purchased Special Saving Certificates on 27.07.1999 worth Rs. 13.708 million whose value was Rs. 37.390 million on 23.01.2009 at National Saving Centre, Melody Islamabad through sale proceeds of the German gifted papers donated to Ministry of Education for the purpose of Printing of School Text books in 1981. The Ministry also maintained account No. 0062693001 in Dubai Islamic Bank, Jinnah Avenue Islamabad with the balance amount of Rs. 2.214 million. The detail of saving certificates is as under:

Description	No. of Certificates	Amount
13 Certificates of Rs. 1000,000	13 x 1,000,000	13,000,000
01 Certificate of Rs. 500,000	01 x 500,000	500,000
02 Certificate of Rs. 100,000	02 x 100,000	200,000
01 Certificate of Rs. 5,000	01 x 5,000	5,000
05 Certificates of Rs. 500	05 x 500	2,500
04 Certificates of Rs. 100	04 x 100	400
	Total	**13,707,900**

The management of CADD also referred the case to the FA Organization for advice on the subject. The FA Organization vide diary No. 1217 dated 13.01.2014 stated that according to the 18th amendment, the subject of Education and Printing of Books had been transferred to Provinces. Therefore, it has been decided with the approval of Budget Wing of Finance Division that management of CADD might deposit the existing funds in the Federal Consolidated Fund in Account No. 1 (Non-Food). FA Organization further advised if the funds were required for the purpose of printing of text books, etc. budgetary mechanism might be adopted.

Audit observed as under:

i. The amount collected was departmental receipt and was required to be deposited into the government treasury as Ministry was neither authorized to retain the amount nor to invest it.

ii. The management did not collect interest for the last sixteen years on Special Saving Certificates.

iii. The funds were not deposited in the Federal Consolidated Fund against the advice of the FA Organization dated 13.01.2014.

iv. The management again vide O.M. No. 1-5/2015-DDO dated 25.05.2015 requested Ministry of Finance to give advice for re-investment and withdrawal of profits/principal amount or submission of these special saving certificates to government treasury.

v. The Special Saving Certificates and Cheque Book of Dubai Islamic Bank were still in the custody of the Division.

The management was informed on 31.08.2015 but no reply was received till finalization of the Audit & Inspection Report.

Audit recommends that the amount should be de-invested immediately and deposited into the government treasury. Responsibility may also be fixed for the irregular investment.

5.4.2 Irregular and unauthorized payment of honorarium - Rs. 1.535 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 Capital Administration & Development Division paid an amount of Rs. 1.535 million as honorarium to 83 employees not drawing their salaries from the budget of the Division.

S No.	Cheque No.	Date	Recipients	Amount
1.	5436440	25.06.2015	M. Ruhail Baloch, FA	52,450
2.	5436544	25.06.2015	73 persons of other departments	1,224,050
3.	5436543	25.06.2015	Abdul Wahab UDC and M. Ashraf, Driver	19,580
4.	5440313	25.06.2015	Dr. Fazle Maula , Director NIRM	53,900
5.	5436624	25.06.2015	Dr. Shahnaz Anjum Riaz, DG(FDE)	67,522
6.	5436439	25.06.2015	Raja Muhammad Akhtar Iqbal, DFA	44,492
7.	5436755	27.06.2015	Shafqat Ali, AEA	42,200
8.	5440312	30.06.2015	Dr. Tazneem Hafeez ADG	23,790
9.	5436893	30.06.2015	Dr. Ashfaq Ahmed, DG Health	58,604
10.	5436892	30.06.2015	Syed Masood Abbas Rizvi, CF&AO	59,290
			Total	**1,535,133**

Payment was made to the officers/staff belonging to the other offices like Federal Directorate of Education, NIRM, Financial Advisor/Deputy Financial Advisor, etc. who were not entitled to receive honorarium from the budget of the Division. Moreover, the management drew the honorarium claim through Drawing & Disbursing Officer instead of through payroll.

The management was informed on 31.08.2015 but no reply was received till finalization of the Audit & Inspection Report.

Audit is of the view that payment of honorarium to the employees of other offices was irregular and unauthorized.

Audit recommends that the irregular practice should be discontinued immediately besides fixing responsibility.

CHAPTER 6

6. MINISTRY OF COMMERCE

6.1 Introduction of Ministry

The Ministry of Commerce is responsible for matters concerning trade policy of the country and coordination with various trade organizations of different countries in this regard. The core operational activities of Commerce Division include:

- To define trade policy for the country
- To provide liaison among various Chambers of Commerce
- To coordinate with various trade organizations of different countries and provide one window operation for them

Under the Rules of Business, 1973 the Commerce Division is assigned the following functions:

- Imports and exports across custom frontiers
- Export promotion
- Commercial intelligence and statistics
- Tariff policy and its implementation
- Anti-dumping duties, countervailing duties and safeguard laws
- Inter-Provincial trade
- Domestic commerce
- Organization and control of Chambers and Trade Associations
- Law of insurance and regulation and control of insurance companies
- Administrative control of Attached Departments/Organizations
- Selection of Trade Officers for posting in Pakistan's Missions abroad

There are different attached departments and sub-divisions that assist the Division in performing its functions. These departments and sub-divisions are as follows:

- Trade Development Authority of Pakistan
- Trading Corporation of Pakistan
- National Tariff Commission
- State Life Insurance Corporation
- Foreign Trade Institute of Pakistan
- Pakistan Reinsurance Company
- National Insurance Company
- Pakistan Tobacco Board
- Federation of Chambers and Industry
- Pakistan Horticulture Development and Export Board

6.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Ministry for the financial year 2014-15 was Rs. 5,236.969 million out of which the Ministry utilized Rs. 3,794.564 million. Grant-wise detail of current and development expenditure is as under:

(Rupees)

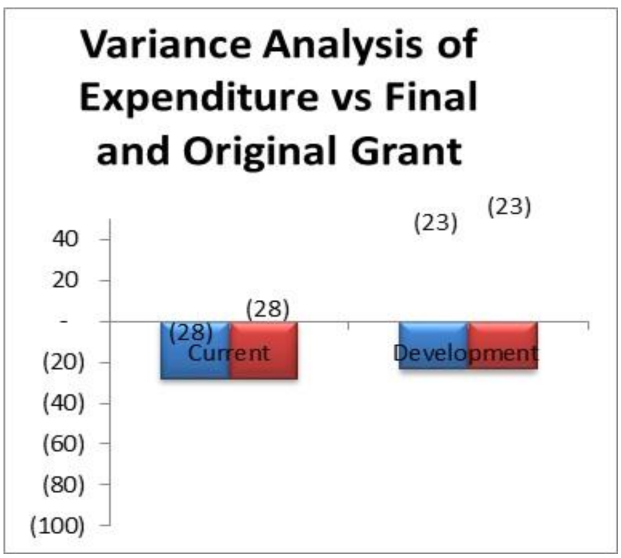
Grant No	Grant Type	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Final Grant/ Appropriation	Actual Expenditure	Excess/ (Savings)
19	Current	4,873,899,000	68,000	4,873,967,000	3,516,229,139	(1,357,737,861)
109	Development	363,000,000	2,000	363,002,000	278,335,681	(84,666,319)
	Total	**5,236,899,000**	**70,000**	**5,236,969,000**	**3,794,564,820**	**(1,442,404,180)**

Audit noted that there was an overall saving of Rs. 1,442.404 million, which was due to saving 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.'

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 28% while in the Development Expenditure the saving was 23%.



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
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%**

6.4 AUDIT PARAS

Irregularity & Non Compliance

6.4.1 Overpayment of pay and allowances to Mr. Muhammad Irfan, Section Officer - Rs. 1.139 million

Rule 20 of Revised Leave Rules, 1980 states that during study leave a government servant will draw half pay.

Ministry of Commerce's Notification No. 7(18)/2001-Admn-I dated 03.12.2012 states that Mr. Muhammad Irfan, a B-18 Officer of Commerce & Trade Group posted as Section Officer in the Ministry of Commerce was allowed to proceed for Ph.D. studies to the University of Cambridge, U.K w.e.f. 21.07.2007 to 30.06.2013 and adjusted as officer on special duty for the period of his training abroad.

Ministry of Commerce's Notification No. 7(18)/2001-Admn-I dated 14.07.2015 states that Mr. Muhammad Irfan, Section Officer, Commerce and Trade Group was granted 730 days ex-Pakistan Leave on half average pay from 01.07.2013 to 30.06.2015.

Audit observed that half pay, deputation allowance and other special allowances amounting to Rs. 1.139 million were not got stopped from the salary of the officer and were paid irregularly.

Failure to stop and recover pay and allowances from the officer is gross violation and negligence of the management which resulted in the loss of Rs. 1.139 million to the government.

The management did not reply.

Audit recommends that responsibility may be fixed for the irregularity besides effecting recovery of Rs. 1.139 million from the officer under intimation to Audit.

CHAPTER 7

7. COMMUNICATIONS DIVISION

7.1 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

7.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Communications Division for the financial year 2014-15 was Rs. 6,796.068 million including Supplementary Grant of Rs. 37.007 million out of which the Division utilized Rs. 5,670.189 million. Grant-wise detail of current and development expenditure is as under:

(Rupees)

Grant No	Grant Type	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Final Grant/ Appropriation	Actual Expenditure	Excess/ (Savings)	% age Excess/ (Saving)
16	Current	4,128,126,000	37,006,000	4,165,132,000	3,771,886,445	(393,245,555)	(9.44)
17	Current	2,521,670,000	-	2,521,670,000	1,796,765,177	(724,904,823)	(28.75)
	Subtotal	**6,649,796,000**	**37,006,000**	**6,686,802,000**	**5,568,651,622**	**(1,118,150,378)**	**(16.72)**
114	Development	109,265,000	1,000	109,266,000	101,537,838	(7,728,162)	(7.07)
	Total	**6,759,061,000**	**37,007,000**	**6,796,068,000**	**5,670,189,460**	**(1,125,878,540)**	**(16.57)**

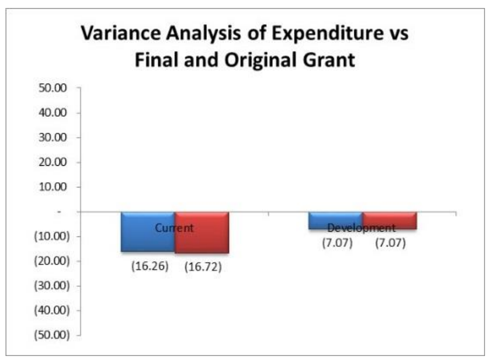
There was an overall saving of Rs. 1,125.879 million, which was mainly due to net saving of Rs. 1,118.150 million in Current Grants.

Supplementary Grants obtained without careful cash forecasting

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

During the year, Supplementary Grants of Rs. 37.007 million were obtained, which were 0.55 % 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 16.26%, which, after accounting for Supplementary Grants changed to 16.72%. In development expenditure, the saving against original budget was 7.07% which remains same when Supplementary Grants were 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
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%**

7.4 AUDIT PARAS

Irregularity & Non Compliance

7.4.1 Non-deposit of receipts into government treasury - Rs. 1.979 million

Rule 7(1) of FTR Vol-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.

The sector commanders C-I, C-II & C-III under the administrative control of DIG, NH&MP, N-5, Central Lahore opened thirteen road safety institutes in the various districts to educate the citizens about norms of safe driving and to produce the qualified drivers.

Audit observed that the sector Commanders received an amount of Rs. 1.979 million from the trainees @ Rs. 4,500 per trainee during 2014-15. Details are as under:

(Rs. in million)

S. No.	Location	Date of Establishment	Receipt
Road Safety Training Institute Sector, C-I, Okara			
1	RSTI, Kasur	16.03.2015	0.230
2	RSTI, Sahiwal	15.03.2015	0.216
3	RSTI, Pakpattan	30.03.2015	0.144
4	RSTI, Bahawalnagar	04.06.2015	0.045
5	RSTI, Okara	01.01.2015	0.284
6	RSTI, Babu Sabu Lahore	15.06.2015	0.081
		Total	**1.000**
Road Safety Training Institute Central-II, Multan			
1	RSTI, Multan Cant., Multan	15.06.2015	0.077
2	RSTI, Vehari	01.05.2015	0.068
3	RSTI, Lodhran	15.04.2015	0.329
4	RSTI, Muzaffargarh	15.04.2015	0.153
5	RSTI, Dera Ghazi Khan	15.05.2015	0.05
6	RSTI, Layyah	15.05.2015	0.054
		Total	**0.731**
Road Safety Training Institute Central-III, Rahim Yar Khan			
1	RSTI, LINE HQ, R.Y. Khan	04.07.2015	0.248
		Total	**0.248**
		Grand Total	**1.979**

Audit observed as under:

i. Fee was charged @ Rs. 4,500 instead of Rs. 3,000 per trainee in violation of the instructions of the competent authority.

ii. Instead of depositing the receipt into the government treasury the same was retained in the NH&MP chest.

Retention of Government receipts outside the Government treasury and subsequent utilization was irregular and unauthorized. The department also deprived the Government of its due receipts.

The management replied that it was a project launched on no-profit-no-loss basis in the supreme interest of general public. No public/government funds were involved to meet the expenditure. All types of expenses like vehicles rent, fuel expenses, electricity charges, sweeper wages, office maintenance, repair/ development and other expenditures of institutes were being met from the fee collected from the trainees. The income was not used as public/government resource.

The reply was not accepted because as per the Standard Operating Procedure (SOP) dated 19.04.2012 the road safety institutions would be established through welfare fund and fee collected from the trainees could not be utilized to meet the day to day expenditure of the institutes.

Audit recommends that the fee collected should be deposited into the government treasury besides discontinuation of this irregular practice.

CHAPTER 8

8. CONTROLLER GENERAL OF ACCOUNTS

8.1 Introduction

The office is the premier accounting office of the Government of Pakistan and has been entrusted the task of producing timely and accurate financial statements of the Federation. The office achieves this task through dedicated human resource, massive investment infrastructure and strict quality control checks by the senior officers.

The main functions of the Controller General of Accounts as envisaged in Controller General of Accounts (Appointment, Functions and Powers) Ordinance, 2001 are:

i. To prepare and maintain the accounts of the Federation and Provinces and District Governments.

ii. To authorize payments and withdrawals from the Consolidated Fund and Public Accounts of the Federal and Provincial governments.

iii. Formulating the principles governing the internal financial control for government departments.

iv. Rendering advice on accounting procedure for new schemes, programs or activities undertaken by the Government concerned.

v. Providing the information required by the Federal, Provincial or District Governments (in so far as accounts compiled permit).

vi. Developing and maintaining an efficient system of pension, provident funds and other recruitment benefits.

8.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Controller General of Accounts (CGA) for the financial year 2014-15 was Rs. 2,838.999 million including Supplementary Grant of Rs. 1.002 million out of which the CGA utilized Rs. 3,562.350 million.

Grant-wise detail of current expenditure is as under:

(Rupees)

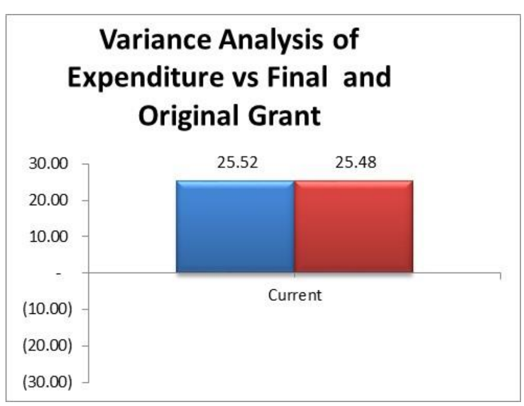
Grant No	Grant Type	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Final Grant/ Appropriation	Actual Expenditure	Excess/ (Savings)	% age Excess/ (Saving)
28	Current	2,837,997,000	1,002,000	2,838,999,000	3,562,350,486	723,351,486	25.48

Audit noted that there was an excess expenditure of Rs. 723.351 million.

Supplementary Grants obtained without careful cash forecasting

In order to ensure prudent financial management, Para 13(vii) of System of Financial Control and Budgeting, 2006 states that 'Ministries/Divisions should be able to anticipate budgetary requirements well ahead of the financial year to which the budget relates and obtain the concurrence of the Finance Division. The Finance Division is expected to decline any request for Supplementary Grants except in extraordinary circumstances.' This document further states that 'the funds obtained from Supplementary Grants shall be expended for the purposes for which these have been sanctioned. In current expenditure, demands for Supplementary Grants shall not be made, except in extraordinary circumstances.' During the year, Supplementary Grants of Rs. 1.002 million were obtained, which were 0.04% 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 expenditure was 25.52%, which, after accounting for Supplementary Grants changed to 25.48%.



8.3 Brief comments on the status of compliance with PAC Directives

There is no PAC directive.

8.4 AUDIT PARAS

Irregularity & Non Compliance

8.4.1 Irregular grant of advances without recovery of interest - Rs. 30.399 million

Para 253-A(2)(iv) of GFR (Volume-I) states that a second advance may, however, be granted to a government servant for the construction of a house in Islamabad provided he has fully repaid the advance previously drawn from the Government with interest thereon.

The office of the Accountant General Pakistan Revenues, Islamabad granted an amount of Rs. 30.399 million as House Building Advance, Motor Car Advance and Motorcycle Advance to its employees during 2013-14.

(Rupees)

S. No.	Nature of Advance	No. of employees	Amount
1.	House Building Advance	19	14,349,100
2.	Motor Car Advance	32	14,400,000
3.	Motor Cycle Advance	22	1,650,000
			30,399,100

Interest on previously drawn advances was not recovered.

Sanctioning of second advances without recovery of interest on advances previously drawn was irregular and unauthorized.

The management replied that interest is always recovered from employees who are in BS-16 and above and their GP Fund Accounts were interest bearing.

The reply was not accepted because the management did not provide any documentary proof regarding recovery of interest amount.

Audit recommends that General Financial Rules should be observed and interest should be recovered.

CHAPTER 9

9. ELECTION COMMISSION OF PAKISTAN

9.1 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.

9.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Election Commission for the financial year 2014-15 was Rs. 5,510.404 million including Supplementary Grant of Rs. 3,667.041 million out of which the Commission utilized Rs. 3,349.243 million. Grant-wise detail of current and development expenditure is as under:

(Rupees)

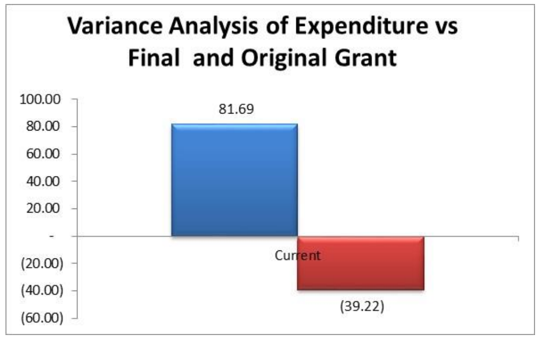
Grant No	Grant Type	Original Grant	Supplementary Grant/ Appropriation	Final Grant/ Appropriation	Actual Expenditure	Excess/ (Savings)	% age Excess/ (Saving)
J	Charged	1,843,363,000	3,667,041,000	5,510,404,000	3,349,242,819	(2,161,161,181)	(39)

Audit noted that there was an overall savings of Rs. 2,161.161 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. 3,667.041 million were obtained, which was 198.93% 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 81.69%, which, after accounting for Supplementary Grant changed to savings of 39.22%.



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
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%

9.4 AUDIT PARAS

Irregularity & Non Compliance

9.4.1 Unauthorized payment of honorarium to employees of other departments - Rs. 1.255 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 Election Commission of Pakistan paid an amount of Rs. 1.255 million as honorarium during 2014-15.

Audit observed that the honorarium was paid to the employees of other departments' i.e. Finance Division, Controller General of Accounts, Accountant

General Pakistan Revenues, Pakistan Public Works Department and National Telecommunication Corporation.

Audit is of the view that the payment of honorarium to the employees of other departments who were not on the payroll of the ECP was irregular and unauthorized.

The management did not reply.

Audit recommends that the responsibility may be fixed for making payment of honorarium to the staff of other departments besides stopping the irregular practice and recovery.

9.4.2 Irregular appointment of Director General (Admin)

Regarding employment of retired Armed Forces Officers/personnel in Civil Post Establishment Division O.M. No. 10/4/60-E.XIII, dated 03.06.1961 states the Ministry of Defence desires that they should be consulted in regard to the employment of released/retired military officers, in civil posts under the various Ministries/Divisions. Accordingly, it was decided that whenever any Ministry/Division, or any authority under them proposes to employ a released/retired military officer as a result of an application made to them direct (and not through the Ministry of Defence) the Ministry of Defence should be consulted by the Ministry/Division etc. concerned before such an officer is employed by them.

In terms of Rule-59(1) of Election Commission (Officers and Servants) Rules,1989 the appointment to a post or class of posts may be made by one or more of the following methods, namely:

a) By promotion of a person employed in the Secretariat, or office of a Provincial Election commissioner or any of its subordinate offices at divisional and district level.
b) By transfer on deputation of a person serving outside the Secretariat, and the other offices referred to in Clause(a) in connection with the affairs of the Federation or of a Province, on such terms and conditions as may, by general or special order, be specified by Commissioner.
c) By direct recruitment.

The management of the Election Commission of Pakistan recruited Director General, Admn (B-20) on contract basis for two years w.e.f 19.05.2015 on standard terms and conditions vide Notification No.F.4 (23)/2015-Estt-I dated 21.05.2015.

Audit observed that the appointment on contract was made in violation of Election Commission (Officers and Servants) Rules, 1989 and methods of appointments notified vide notification No.F.3(5)/89-Estt.I date 14.12.1989 which states that the post of B-20 was required to be filled through promotion or by transfer. Moreover, the Defence Division was not consulted before making appointment of retired army officer as required under the instructions of the Establishment Division.

The appointment was made in violation of rules and was, therefore, irregular.

The management did not reply.

Audit recommends that the appointments may be made in accordance with the provision of Election Commission (Officers and Servants) Rules, 1989 and method of appointments notified vide notification No.F.3(5)/89-Estt.I date 14.12.1989 besides fixing responsibility for irregular appointments already made.

9.4.3 Irregular appointment of Additional Director General, Gender Affairs

Article 221 of the Constitution states that until Majlis-e-Shoora (Parliament) by law otherwise provides, the Election Commission may with the approval of the President make rules providing for the appointment by Election Commission of officers and servants to be employed in connection with functions of Election Commission and for their terms and conditions of employment.

Rule 4(1) of Election Commission (Officers and Servants) Rule, 1989 states that the Secretariat, the officers of the Provincial Election Commissioners and the offices at divisional and district level shall have such permanent or temporary posts and in such scales of pay as may, from time to time, be sanctioned by Commissioner with the approval of the President in addition to the existing strength of permanent and temporary posts.

Rule 5(4)(a) of Election Commission (Officers and Servants) Rule,1989 states that the qualification and experience required for appointment to the posts under the Commission in the case of posts in the Secretariat, the same as are required for appointment to the corresponding posts in the Federal Secretariat.

The management of Election Commission of Pakistan Islamabad made appointed against the post of Additional Director General Gender Affairs (B-20) vide notification No.F.3 (18)/2013-Estt-I dated 06.05.2015.

Audit observed as under:

i. The post was created without obtaining the approval of the competent authority as required under Rule 4(1) of Election Commission (Officers and Servants) Rule, 1989.
ii. The evaluation record of the candidates interviewed by the Board was not prepared.
iii. The selected candidate did not possess the required experience of 16 years as laid down in the advertisement as the candidate passed her master degree during 2008 and LLM during 2012-13.
iv. The criteria for short listing of the candidates were not prepared.
v. Total number of applications received was not provided to Audit.

Audit is of the view that post was created without obtaining the approval of competent authority and in absence of approved recruitment rules. Therefore, the appointment was irregular.

The management did not reply.

Audit recommends that responsibility may be fixed for the irregularity.

CHAPTER 10

10.ESTABLISHMENT DIVISION

10.1 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.

10.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Establishment Division for the financial year 2014-15 was Rs. 3,686.827 million including Supplementary Grant of Rs. 56.926

million out of which the Division utilized Rs. 3,486.739 million. Grant-wise detail of current expenditure is as under:

(Rupees)

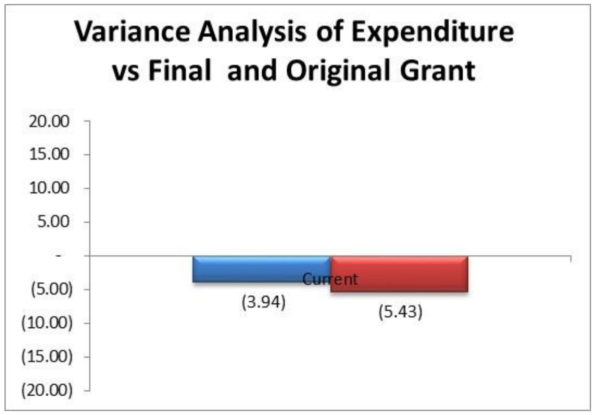
Grant No	Grant Type	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Final Grant/ Appropriation	Actual Expenditure	Excess/ (Savings)	% age Excess/ (Saving)
5	Current	2,110,324,000	6,992,000	2,117,316,000	1,912,645,021	(204,670,979)	(9.67)
6	Current	444,181,000	14,000	444,195,000	496,388,061	52,193,061	11.75
7	Current	1,075,396,000	49,920,000	1,125,316,000	1,077,706,144	(47,609,856)	(4.23)
	Total	**3,629,901,000**	**56,926,000**	**3,686,827,000**	**3,486,739,226**	**(200,087,774)**	**(5.43)**

Audit noted that there was an overall saving of Rs. 200.088 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. 56.926 million were obtained, which was 1.57% 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, savings in current expenditure were 3.94%, which, after accounting for Supplementary Grants changed to 5.43%.



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
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%

10.4 AUDIT PARAS

Irregularity & Non Compliance

10.4.1 Less recovery of Income Tax from Chairman and Members - Rs. 1.475 million

Section 149(1) of the Income Tax Ordinance, 2001 states that every employer paying salary to an employee shall deduct tax from the amount paid as salary for the tax year in which the payment is made. In case recovery at source is not made by the employer, Section 161(1)(a) allows the Income Tax Authorities to recover the same from the employer.

The management of Federal Public Service Commission (FPSC), Islamabad paid salaries amounting to Rs. 42.352 million to the Chairman and

Members of FPSC and deducted an amount of Rs. 6.229 million on account of Income Tax during 2013-14. Details are as under:

(Rupees)

S. No.	Name / Designation	Taxable Salary (including admissible HRA)	Income Tax Payable	Income Tax Deducted	Difference
1.	Mr. Malik Asif Hayat, Chairman	6,984,000	1,420,600	1,190,917	229,683
2.	Mr. Mansoor Suhail, Member	6,339,600	1,243,390	1,004,513	238,877
3.	Mr. Ghalib Ud Din, Member	3,172,200	401,245	365,310	35,935
4.	Mr. Moin Ul Islam Bokhari, Member	5,815,700	1,099,318	687,500	411,818
5.	Abdul Wajid Rana, Member	6,344,400	1,244,710	1,053,217	191,493
6.	Mr. Muhammad Ayub Qazi, Member	6,344,400	1,244,710	1,053,217	191,493
7.	Mr. Amjad Nazir, Member	4,179,600	649,390	497,054	152,336
8.	Mr. Imtiaz Kazi, Member	3,172,200	401,245	377,710	23,535
	Total	**42,352,100**	**7,704,608**	**6,229,438**	**1,475,170**

Audit observed that Income Tax amounting to Rs. 1.475 million was less deducted from the salaries of the Chairman and Members of FPSC.

Less deduction of Income Tax deprived the government from its due receipts.

The management replied that the calculation and deduction of Income Tax was sole responsibility of AGPR. On the start of every financial year, the AGPR calculates total Income Tax to be paid by each employee and completes deduction up to 31st May of respective financial year. The pay slips of Chairman and Members of FPSC for the month of May, 2014 show that recovery of Income Tax had been completed and nothing was outstanding against them on account of Income Tax.

The reply was not accepted because under Section 149(1) of the Income Tax Ordinance, 2001 employer is responsible for deduction of Income Tax on salaries.

Audit recommends that Income Tax less deducted should be recovered and deposited into the government treasury.

10.4.2 Non-recovery of outstanding amount of course fee - Rs. 20.950 million

Para 26 of GFR Vol-I provides that subject to any special arrangement that may be authorized by competent authority with respect to any particular class of receipts, it is the duty of the departmental controlling officers to see that all sums due to Government are regularly and promptly assessed, realized and duly credited in the public account.

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

Management of National Institute of Management (NIM), Karachi conducted the regular Senior Management Courses (SMC) and Mid-Carrier Management Courses (MCMC) during 2014-15 and an amount of Rs. 20.950 million on account of course fee for these courses against Government of Sindh remained outstanding.

Audit is of the view that, non-recovery of government dues was a lapse on the part of management and a violation of rules.

The management did not reply.

Audit recommends that outstanding amounts should be recovered immediately and action be taken against the person (s) at fault.

10.4.3 Non-recovery of training dues from federal and provincial governments - Rs. 134.983 million

According to Board of Governors of Pakistan Academy for Rural Development, Peshawar letter No. VI(II)/61 dated 17.12.1969 "The Federal Government and Provincial Governments will share expenditure of Pakistan Academy for Rural Development Peshawar at the following proportions:

(i)	Federal Government	60%
(ii)	Provincial Governments	40%

The management of Pakistan Academy for Rural Development, Peshawar has shown an amount of Rs. 134.983 million as outstanding against provincial governments and federal government up to 2014-15.

Audit observed that the management did not recover the outstanding amounts from various Provincial and Federal Governments departments.

The management replied that repeated reminders were issued for recovery but no action had yet been taken by the respective departments. Now the case for recovery of provincial shares had been referred to Finance Division, Government of Pakistan, Islamabad.

Audit recommends outstanding amount should be recovered forthwith.

CHAPTER 11

11. FEDERALLY ADMINISTERED TRIBAL AREAS (FATA) SECRETARIAT

11.1 Introduction of Secretariat

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 in 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 were 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. FATA Secretariat has undertaken surveys for improvement in the development programs 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.

11.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Federally Administered Tribal Areas (FATA) for the financial year 2014-15 was Rs. 23,949.333 million including Supplementary Grant of Rs. 2,331.130 million against which the FATA Secretariat utilized Rs. 25,815.054 million. Grant-wise detail of current and development expenditure is as under:

(Rupees)

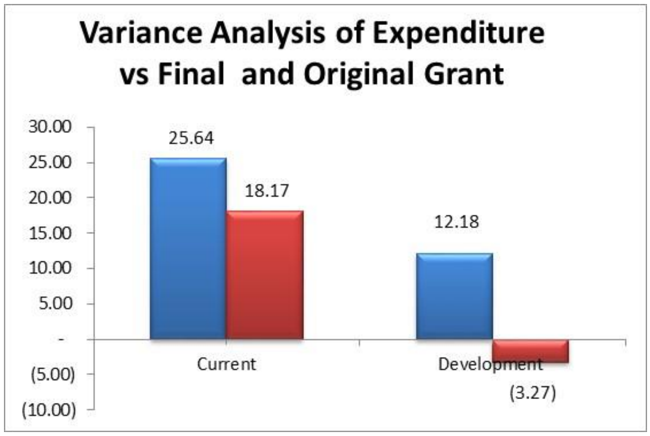
Grant No	Grant Type	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Final Grant/ Appropriation	Actual Expenditure	Excess/ (Savings)	% age Excess/ (Saving)
91	Current	11,618,203,000	734,260,000	12,352,463,000	14,596,879,896	2,244,416,896	18.17
125	Development	10,000,000,000	1,596,870,000	11,596,870,000	11,218,173,743	(378,696,257)	(3.27)
	Total	**21,618,203,000**	**2,331,130,000**	**23,949,333,000**	**25,815,053,639**	**1,865,720,639**	**7.79**

Audit noted that there was an excess expenditure of Rs. 1,865.721 million, which was due to excess expenditure of Rs. 2,244.417 million in Current Grant which was partly offset by saving of Rs. 378.696 million in Development Grant.

Supplementary Grants obtained without careful cash forecasting

In order to ensure prudent financial management, Para 13(vii) of System of Financial Control and Budgeting, 2006 states that ‘Ministries / Divisions should be able to anticipate budgetary requirements well ahead of the financial year to which the budget relates and obtain the concurrence of the Finance Division. The Finance Division is expected to decline any request for Supplementary Grants except in extraordinary circumstances.’ This document further states that ‘the funds obtained from Supplementary Grants shall be expended for the purposes for which these have been sanctioned. In current expenditure, demands for Supplementary Grants shall not be made, except in extraordinary circumstances.’ During the year, Supplementary Grants of Rs. 2,331.130 million were obtained, which was 10.78% of the Original Budget.

According to Para 71 of General Financial Rules (Volume I), while framing budget estimates, the authorities should exercise utmost foresight. Variation between estimated and actual expenditure captures the level of foresight that goes into budget formulation. As shown in the chart below, the excess in current expenditure was 25.64%, which, after accounting for Supplementary Grants, reduced to 18.17%. In development expenditure, excess in original budget was 12.18% which changed to savings of 3.27% when Supplementary Grants were taken into account.



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
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%

11.4 AUDIT PARAS

Irregularity and Non-compliance

11.4.1 Non-deposit of profit into government treasury - Rs. 18.580 million

Para 7(i) of FTR states that all receipts of government must immediately be deposited into Government Treasury.

The Secretary Law & Order FATA maintained a profit bearing bank account in Allied Bank Limited, Warsak Road Branch, Peshawar during 2014-15. An amount of Rs. 18.58 million was reflected as earned profit on the deposits in the cash book up to June, 2015. However, there was no evidence that profit was deposited into the government treasury.

Non-deposit of profit into the government treasury was irregular and violation of rules.

The management replied that the fund of Village Defence Committee (VDC) was established with the approval of Apex Committee duly endorsed by the Finance Division, Islamabad. The unspent balance of Rs. 6.56 million would be released to the concerned PAs as per their requirements. As and when the fund stood exhausted, the profit earned so far would be deposited into the government treasury.

Audit recommends that profit should be deposited into the government treasury immediately at the time it is earned.

11.4.2 Irregular drawing from Assignment Accounts - Rs. 3,143.549 million

According to Para-2 (vi) of Revised Procedure For Operation Of Assignment Accounts of Federal Government "The officers holding Assignment Accounts will ensure that no money is drawn from these accounts unless it is required for immediate disbursement. Moneys will not be drawn for deposit into chest or any bank account".

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

The Secretary Law and Order FATA incurred expenditure of Rs. 3,143.549 million out of compensation to the victims of terrorist acts in FATA that was shown paid to the Political Agents/Deputy Commissioners of the respective agencies/regions during the financial year 2014-15.

Audit observed as under:

i. Funds drawn from the Assignment Account were placed with Political Agents/Deputy Commissioners for disbursement to the victims of terrorist acts but evidence of disbursements was not provided to Audit.

ii. Out of the drawn amount of Rs. 3,143.549 million only Rs. 400 million were claimed to have been disbursed to the victims of terrorist acts during 2014-15.

Audit is of the view that the funds were not utilized for the intended purpose.

The management replied that the amount transferred to PAs/DC FRs from the Assignment Account in lump sum for distribution to the legal heirs of victims was kept in the designated PAs account for the time being until codal formalities were fulfilled and payments made.

Audit recommends that the practice may be stopped and payments should be made directly to the concerned, besides fixing responsibility against the person(s) at fault.

11.4.3 Overpayment of Gratuity - Rs. 79.89 million

Order No. 18(a) Gratuity (Amendment to Service Standing Orders) Chapter VII of the Federally Administrative Tribal Areas Development Corporation Service standing Orders 1973, provides that if an employee retires or is discharged from service by the competent authority, he will be entitled to receive gratuity @ one month pay for each year of service, provided that he is not dismissed on disciplinary grounds.

The Secretary, Administration and Coordination, FATA paid Rs. 108.44 million as gratuity to 47 employees of the defunct FATA Development Corporation during 2012-15, out of these 47 employees, 46 employees were paid gratuity equal to 4 months basic pay and one was paid for completed year of service. Resultantly the 46 employees were overpaid Rs. 79.89 million.

Gratuity in excess of admissible rates was irregular and recoverable.

The management replied that the concerned employees made a mercy appeal for enhancement of gratuity which was processed through Finance Department FATA and in light of Ministry of SAFRON letter No. F.2(7)-FATA/2002 dated 06.07.2002, the Governor KP approved the same.

The reply was not accepted because payment was made in violation of Order No. 18(a) Gratuity (Amendment to Service Standing Orders) Chapter VII of the Federally Administrative Tribal Areas Development Corporation Service standing Orders, 1973.

Audit recommends that amount paid irregularly should be recovered besides discontinuation of this practice.

11.4.4 Overpayment on account of executing excess quantities - Rs. 7.947 million

Para 9 of GFR VOL-1 states, as a general rule no authority may incur any expenditure or enter into any liability involving expenditure from public funds until the expenditure has been sanctioned by general or special orders of the President or by an authority to which power has been duly delegated in this behalf and the expenditure has been provided for in the authorized grants and appropriations for the year.

The Management of FATA Development Authority Peshawar awarded the work, improvement of Khunaaria Sabonia to Mulagori, 4 KM road section to M/s Zakha Khel and paid Rs. 7.947 million for the item of work, ‘excavation in shingle gravel formation’ vide cheque No. A188190 dated 29.06.2015.

Audit observed that payment to the contractor was made for an item which had not been provided in the BOQ or the Technical Sanction.

Audit is of the view that execution of Non-BOQ item without an approved variation order was un-authorized due to which an irregular payment of Rs. 7.947 million was made to the contractor.

The management replied that estimated quantities always vary as per actual site requirement, however, the overall expenditure remained within the approved cost estimates, therefore, no excess payment was made.

The reply of the department was not plausible. The item executed did not constitute a part of the approved BOQ. Further no approved variation order was found available on record to show that the item was made a part of the approved estimated cost and thus allowed to be executed.

DAC in its meeting held on 14.01.2016 directed to initiate a fact finding inquiry and its outcome be reported to Audit within one month. DAC advised to equip Project Management Units/Departments with qualified Accountants and Engineers to ensure that payments were made in accordance with contractual conditions and within approved Technical Sanction to avoid any irregular payment.

Audit recommends that the amount may be recovered under intimation to Audit.

11.4.5 Overpayment on account of executing excess quantities - Rs. 23.602 million

According to Para-19(iv) of GFR Vol-I, no payment should be made to contractor outside the strict terms of the contract or in excess of the contract rates.

The Management of FATA Development Authority Peshawar awarded the work, Construction of road from Ekka Ghund to Marble city via Darwazgai (Phase-I 10 KM) to M/s Manzar Hussain and an amount of Rs. 23.602 million was paid vide cheque No. A188093 dated 23.06.2015 for the 15th Running bill.

Audit observed that the contactor executed excess quantities than the technically sanctioned estimates and was paid excess amount as given in the table below.

Audit was of the view that the excess quantities of items were more than 5% of the technical sanction cost that resulted into an overpayment of Rs. 23.602 million to the contractor. Details are as under:

S. No.	Item of work	Qty: executed	T.S quantity	Difference	Rate	Amount
1	Sub grade preparation in rock cut (KM 1-4)	10820.88 M3	4854.67 M3	5966.21	81.26	484,814
2	Sub grade preparation in earth (KM 5-10)	7020.41 M3	2396.71 M3	4623.70	31.96	147,773
3	Roadway excav: surplus/unsuitable rock	17492.71 M3	12789.10 M3	4703.61	500.56	2,354,439
4	Formation of embankment from borrow excav: in common: material	70198.95 M3	16819.29 M3	53379.66	440.32	23,504,132
					Total	**26,491,158**
					Add 3% cost factor	**794,735**
					Total	**27,285,893**
					Deduct 13.50% below	**3,683,595**
					Net	**23,602,297**

The management replied that the items executed were within the approved cost of the project and no access was made over and above the project cost.

The reply is not plausible. The quantities shown as executed are much in excess of the sanctioned quantities while there is neither any approved variation order nor does the record show any plausible reason for execution of the additional work to enable execution of excess quantities. The adequacy of estimated cost is the prime responsibility of the management that is required to be ensured.

DAC in its meeting held on 14.01.2016 directed to initiate a fact finding inquiry and required that its findings be shared with Audit within one month. DAC further directed all Departments to remain within the contractual items/cost and approved Technical Sanction and observe the limit of variation up to 15% above contractual cost.

Audit recommends that the payment of the excess amount without recording of cogent reasons may be recovered under intimation to audit.

11.4.6 Loss due to purchase of Solar energy items on higher rates - Rs. 98.348 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 10 of Public Procurement Rules, 2004, provides that specifications shall allow the widest possible competition and shall not favor any single contractor or supplier nor put others at a disadvantage. Bid evaluation criteria and details of standards that are to be used in assessing the quality of goods shall be included in competitive bidding documents.

The management of FATA Development Authority planned and executed solarization activities in FATA villages and procured various solar energy items as shown in the table below.

Audit observed that the management purchased various solar energy items on 02.06.2013 and 26.06.2013 at different rates from different suppliers.

Audit is of the view that there was unreasonable difference of rates for the same items within the same month of purchase due to which a huge loss of Rs. 98.348 million was inflected on the Government Exchequer.

Name of Project/ Contractor	**Particulars**	**Previous Rate (Minimum) on 02.06.13**	**New Rates (Higher) on 26.06.13**	**Difference**	**Quantity**	**Amount**
Solar Energy to Villages in FATA (Phase-I) Ali & Co	Solar Pumping Systems	710,601	1,637,362	926,761	47	43,557,767
		710,601	1,604,167	893,566	48	42,891,168
Solar Energy to Villages in FATA (Phase-III & IV)	Solar Street Lights	105,336	121,622	16,286	37	602,582
Solar Energy to	Solar	1,411,428	1,637,362	225,934	50	11,296,700

Villages in FATA (Phase-IV)	Pumping Systems					
					Total	**98,348,217**

The management replied that solar energy to villages Phase-I and Phase-IV are two separate projects which were tendered on two separate dates. Different firms participated in each tender. After processing the tenders as per PPRA rules, the works were awarded to two different firms, being the lowest.

The reply of the management was not satisfactory. The purchases were made within the same month of June 2013 with a periodic difference of 24 days, therefore, such a huge difference in rates of the same items could not be justified.

DAC pended the para with the direction to produce the record to Audit, copies of bills and invoices for each phase.

During the ensuing verification of record the management failed to produce the complete record to establish their point of view. However, it was verified that specifications of items being compared were same in both the cases.

Audit recommends that responsibility be fixed for the irregularity.

CHAPTER 12

12. MINISTRY OF FEDERAL EDUCATION AND PROFESSIONAL TRAINING

12.1 Introduction of Ministry

The following departments/offices and functions were assigned to Ministry of Federal Education and Professional Training 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

12.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Ministry of Federal Education and Professional Training for the financial year 2014-15 was Rs. 3,865.495 million including Supplementary Grant of Rs. 3,865.495 million out of which the Division utilized Rs. 3,018.700 million. Grant-wise detail of current and development expenditure is as under:

(Rupees)

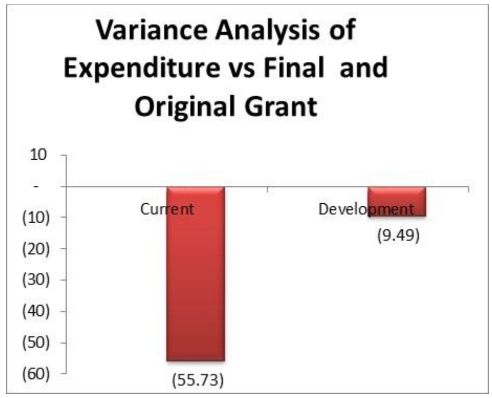
Grant No	Grant Type	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Final Grant/ Appropriation	Actual Expenditure	Excess/ (Savings)	% age Excess/ (Saving)
82A	Current	-	1,037,799,000	1,037,799,000	459,475,095	(578,323,905)	(55.73)
123A	Development	-	2,827,696,000	2,827,696,000	2,559,225,341	(268,470,659)	(9.49)
	Total	-	**3,865,495,000**	**3,865,495,000**	**3,018,700,436**	(846,794,564)	(21.91)

Audit noted that there were overall savings of Rs. 846.795 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. 3,865.495 million were obtained without any 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, there were savings of 55.73% in current expenditure after accounting for Supplementary Grants. There were savings of 9.49% in development expenditure.



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
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%

12.4 AUDIT PARAS

Irregularity & Non Compliance

12.4.1 Unauthorized withdrawal from endowment fund - Rs. 1.579 million

Rule 23 of GFR Volume-1 states that every Government Officer should realized 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 was 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.

As per letter No.45/PD(BECS)/2011 dated 05.01.2012 of Basic Education Community Schools (BECS), 540 Social Action Programme Schools with over 100 teachers were taken over from the Education Department, Gilgit-Baltistan/communities and merged in the BECS project under an agreement signed between the Federal Minister of Education and the Governor Gilgit-Baltistan on 15th September 2009. Under this agreement endowment funds of said schools amounting to Rs. 124 million were also taken over with the condition that the capital amount would not be utilized and invested in most beneficial scheme while its profit only would be used for supplementing teachers salaries as and when required.

The management of BECS Head Office Islamabad withdrew an amount of Rs. 1.579 million from the endowment funds being maintained in Soneri Bank Limited, Main Branch, Gilgit (Account No.1010506851).

Audit observed as under:

i. Purpose and authorization for utilization of the withdrawn funds were not provided to Audit.

ii. Vouchers in support of withdrawal and expenditure thereof were not made available.

Audit is of the view that withdrawal from endowment fund without any known purpose and authorization was irregular. Moreover, in the absence of supporting record and purpose of withdrawal, the risk of misappropriation could not be overruled.

The management replied that Mr. Kamran Zafar, Ex-MD (NEF) changed the signatories of the bank account during 2011-12 and requested for issuing a new cheque book. Regional Director, Gilgit-Baltistan did not provide any record of vouchers and detail of payment in this regard.

The reply indicates that management has accepted audit observation.

Audit recommends that a detailed inquiry should be conducted to fix the responsibility and determine the whereabouts of the funds.

12.4.2 Project staff appointed irregularly

The management of Ministry of Federal Education and Professional Training (Main Secretariat), Islamabad advertised the posts of the Project Monitoring and Evaluation Cell on contract basis. The qualification and experience criteria for the posts was as under:

S. No.	Post / BPS	Education	Experience	Age Limit
1.	Research Associate (B-17)	Masters in Economic/ Project Management/ Development Studies or Public Policy	03 years	35 years
2.	Field Supervisor (B-16)	Bachelors	02 years	30 years
3.	Assistant (B-14)	Bachelors	Nil	30 years

The management of Ministry of Education, Trainings and Standards in Higher Education (Main Secretariat) appointed the following persons under Project Monitoring and Evaluation Cell:

S. No.	Name	Post / BPS	Date of Appointment
1.	Ms. Sadia Yousaf	Research Associate (B-17)	02.05.2013
2.	Mr. Muhammad Zeeshan Tariq	Field Supervisor (B-16)	03.05.2013
3.	Raja Shakir Aftab Janjua	Field Supervisor (B-16)	06.05.2013
4.	Mr. Afan Ali	Assistant (B-14)	03.05.2013

Audit observed as under:

i. Ms. Sadia Yousaf was not included in the final list of the candidates that had applied for the post of Research Associate (B-17).

ii. Mr. Muhammad Zeeshan Tariq was declared ineligible in the final list of the candidates that applied for the post of Field Supervisor (B-16).

iii. Raja Shakir Aftab Janjua was not included in the final list of the candidates that applied for the post of Field Supervisor (B-16).

iv. Mr. Afan Ali was not included in the final list of the candidates that applied for the post of Assistant (B-14).

Audit is of the view that the appointment of project staff and payment of salaries to these employees was irregular and unauthorized.

The management replied that the record reviewed by the audit team was not complete as the information/record was maintained in various folders /

volumes. All the officers/officials had undergone test/interview process conducted by the Recruitment Committee headed by the then Additional Secretary. Names of Officers/Officials mentioned in the subject audit observation were available in the attendance sheet, interview scoring and final selection sheets that were all duly signed by the members of Recruitment Committee and approved by the Secretary, Ministry of Federal Education and Professional Training.

The record was verified and it was found that earlier audit points raised in the audit observation were actually based on facts.

Audit recommends that responsibility may be fixed for the irregular appointments.

12.4.3 Less deduction of Income Tax from salaries of employees - Rs. 1.599 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 on the estimated income of the employee chargeable under the head "Salary" for the tax year in which the payment is made.

Section 161(1)(a) of Income Tax Ordinance, 2001 states that where a person fails to collect tax or deduct tax from a payment the person shall be personally liable to pay the amount of tax to the Commissioner who may pass an order to that effect and proceed to recover the same.

The management of Federal Board of Intermediate and Secondary Education (FBISE), Islamabad paid salaries to its employees amounting to Rs. 246.220 million and deducted Income Tax amounting to Rs. 13.741 million thereof during 2013-14.

Audit observed that an amount of Rs. 1.599 million on account of Income Tax was less deducted from the salaries of the employees.

Audit is of the view that less deduction of Income Tax deprived the government from its due receipts.

The management replied that Income Tax calculation and deduction had been made correctly and accurately as per the direction/rules of FBR from July, 2012 to June, 2015. Now the FBISE has streamlined all its tax matters, especially the deduction of Income Tax from the salaries of FBISE employees.

The reply was not accepted because management did not provide documents relating to correct calculation and deduction of Income Tax relating to the period 2013-14.

Audit recommends that less deducted amount of Income Tax be recovered for deposit into government treasury.

12.4.4 Irregular crediting of interest/profit on GP Fund at higher than earned rates on investments

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

The management of Federal Board of Intermediate and Secondary Education (FBISE), Islamabad allowed and credited interest/profit on General Provident Fund balances of the subscribers (employees) as follows:

S. No.	Financial Year	Rate
1.	2008-09	15.00%
2.	2009-10	14.00%
3.	2010-11	14.20%
4.	2011-12	13.70%
5.	2012-13	12.00%
6.	2013-14	13.50%
7.	2014-15	11.75%

Audit observed that the management credited interest/profit on General Provident Fund (GPF) balances of the subscribers (employees) in excess of actual interest/profit earned on the investment of these funds. For instance the current investment portfolio of the FBISE shows that the management earned interest/profit on investments ranging from 7.50% to 10.00% per annum.

Audit is of the view that crediting of interest/profit in excess of actual rates earned from investment was not sustainable for the fund. The difference of interest/profit paid periodically was being borne from FBISE resources.

Utilization of FBISE resources for such purpose and was thus irregular and unauthorized because the GPF comprised only personal savings of the members.

The management replied that interest on GPF balances of employees were being credited in accordance with the rates announced by the Finance Division in light of GPF Rules.

The reply was not accepted because FBISE being an autonomous body should have had its GP Fund Trust that was responsible for profitable investment of funds and distribution of actual interest/profit earned on investments amongst members. The Finance Division declares its annual profit rates for the GP Fund for employees who deposit their contribution with the Federal Government.

Audit recommends that interest on GPF should be reviewed and adjustment in the GPF accounts be made on the basis of the actual earnings.

12.4.5 Unauthorized retention of unspent balance of spending units of the Project - Rs. 50.125 million

Para 95 of GFR Volume-I states that all anticipated savings should be surrendered to Government immediately when they are foreseen but not later than 30th June of each year and no savings should be held in reserve for possible future excesses.

The management of "Capacity Building of Teachers Training Institutions and Training of Elementary Schools Teachers in ICT, FATA, GB and AJK" kept the following unspent balances with the spending units as on 30.06.2015:

(Rs. in million)

S. No.	Spending Unit	Amount
1.	Debt Swap Secretariat, Economic Affairs Division, Islamabad.	13.623
2.	FATA	7.268
3.	Federal Colleges of Education	12.139
4.	AJ&K	5.085
5.	National Institute of Science and Technical Education (NISTE)	7.547
6.	Directorate of Education, Gilgit-Baltistan, Gilgit	4.463
	Total	**50.125**

Audit observed as under:

i. Unspent balance of Rs. 50.125 million remained unutilized with the spending units of the project on 30.06.2015.

ii. Federal Project Management Unit (FPMU) reported Rs. 50.125 million as expenditure incurred although this amount was released to the above mentioned stake holders who did not utilize it during FY 2014-15. Out of Rs. 50.125 million unspent amount, Rs. 46.679 million was released during previous years.

Audit is of the view that the expenditure reported was overstated and retention of unspent balances in the bank accounts was irregular.

The management did not reply.

Audit recommends that the funds should be released in time and the achievement of targets should be monitored to ensure maximum utilization of development resources.

12.4.6 Irregular expenditure due to ineligible expense - Rs. 1.50 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 Federal Project Management Unit, Islamabad of "Capacity Building of Teachers Training Institutions and Training of Elementary Schools Teachers in ICT, FATA, GB and AJK" released an amount of Rs. 1.50 million to Azad Jammu and Kashmir (AJK) under the head domestic trainings during 2014-15.

Audit observed that the amount was released against the additional demand of AJK for incurrence of expenditure on pension contribution of regular employees of AJK government and to meet time to time increase of salary which was not covered under the PC-I of the project.

Release of funds against the expenses not covered under PC-I was irregular, unauthorized and ineligible.

The management did not reply.

Audit recommends that the ineligible expenditure may be regularized and only eligible expense should be incurred.

CHAPTER 13

13.HIGHER EDUCATION COMMISSION

13.1 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.

13.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Higher Education Commission for the financial year 2014-15 was Rs. 43,118.998 million including Supplementary Grant of Rs. 4,118.998 million out of which the Commission utilized Rs. 42,301.904 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)
83	Current	39,000,000,000	4,118,998,000	43,118,998,000	42,301,904,087	(817,093,913)	(1.89)

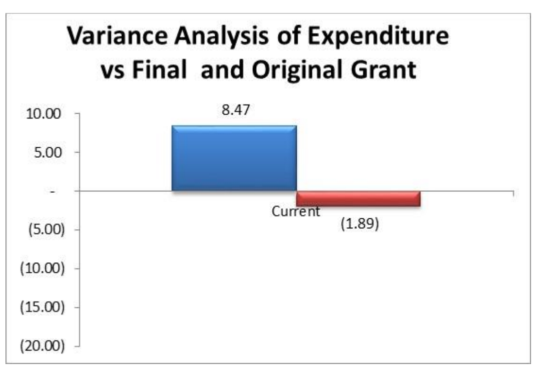
Audit noted that there was an overall saving of Rs. 817.094 million in the

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. 4,118.998 million were obtained, which was 11.56% 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 8.47%, which, after accounting for Supplementary Grants changed to saving of 1.89%.



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
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%

13.4 AUDIT PARAS

Fraud and Misappropriation

13.4.1 Malpractices in management of examination results

Section 18(2)(h) of the Federal Urdu University of Arts, Science and Technology Ordinance, 2002 states that the Senate shall have the power to consider the draft of Statutes and Regulations proposed by the Syndicate and Academic Council and to deal with them in the manner as provided for in Sections 26, 27, and 28 as the case may be: Provided that the Senate may frame Statues or Regulations on its own initiative and approve it after calling for the advice of the Syndicate or the Academic Council as the case may be.

Federal Urdu University of Arts, Science and Technology, Karachi conducted Annual Examination, 2013 of B.Com (Private Candidates) (Both Parts) in August, 2014, in which 1,013 candidates were registered and 917 appeared in the exam, out of which 269 passed the examination while 648 failed.

Audit observed as under:

i. The University notified the results through its Gazette dated 25.02.2015 which was made part of the Tabulation Register (containing details of marks obtained, status of passes, fail, absent). Subsequent to the announcement of the result in the Gazette, changes were made in the results of 107 candidates that allowed outsiders to enter.

ii. 66 candidates were either absent/failed but against their seat numbers pass results were notified with names of outsiders who neither appeared in the examination nor were they registered with the University.

iii. The management did not provide the receipts of registration and examination of these 66 persons who were declared successful, which indicates that they were not enrolled with the University nor did they apply for examination at the appropriate time.

iv. 41 candidates were either absent/failed but declared successful in the Tabulation Register.

v. Similar was the situation of 43 candidates of B.Com (Part-I) Examination 2012 conducted in 2013 and of 42 candidates of B.A (Part-I) Examination 2012 conducted in 2013

vi. The basic record of the results both in soft copies and hard copies i.e. Tabulation Register pages were replaced/changed.

vii. There was no approved Standard Operating Procedure (SOP), Rules regarding preparation, compilation, documentation, finalization, announcement of the results of various disciplines. As such it was discretion of the head of the examination department whether the Tabulation Register copies were maintained with him or a separate backup was maintained within the organization with a view to having a countercheck mechanism.

Audit is of the view that there were malpractices in compilation of the results, changing results in Tabulation Register after Gazette notification because of the discretion being enjoyed by the University in the absence of the approved SOPs or Rules.

The management replied that a committee had already been formed in this regard which submitted report to the Vice Chancellor where fake degrees, fake results, irregularities, changes in the results were found that pertained to the period when Dr. Masood Mashkoor was the Controller Examination.

During DAC meeting held on 08.01.2016 the management informed that the case was under investigation with the FIA. The DAC directed that that the matter needs to be brought to the knowledge of Syndicate and Senate. The secrecy and security system must be improved by the University with involvement of Higher Education

Commission. Further, matter having been brought to the notice of the HEC, needed the constitution of a Committee to check the level of internal controls of the examination system of remaining universities.

Audit recommends that the case should be referred to an investigation agency for conducting inquiry and action thus taken should be shared with Audit.

Irregularity & Non Compliance

13.4.2 Unauthorized and irregular disbursement of pay and allowances to Ex-Vice Chancellor of Federal Urdu University - Rs. 12.164 million

Section 12 of the Federal Urdu University of Arts, Science and Technology, Islamabad 2002 states that the Vice- Chancellor shall be appointed by the Chancellor on the basis of recommendations of the Senate.

The persons proposed by the search committee for appointment as Vice-Chancellor shall be considered by the Senate and of these a panel of three, in order of priority shall be recommended by the Senate to the Chancellor.

The Chairperson, Higher Education Commission Islamabad vide letter No.13-2/CHR/HEC/12/206 30.07.2012 reported to the President of Pakistan/Chancellor of the University that Senate in its meeting held on 29.07.2012 considered the three names of the VC Search Committee and found that all the three candidates got considerably low score, the highest being 42% and lowest being 32% and requested for readvertisement of the position. Thereafter, Professor Dr. Zafar Iqbal who had previously got 32% marks was appointed as VC of the University, on the recommendations of the VC search committee and Senate, vide letter UO No.229/39(1)/Dir(A-II)/13 dated 31.01.2013.

Audit observed as under:

i. Management did not provide copy of recommendations of VC search committee and Senate recommendations of 24th Meeting and hence Audit could not ascertain how scoring of candidates was evaluated when previously they obtained low score.

ii. During the period from February, 2012 to July, 2015 the pay and allowances amounting to Rs. 12.164 million (that included payment of arrears of Rs. 0.424 million) were paid to the VC without determination of terms and conditions of service.

iii. The management of the University could not provide the basis for payment of salary to the Ex-VC. Further, neither his personal file nor his payment file was made available to Audit.

Audit is of the view that disbursement of pay and allowance to the Ex-Vice Chancellor proper fixation was unauthorized and irregular. Further, non-provision of recommendations of VC search committee and Senate recommendations restrained Audit from verifying the basis on how the candidate got first position when previously he was given a low score.

The management replied that the recommendations of the VC search committee were in the custody of the committee, hence, could not be provided. As regard the Senate recommendations, it was stated that minutes of the 24th meeting of Senate, Federal Urdu University would be provided. However, the terms and conditions of service of Professor Dr. Zafar Iqbal were not found in the personal file, as only 4 pages were available while remaining record of personal or payment file of Ex-VC was not tracable.

The management accepted that the relevant documents were not available with them which was in itself admission of the irregularities in appointment of the Ex-VC and payment of salaries.

During DAC meeting held on 08.01.2016 directed that the terms and conditions of service of the Ex-Vice Chancellor may be provided to Audit besides, recovery of Income Tax may also be made. Inquiry regarding irregular appointment of Ex-Vice Chancellor may be conducted by the HEC.

Audit recommends that inquiry be held for fixing the responsibility and excessive payment of salary to the Ex-VC, if any, be recovered.

13.4.3 Unjustified and irregular payment for security services - Rs. 82.02 million and non-recovery of income tax - Rs. 6.56 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 FUAAST paid an amount of Rs. 82.02 million to M/s Sardar Securities (Pvt) Ltd Karachi during 2014-15. Details are as under:

(Rs. in million)

S. No.	Bank account	Period of payment	Amount
1	A/c No.00100119715800-14 ABL University Road Branch Karachi and 2 payments @ Rs.1790,000 for Sept-Oct, 2014 were made from Account No.755-1 NBP Branch, Urdu University Karachi	Rs. 1,690,000 for Jan- March, 2014 and Rs.1,790,000 for March 2014 to March 2015	26.650
2	21605400 Dubai Bank Sufara Goth Branch Karachi.	Rs.3,000,000 p.m. from Sep, 2014 to April, 2015 and Rs. 1790,000 April, 2015	25.790
3	633593 JS Bank Bahdarbad Karachi	Rs. 3,000,000 for June, 2015 and 2 payments @ Rs.1,790,000 in June 2015	6.580
	Sardar Securities Services Ltd Cheque No. 3024232 dated 30.06.2014	-	17.000
	Sardar Securities Services Ltd Cheque No. 3024230 dated 28.08.2014	-	3.500
	HBL, Shalimar Branch, H-9, Islamabad	March, 2014	0.500
	HBL, Shalimar Branch, H-9, Islamabad	April to July, 2014	2.000
		Total	**82.02**

Audit observed as under:

i. The work was awarded without open competition.

ii. Files of contracts, signed with the firm were not made available for Audit scrutiny.

iii. Copy of one agreement dated 8.03.2014 regarding Islamabad Campus was obtained from the record of the university, which revealed that M/s Sardar Securities Services, Karachi for Islamabad Campus was signed by Ms. Huma Sajid, Chief Executive of the firm who was sister of Mr. Muhammad Ali, Ex-Treasurer of the University.

iv. Payments were made but evidence of duties performed by the firm was not verifiable from the available record.

v. Income tax @ of 8% amounting to Rs. 6.56 million was not deducted at sources from the firm

Audit is of the view that hiring of the firm indicated favoritism and expenditure was unjustified and irregular. Moreover, recovery of Income Tax, was not affected.

The management replied that payments were made after the approval or direction of Ex-Vice Chancellor. Now inquiry regarding this kind of payments would be conducted.

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

During DAC meeting held on 08.01.2016 it was informed that the case was under investigation by NAB and the DAC directed that updated position of the case may be reported to HEC and Audit.

Audit recommends that responsibility should be fixed.

13.4.4 Irregular and Unauthorized payment of Eidi Allowance - Rs. 6.594 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 the University made payment of Eidi Allowance to its employees. Details are as under:-

(Rs. in million)

S. No.	Period	Occasion of payments	Expenditure
1	2012-13	Eid ul Fitr, August, 2012	2.324
2	2013-14	Eid ul Fitr, July, 2013	2.165
3	2014-15	Eid ul Fitr, July, 2014	2.105
		Total	**6.594**

Audit observed that the payment of Eid-ul-Ftr Allowance was neither covered under the existing salary package of the University nor specific approval from Finance Division was obtained.

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

The management replied that the University was an autonomous body and the two forum i.e. Senate and Syndicate were competent to take appropriate decisions in the better interest of the organization. Federal Urdu University did not need to get approval from Finance Division as it has its own decision making bodies. The Eidi allowance was paid to employees after prior approval of the then Vice Chancellor subject to Ex-post facto approval of the competent forum. Vice Chancellor is the Chairman of the Syndicate as per Section 20 (i)(a) of FUUAST Ordinance.

The reply was not accepted because the University did not provide rules governing payment of Eidi allowance or evidence that Senate accorded approval to the payment of Eidi allowance.

During DAC meeting held on 08.01.2016 it was directed that the payment of Eidi allowance should be stopped forthwith and the past irregularity may be got regularized.

Audit recommends that the irregular practice should be stopped forthwith besides regularization of past irregularity.

13.4.5 Irregular payment of 20% Special Allowance - Rs. 97.43 million

Finance Division O.M. No. F.10(2)R-3/2012 dated 06.03.2013 allowed Special Allowance @ 20% of running basic pay w.e.f. 01.03.2013 to all the officers and staff working in the Federal Ministries/Divisions only.

The management of Federal Urdu University of Arts, Science and Technology, Karachi paid Rs. 97.43 million on account of Special Allowance @ 20% of running Basic Pay to all the employees of the University working at Karachi during 2012-15. Details are as under:

(Rupees)

S. No.	Location	Year	Amount
1.	Karachi	2012-13	13,261,516
2.	Karachi	2013-14	32,420,572
3.	Karachi	2014-15	38,989,376

4.	Islamabad	2013-14	2,677,727
5.	Islamabad	2014-15	10,085,398
		Total	**97,434,589**

Audit observed as under:

i. Payment of Special Allowance for the period 2012-15 was made to the employees of the University in violation of instructions issued by the Finance Division.

ii. The University is neither a Ministry nor a Division rather it is an autonomous institution established through an Ordinance.

Audit is of the view that payment of Special Allowance was irregular and unauthorized.

The management replied that Special Allowance was approved by Federal Urdu University's Finance & Planning Committee (FPC) in its 15th Meeting held on 01.06.2013 which was approved by the Syndicate in its 28th meeting held on 14.10.2013. Higher Education Commission has also endorsed this 20% Special Allowance by approving grant amounting to Rs. 47.528 million vide its letter dated 26th March 2013.

The reply was not acceptable because the Higher Education Commission was not the competent forum to grant such an allowance.

During DAC meeting held on 08.01.2016 it was informed that the payment was made on the basis of decision of the Islamabad High Court to which the representative of the Finance Division informed that the matter was sub-judice in the Court. The DAC directed that the matter may be referred to Finance Division for obtaining their advice/ruling.

Audit recommends that the irregular payment should be stopped besides recovering the past payments.

13.4.6 Whereabouts of library books and moveable assets not known - Rs. 18.447 million

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.

The management of the University received on 15.08.2011 library books amounting to Rs. 6.953 million and physical assets including vehicles, I.T. equipment, furniture and fixture, etc. amounting to Rs. 11.494 million from the Higher Education Commission, Islamabad. Details are as under:

(Rupees)

S. No.	Item	Cost
1.	Books	**6.953**
2.	Office Equipment, Computers, Stationery & Teaching Aid Items	4.599
3.	Furniture & Fixture Items	2.805
4.	Vehicles	3.334
5	Other Misc. Items	0.756
	Total	**18.447**

Audit observed as under:

i. The items were not examined and counted when the delivery was taken.

ii. The books and physical assets were not taken on charge by a responsible government officer after verifying the quantity and the quality.

iii. Present status about availability of the items was neither available in the record nor made known to Audit.

Audit is of the view that due to non-maintenance of record of receipt and issuance of the items, their whereabouts could not be ascertained.

The management replied that a committee has been formed to establish the facts.

DAC in its meeting held on 08.01.2016 directed that the record of physical assets and other items should immediately be documented. Necessary physical verification should be conducted by an inquiry committee and report thereof be provided within three months.

Audit recommends that report of the committee should be finalized, with copy of the report thereof provided to Audit and action taken against the persons held responsible for the irregularity.

13.4.7 Overpayment of PhD Allowance - Rs. 26.226 million

Finance Division's vide O.M. No. F.1(9)Imp/2000-543 dated 09.08.2011 allowed PhD Allowance @ Rs. 2,250 p.m. and Special Science & Technology Allowance @ Rs. 7,500 p.m. respectively.

The management of University paid PhD Allowance @ Rs. 10,000 per month to Professors, Associate Professors, Assistant Professors, etc. during 2012-15.

Audit observed that the payment of PhD Allowance @ Rs. 10,000 p.m. instead of the prescribed rate, i.e. Rs. 2,250 per month resulted in overpayment of Rs. 35.712 million. Details are as under:

(Rupees)

KARACHI						
S. No.	**Year**	**No. of PhD**	**Amount Paid**	**Amount Admissible**	**Difference**	**Total**
A	**B**	**C**	**D**	**E**	**F=(D-E)**	**G=(C*F*12)**
1	2012-13	80	10,000	2,250	7,750	7,440,000
2	2013-14	101	10,000	2,250	7,750	9,393,000
3	2014-15	101	10,000	2,250	7,750	9,393,000
					Total	**26,226,000**
ISLAMABAD						
1	2012-13	34	10,000	2,250	7,750	3,162,000
2	2013-14	34	10,000	2,250	7,750	3,162,000
3	2014-15	34	10,000	2,250	7,750	3,162,000
					Total	**9,486,000**
					Grand Total	**35,712,000**

Audit is of the view that the overpayment of PhD Allowance was recoverable.

The management replied that the rates of PhD Allowance @ Rs. 10,000 was granted vide Order No DRA/2985/2012 dated 16.07.2012 as the University was an autonomous body.

The management did not provide copy of the order dated 16.07.2012. The reply was not accepted because the University had no authority to award PhD allowance without the approval of the Finance Division.

DAC in its meeting held on 08.01.2016 noted that the payment was made in excess of prescribed limit as notified by the Finance Division. DAC directed that the matter may be referred to the Finance Division for their advice/ruling.

Audit recommends that overpayment should be recovered and deposited into government treasury.

13.4.8 Irregular affiliation of colleges at Lahore and Sialkot - Rs. 3.562 million

Section 3 of Federal Urdu University of Arts, Science and Technology Islamabad Ordinance, 2002 states that the University may establish any number of campuses anywhere in or outside Pakistan as may be prescribed.

Para 2(i) of Chapter II, of the Federal University Urdu University of Arts, Science and Technology Code, Vol-I relating to Affiliation of Educational Institution to the University states that, the ownership of the institution shall vest in a body corporate and not in individual(s) or family, registered under the relevant laws of companies ordinance/societies registration act/trust act as a foundation/society/trust. This shall not be required in case the institution is in the public sector.

Para 2(iii) of the Chapter II, of the Code *ibid*-Vol-I states that the permission from District Coordination Officer (Education) of the concerned City District Government (shall) be sought before applying to the University for Affiliation.

Para 8(vi) of the Chapter II, of the Code *ibid*-Vol-I states that the institution shall be liable to provide facility to the representative of the Higher Education Commission and the University for visitation to enable them to verify that the institution is maintaining appropriate academic standards.

The University management affiliated two colleges one at Sialkot and the other at Lahore, of which Mr. Naeem Amjad was the Principal. The Ministry of

Federal Education and Standards in Higher Education in its report dated 30.03.2015 regarding Writ Petition No. 15456-14 filed by the Allama Iqbal College of Commerce in the Lahore High Court, noted that the college Principal had reported that Rs. 3.562 million had been paid to the Federal Urdu University, Karachi.

Audit observed as under:

i. The Allama Iqbal Colleges Sialkot/Lahore which were affiliated but made press advertisement in October, 2014 by showing themselves as Sub-Campus/Joint Venture of the Federal Urdu University of Arts, Science and Technology (FUUAST) which was not based on the factual position.
ii. An inquiry was conducted and it was found that the FUUAST did not obtain approval of the University Senate and the Syndicate for establishment of sub-campuses and the management also failed to obtain NOC from HEC.
iii. The inquiry committee also concluded that the University did not seek accreditation by the Accreditation Council before launching professional program like LLM. The University did not maintain financial transparency and control whereas in fact willfully extracted monetary advantages.
iv. The colleges affiliated with the University were previously not got registered under the companies ordinance/societies registration act/trust act as a foundation/society/trust.
v. The institutions, colleges, religious madras affiliated did not provide permission letters from their respective District Coordination Officers (Education) of the City District Government.
vi. The final action taken on the inquiry report and the decision of the court case was not reported to the Audit.

Audit is of the view that the university did not take proper steps while affiliating the colleges and thereafter allowing courses/disciplines being offered by the affiliated colleges. Further, the final action taken on the inquiry report and the decision of the court case was required to be reported to the Audit.

The management replied that University was an autonomous body, the section 3 (5) states that "Notwithstanding anything contained in any other law for the time being in force, the University shall have academic, financial and administrative autonomy, including the power to employ officers, teachers and other employees on such terms as may be prescribed, subject to the terms of this Ordinance and the Higher Education Commission Ordinance, 2002 (LIII of 2002). In particular, and without prejudice to the authority granted to the commission by the law, the Government of an authority or auditor appointed by the Government shall have no power to question the policy underlying the allocation of resources approved by the Senate in the annual budget of the University. That under Section 4(xiv) University has the power regarding affiliation “to affiliate and disaffiliate educational institution under prescribed conditions.” That Section 21(2) clearly mentions the power of the Syndicate to recommend to the Senate (the) affiliation or disaffiliation of colleges. University and Affiliated institution strictly follow the syllabus and all instructions of the Higher Education Commission. No violation was thus committed.

The reply was not accepted because the University had violated its own rules pertaining to affiliations. Further, the University cannot define the jurisdiction of Audit. It was prerogative of the Audit to define nature and extent of audit.

DAC in its meeting held on 08.01.2016 noted that the case was under investigation with NAB and FIA. The DAC directed that the updated position may be reported to the HEC and the Audit.

Audit recommends that responsibility of irregular affiliation of colleges/institutions should be fixed.

13.4.9 Non-recovery of compensation from Scholars - Rs. 37.65 million

Clause 3 of the Bond with Sureties states that on the expiry of the study and leave and/or any extension thereof, if he (the scholar) does not join the service with a period of one year, he shall refund to the university the whole of the amount or such part thereof as he has drawn during the period of study leave, as the committee may determine or such sums as may have been paid, spent or advanced by the university as payable by the said employee which shall be final and binding and shall not be questioned by the employee.

The management of the University awarded PhD scholarships to 6 faculty members who did not report back after completion of their studies and expenditure amounting to Rs. 37.65 million was incurred on their education. Details are as under:

(Rs. in million)

S. No.	Name	University Name	Subject	Planned return date	Completion cost
1.	Ms. Saima Ishfaq Khan	University of Glasgow	Applied Physics	23.07.2013	6.922
2.	Mr. Mohay ud Din Khan	Auckland University	Business Administration	17.06.2014	5.737
3.	Ms. Amna Shahzad	University of Sal ford	Business Administration	12.02.2012	6.102
4.	Mr. M. Saleem Jahangir	Kings London College	Mathematics	21.10.2011	8.224
5.	Mr. Khurram Nadeem	University of Alberta	Statistics	16.08.2012	3.431
6.	Mr. Qamar Sultan Gohar	University of Dundee	Physics	23.09.2012	7.234
				Total	**37.65**

Audit observed that the scholars had not returned after completion of studies in violation of their surety bonds.

Audit is of the view that as the faculty members did not return after the given time of their study the expenditure incurred for the purpose was recoverable.

The management replied that the scholars/employees had been dismissed from university services.

The reply was not accepted because the management did not recover the amount and extended undue favor to the beneficiaries.

DAC in its meeting held on 08.01.2016 directed that recovery should be made against scholars, and in case of failure the amount may be recovered from the guarantors by adopting legal course of action.

Audit recommends that legal action should be taken for recovery of the amount besides fixing responsibility for extending undue favor.

13.4.10 Unfair selection for scholarship - Rs. 115.673 million

Para 1(i) of Annexure-II of PC-I of Strengthening of Departments (Computer Science, Physics, Business Administration and Law) states that the selection of candidates for PhD will be through open competition by a central admission test organized by the H.E.C.

The management of the Federal Urdu University of Arts, Science and Technology (FUUAST) awarded PhD scholarships to 22 faculty members amounting to Rs. 125.240 million for studies in different foreign universities under the project Strengthening of Departments (Computer Science, Physics, Business Administration & Law).

Audit observed as under:

i. Total 205 candidates appeared in the NTS test, the committee recommended eight candidates which included only one candidate (Ms. Noushaba Batool) who appeared and qualified the NTS test.

ii. The University ignored the NTS test qualified candidates and selected only one candidate who had qualified NTS and recommended by the committee and all the remaining 21 candidates got selected who had neither appeared/passed the NTS test nor were recommended by the committee. Details are as under:

S. No.	Statement S. No.	Name of Scholar	University Name	Subject	Date of Departure	Duration (Month)	Total Completion Cost (MRs.)	Remarks
1	**1**	Mr. Khalid Khan	Massey University	Business Administration	14 Feb, 2007	48 Months	6.729	Neither appeared in the NTS Test nor recommended by the selection committee
2	**2**	Mr. Adnan Nadeem	University of Surrey	Computer Science	21 Mar, 2007	48 Months	7.316	
3	**3**	Mr. Sarim Farooqi	University of Surrey	Physics	21 Mar, 2007	48 Months	7.016	
4	**4**	Mr. Hafiz Syed Hussain	University of Edinburgh	Mathematics	21 Mar, 2007	48 Months	7.329	
5	**5**	Mr. M. Saleem Jahangir	Kings College	Mathematics	21 Oct, 2007	48 Months	8.224	
6	**6**	Mr. Raziuddin Siddiqui	University of Durham	Mathematics	21 Oct, 2007	48 Months	6.630	
7	**7**	Ms. Naushaba Batool	Middlesex University	Business Administration	12 Feb, 2008	48 Months	6.136	
8	**10**	Mr. Khurram Nadeem	University of Alberta	Statistics	16 Aug, 2008	48 Months	3.431	
9	**8**	Ms. Amna Shahzad	University of Sanford	Business Administration	12 Feb, 2008	48 Months	6.102	Neither appeared in the NTS Test nor recommende
10	**9**	Mr. M. Khalid Shaikh	Laugh burgh University	Computer Science	29 Apr, 2008	48 Months	4.536	

11	**11**	Mr. Ghulam Mustafa	Middlesex University	Economics	12 Sep, 2008	48 Months	6.400	d by the selection committee
12	**12**	Mr. Qamar Sultan Goher	University of Dundee	Physics	23 Sep,2008	48 Months	7.234	Appeared in the NTS test, but failed and selected without recommenda tion of the committee
13	**13**	Ms. Saima Ishfaq Khan	University of Glasgow	Applied Physics	23 Jul, 2009	48 Months	6.922	Neither appeared in the NTS Test nor recommende d by the selection committee
14	**14**	Mr. Zubair Khan Niazi	University Of Malaya	Applied Physics	14 Apr,2010	48 Months	5.427	
15	**15**	Mr. Mohay Ud Din Khan	Auckland University	Business Administrati on	17 June,2010	48 Months	5.737	
16	**16**	Mr. Hashim Safdar	University Of Malaya	Engineering	18 Sep,2012	36 Months	3.365	
17	**17**	Mr. Rahat Ullah	University Of Malaya	Engineering	18 Sep,2012	36 Months	3.375	
18	**18**	Mr. Fargam Sindhu	University Of Malaya	Engineering	12.Feb.13	36 Months	3.470	
19	**19**	Mr. Zubair Khalid	University Of Malaya	Engineering	15.Feb.13	36 Months	3.470	
20	**20**	Mr. Amir Nadeem	Duetscher Wetterdienst	Mathematics	17.Feb.13	36 Month	5.400	
21	**21**	Mr. Kashif Bin Zaheer	Universiti Teknologi Malaysia	Mathematics	Dec-2012	36 Month	5.495	
22	**22**	Ms. Amber Nehan	Malaysia	Mathematics	Dec-2012	36 Month	5.496	
Total							**125.240**	
less S. No. 7 and 8 (7, 10) as they were selected on merit.							**115.673**	

Audit is of the view that the process of selection was not fair and in violation of the PC-I as well as the SOP’s issued by the HEC. Audit is also of the view that non-transparent selection of candidates violated the basic rights of meritorious candidates.

The management replied that internal and external faculty had appeared in NTS test in different phases; hence the management of FUUAST awarded PhD scholarship to the faculty members as well as external candidates. Some of scholarships were awarded to the candidates who belonged to Islamabad campus

The reply was not acceptable because management did not give replies to the points raised in the audit observation. The candidates selected had neither appeared in the test nor were recommended by the committee.

DAC meeting was held on 08.01.2016. The management could not explain the position and stated that the record would be provided to audit for verification.

Audit recommends that responsibility should be fixed.

13.4.11 Irregular and unjustified purchase of electric wire cables - Rs. 3.982 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.

Para 53 of CPWD Code states that there are four main stages in the project for execution of works namely administrative approval, expenditure sanction, the technical sanction and the fund allocation.

The management purchased electric wire cables amounting to Rs. 3.983 million from M/s Alameen Enterprises for replacement in BSc Block of the University at Karachi, during 2013-14.

Audit observed as under:

i. Neither the work was advertised nor any fair competition held.
ii. Management did not obtain bid security rather gave 70% advance to the firm.
iii. As it related to electrical works of the existing building, therefore administrative approval and technical sanction of the estimates were required which were not obtained.
iv. Documentary evidence regarding actual usage of electric cable wires was not provided.
v. Disposal of old/replaced cable wire and its salvage value was not forthcoming from the record.
vi. Procurement file of the electric wire cables was not provided to Audit.
vii. A Senator of the University vide letter dated 15.12.2014 reported to NAB Sindh Karachi that the General Sales Tax Registration No. 1434375-4 was fake as both the GST and Income Tax Number were same i.e. 1434375-4.

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

The management replied that the payment was made after approval of Ex- Vice Chancellor. Furthermore, tender file was not available in purchase office and inquiry was initiated. The gross violation of the PPRA Rules was committed.

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

DAC in its meeting held on 08.01.2016 noted that the case was being investigated by NAB. The DAC directed that updated position of the case may be reported to the HEC and the Audit.

Audit recommends that inquiry should be held. Further, present status of case referred to NAB should be reported to the Audit.

13.4.12 Unjustified expenditure on hiring of Advocates - Rs. 15.682 million

Rule 14 (1) (g) of Rules of Business, 1973 the Law and Justice 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 and Justice Division will make its recommendations after consultation with the Attorney General.

The management of the Federal Urdu University of Arts, Science and Technology, Islamabad made payment of Rs. 15.682 million to Advocates during the period 2012-13 to 2014-15. Details are as under:

(Rs. in million)

S. No	Name of Advocate/Advocate firm	Payments
1.	Mr. Abdul Hafeez Pirzada	5.300
2.	Mr. Khalid Javed	3.576
3.	M/s Malooka and Khan Advocaes	1.450
4.	Mr. Hashmat Habib	1.426
5.	Mr. Abdul Sattar Pirzada	1.000
6.	Mr. Mehmood Alam Rizvi	1.000
7.	M/s Kundi & Kundi	0.500
8.	Mr. Rehanud Din	0.464
9.	M/s Sultan Ahamad and Co	0.450
10.	Mr. Abdul Rahim Bhatti	0.325
11.	Mr. Junaid Zumard Khan	0.100
12.	Mr. Ali Nawaz	0.050
13.	Mr. Mian Imran	0.041
	Total	**15.682**

Audit observed as under:

i. The purpose for which the advocates were hired and files of their appointments of hiring were not provided to Audit.

ii. Approvals of Law and Justice Division were not obtained.

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

The management replied that payments to Mr. Hashmat Habib, Mr. Abdul Rahim Bhatti and Mr. Junaid Zamurd Khan were not justified. Furthermore, no agreement or record was available to justify these illegal payments. As regards payments to Mr. Ali Nawaz and M/S Kundi & Kundi these were made with the approval of the Higher Education Commission/Chancellor's Office. Approvals of Law and Justice Division were not obtained.

During DAC meeting held on 08.01.2016 the management informed that the approval from Senate regarding hiring of the advocates were not obtained and the case was being investigated by the NAB.

Audit recommends that responsibility may be fixed for the irregularity.

13.4.13 Irregular appointments and unjustified payment of salaries - Rs. 1.382 million

Para 10 (iv) of GFR Vol-I states that public moneys should not be utilized for the benefit of a particular person or section of the community.

Rule 9 (i) of the Employment Service Rules University Code Vol-II of the Federal Urdu University Arts, Science and Technology (FUUAST) states that initial appointment shall be made through advertisement and interview through selection committee.

The management of FUUAST Karachi appointed Mr. Shamim Ahmed, Purchase Officer B-17 for 6 months vide letter No.Admn-13/04-09 dated 26.08.2013, extended his adhoc appointment from 27.02.12014 indefinitely. Another individual Rana Muhmmad Aslam was appointed as Lecturer Pakistan Studies on contract basis for six months vide letter No. 2013/3962 dated 11.12.2013, @ Rs. 40,000 per month and his contract was extended indefinitely.

Both officials were deputed for duties at Islamabad Campus. The individuals were paid as under:

S. No.	Name	Designation	Period	Payment
1.	Mr. Shamim Ahmed	Purchase Officer (B-17)	August, 2013 to March, 2015	716,456
2.	Rana Muhmmad Aslam	Lecturer (Pakistan Studies)	Dec, 2013 to April, 2015	665,806
		Total		**1,382,262**

Audit observed as under:

i. Mr. Muhammad Naeem, Purchase Officer FUUAST Islamabad who was actually working has reported that Mr. Shamim Ahmed was neither seen nor did he perform duties as Purchase officer in the University. The appointment file record was not provided.

ii. Rana Muhammad Aslam, Lecturer (English) also had not performed duties and his appointment file was also not provided. However, according to the Inquiry Report dated 02.06.2015, he was initially appointed on ad-hoc basis which was extended till further orders. Further, there was no need of the English Lecturer as they were already in excess. The Committee recommended for removal of his service.

iii. There was no specific Pakistan Studies Department in the Islamabad Campus. Therefore, appointment of Rana Muhammad Aslam, as Lecturer Pakistan Studies could not be justified.

iv. The above posts were neither sanctioned nor advertised and were filled without adopting the process of selection committee.

v. Both individuals were drawing their salaries without performing official duties.

Audit is of the view that payment of salaries to the individuals who had not actually performed their duties was unjustified.

The management replied that there was no evidence that these individuals attended the office but were paid salaries. The management also stated that the salary of Mr. Shamim Ahmed Bogio could be recovered from his father, Mr. Ghulam Bashir Bogio, who is a permanent employee of the University.

The management accepted the audit observation.

DAC meeting was held on 08.01.2016. The management informed that both the employees were terminated from service and the payment made to them would be recovered. The DAC directed that copies of the service termination letters should be provided to Audit and the amount be recovered.

Audit recommends that responsibility should be fixed besides recovering the amount under intimation to Audit.

13.4.14 Unjustified purchase of 80 Kanal agriculture land without having access passage - Rs. 52.509 million

Para 10 of the General Financial Rules Vol-I states every officer incurring or authorizing expenditure from public funds should be guided by high standards of financial propriety.

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

The Federal Urdu University of Arts, Science and Technology Islamabad Campus entered into agreement on 20.10.2009 for purchase of 80 Kanal agriculture land located in Moza Moharian, Islamabad @ Rs.650,000 per Kanal. The total price of the land was Rs. 52.00 million. According to the agreement the University would use Link Road which would be made within 3 to 6 months and 10% of the total amount shall be retained by the University in anticipation of satisfaction of having the possession of the 80 Kanal of compact piece of Land, ensuring the legal transfer, documentation, *intiqal*, publication in newspapers or any other means. Details of payments Rs. 51.480 million during Jan-June, 2010:

S. No.	Payment for purchase of land	Payments for stamp papers, 4% CVT, 1% Registration fee
1	6,500,000	702,000.00
2	8,797,750	877,500.00
3	15,210,000	676,000.00
4	10,530,000	702,000.00
5	5,265,000	845,000.00
6	497,250	585,000.00
7		292,500.00
	46,800,000.00	**4,680,000.00**
	Total	
		51,480,000.00

Audit observed as under:

i. The 80 Kanal land was purchased at Mauza Murian Kuri Road Islamabad without having the contract vetted by the Law Division and Finance Division.

ii. The piece of land for access road leading up to the site was not yet acquired by the University because of which the site was not accessible.

iii. Map of the land was not provided, therefore location of site could not be ascertained.

iv. The management had not approached CDA for procurement of land rather purchased agriculture land. The management had not yet got NOC from CDA for construction of building.

v. Sanction of the expenditure was not provided. An amount of Rs. 4.680 million was drawn for CVT, registration fee, etc. but its details of disbursements/supporting vouchers were not provided.

Audit is of the view that purchase of land and hiring of the firm indicated favoritism and expenditure incurred was unjustified and irregular.

The management replied that the university was an autonomous body, and have its own rules and regulations. The 80 kanal land was purchased at Mauza Murian Kuri Road, Islamabad with the approval of competent authority of the University. The piece of land for access road leading up to the site had been acquired by the University and developed by the developers but the link road was total damaged during rainy season which could be physically verified. The management contacted CDA through HEC and Chancellor (President of Pakistan) many times for procurement of land for establishment of Main Campus at Islamabad (photocopies of letters attached). The management had already applied for NOC from CDA through its consultant NESPAK for construction of building. HEC approved a Project for Establishment of Main Campus Building of FUUAST at Islamabad amounting to Rs. 800.00 million and an amount of Rs. 80.00 million was released to Karachi Campus for said purpose but it had thereafter not been received at Islamabad Campus.

The reply was not accepted because management should approach CDA for allotment of land instead of purchase of land itself.

DAC meeting was held on 08.01.2016. The management informed that the land was purchased from their own receipts. The DAC directed that the position of the case may be explained to PAC.

Audit recommends that responsibility should be fixed for procurement of land without an approach road and without obtaining NOC from CDA. The supporting vouchers for Rs. 4.680 million should also be provided.

13.4.15 Unjustified hiring and maintenance of guest house at Islamabad - Rs. 7.055 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(iv) of GFR Volume-I states that public moneys should not be utilized for the benefit of a particular person or section of the community.

The management of the Federal Urdu University of Arts, Science and Technology, Islamabad Campus hired a guest house No. 717, Street No. 44, Sector E-11/4, National Police Foundation, Islamabad at a rent of Rs. 175,000 per month with 10% annual increase from 01.10.2013 to 30.09.2015. Details are as under:

(Rupees)

S. No.	Particular	Amount
1	Advance rent from 01.10.2013 to 30.09.2014	2,100,000
2	Security as two months' rent	350,000
3	Advance rent from 01.10.2014 to 30.09.2015	2,310,000
	Total	**4,760,000**

The management also incurred an expenditure of Rs. 2.295 million on procurement of items, i.e. beds, sofas, crockery items, washing machine, air conditioners, etc. for the guest house. Details are as under:

(Rupees)

S. No.	Vendor	Cheque No.	Date	Amount
1	M/s. Nafees Enterprises	4403529	07.11.2013	448,304.00
2	M/s. Nafees Enterprises	4403530	07.11.2013	243,114.00
3	M/s. Nafees Enterprises	5452619	18.03.2014	499,225.00
4	M/s. N.A. Furniture	5452612	14.03.2014	114,988.00

5	M/s. Salman Traders	6660978	01.10.2014	322,000.00
6	M/s. Excellent	50744324	10.12.2014	498,000.00
7	M/s. Happy Furniture	6030559	19.01.2015	119,574.00
8	Dr. Abdul Mateen (UPS)	8123901	14.04.2015	50,000.00
			Total	**2,295,205.00**

Audit observed as under:

i. Hiring of Guest House and its maintenance and subsequent vacation was without valid justification.

ii. The record revealed that against the expenditure of Rs. 7.055 million, only an amount of Rs. 0.210 million was received as room rent income.

iii. Record i.e. list of staff employed for Guest House, salaries expenditure, utility bills, food expenses, other maintenance charges, etc. were not provided.

iv. The furniture and fixture items amounting to Rs. 2.295 million were procured for the Guest House but their whereabouts were not known.

Audit is of the view that the payment was unjustified, irregular and unauthorized.

The management replied that hiring of Guest House and its maintenance was a lavish expenditure from the University Fund which was not required. The management admitted that more than Rs. 7.00 million was paid to hire, furnish and renovate the Guest House and only an amount of Rs. 0.210 million was received as room rent income from the employees of the University who stayed there. Now the university had terminated the contract of Guest House and all furniture had been shifted to Main Campus at Islamabad. The list of items missing from Guest House has been prepared and an inquiry committee will be constituted to investigate the missing furniture and other items and will fix the responsibility of missing goods. It was further added that security of two month rent has been received after deduction of wear and tear of rented Guest House.

DAC in its meeting held on 08.01.2016 directed that inquiry should be conducted for fixing responsibility.

Audit recommends that responsibility should be fixed for hiring of guest house and related expenditure on its maintenance. Record of inventory be updated and losses if any be recovered from those found at fault.

13.4.16 Unauthorized payment of Special Allowance - Rs. 48.222 million

Finance Division's 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's 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 Quaid-i-Azam University (QAU), Islamabad paid Rs. 48.222 million on account of Special Allowance @ 20% of running basic pay to all the employees during 2013-14.

Audit observed that payment of Special Allowance for the period March to June, 2013 was made to the employees of QAU, Islamabad, in violation of the instructions issued by the Finance Division.

Audit is of the view that payment of Special Allowance was irregular and unauthorized.

The management replied that Syndicate in its 161st meeting decided to grant 20% special allowance on running basic pay. Further, the Finance Division clarified that the allowance was only admissible if any additional allowance was not being paid.

The reply was not accepted because Special Allowance was only admissible to the employees working in the Ministries/Division.

During the DAC meeting held on 08.02.2016 it was informed by the management that the case was sub-judice. The DAC directed that further payment may be stopped till the decision of the Court.

Audit recommends that the irregular practice may be stopped forthwith besides recovery of the amount already paid.

13.4.17 Overpayment of House Rent Allowance - Rs. 1.569 million

Finance Division's O.M. No. F.5(12)R-5/82 dated 17.06.1982 states that all the employees of the Federal Government including autonomous bodies not provided with government accommodation and posted at Islamabad, Rawalpindi, Karachi, Lahore, Peshawar, Quetta, Hyderabad (including Kotri), Multan and Faisalabad are entitled to House Rent Allowance (HRA) equal to 45% of the minimum of pay scale. At all other stations, the employees are entitled to HRA @ 30% of the minimum of pay scale.

The management of Allama Iqbal Open University (AIOU), Islamabad paid an amount of Rs. 4.701 million as House Rent Allowance (HRA) to its employees during 2013-14.

Audit observed as under:

i. The HRA @ 45% of the minimum of the pay scale instead of @ 30% of the minimum of the pay scale was paid to the employees who were posted at the following stations:

S. No.	Station	S. No.	Station
1	Abbottabad	15	Mingora (Swat)
2	Mirpur (A.K)	16	Mithi
3	Attock	17	Rahim Yar Khan
4	Chakwal	18	Sahiwal
5	Chitral	19	Sakardu
6	D.I.Khan	20	Thatta
7	Dadu	21	Turbat
8	Dera Murad Jamali	22	Zhob
9	Gilgit	23	Kasur
10	Jhang Sadar	24	Mandi Bhahuddin
11	Kalat	25	Narowal
12	Kharian	26	Toba Tek Singh
13	Larkana City	27	Vehari
14	Mianwali	28	Umer Kot

ii. An overpayment of Rs. 1.569 million on account of HRA was made.

Audit is of the view that payment of HRA @ 45% of the minimum of the pay scale instead of @ 30% of the minimum of the pay scale was irregular and unauthorized.

The management replied that under the AIOU Act, the Executive Council is the supreme body to hold, control and administer funds of the University. According to the Clause 27(2) of AIOU Act the Executive Council may make rules to regulate any matter relating to the affairs of the University. House Rent Allowance paid to the employees posted at various regional offices @ 45% was granted after obtaining approval of the Executive Council.

The reply was not accepted because House Rent Allowance was paid in excess of rates admissible under the Basic Pay Scales scheme that was adopted by the University.

DAC in its meeting held on 08.02.2016 directed to recover the amount.

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

13.4.18 Less deduction of Income Tax on salaries - Rs. 5.895 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 on the estimated income of the employee chargeable under the head "Salary" for the tax year in which the payment is made.

Section 161(1)(a) of Income Tax Ordinance, 2001 states that where a person fails to collect tax or deduct tax from a payment the person shall be personally liable to pay the amount of tax to the Commissioner who may pass an order to that effect and proceed to recover the same.

Federal Board of Revenue vide Serial 2 of Circular No. 6 of 2013 clarified that prior to Finance Act, 2013, income from property was taxed as a separate block of income at prescribed rates. Through Finance Act, 2013, income from property is now taxable as part of total income at normal rates as provided in Division I of Part-I of the First Schedule to the Income Tax Ordinance, 2001.

The management of Allama Iqbal Open University (AIOU), Islamabad paid salaries to its 85 officers amounting to Rs. 145.544 million and deducted Income Tax of Rs. 4.825 million thereon during 2013-14.

Audit observed that an amount of Rs. 5.895 million on account of Income Tax was less deducted from the salaries of the officers.

Less deduction of Income Tax deprived the government from its due receipts.

The management replied that Tax was being deducted from the salaries in accordance with Section 149 and HRA was included for the purpose of Income Tax calculation. As House Rent Subsidy was subjected Tax under Section 155, therefore, the same was not included in Section 149. The AIOU was deducting Income Tax under Section 155 from the payment made by the employees to their owners. It is further mentioned that there was no less deduction of Tax amounting to Rs. 5.895 million as highlighted by the Audit.

The reply was not tenable because Income Tax was required to be deducted at source on the total emoluments payable to the employees. By payment of House Rent Subsidy along with pay and allowances the University increased the total taxable income of the employees, thus, requiring deduction of Income Tax at source on total emoluments paid to the employees.

During the DAC meeting held on 08.02.2016 it was informed by the management that Income Tax was deducted as per rules but no documentary evidence was produced for verification. DAC directed to provide the record for verification.

Audit recommends that amount should be recovered as the management failed to produce the record in support of their claim.

13.4.19 Mis-procurement of printing paper - Rs. 312.487 million

The Tender Documents of Allama Iqbal Open University (AIOIU) for supply of local/imported white offset printing paper stated that the successful bidder shall be responsible for the replacement of such material as is found to be deficient in all respect, defective/substandard at any stage/time notwithstanding the fact that the supply was earlier accepted and payment, thereof, was released.

The Tender Documents also provided for acceptance of minor defective variation of ±5% in grammage for local paper and ±2.5% in grammage for imported paper but average was not to be less than the required standard of specification. In the case average was less than the required standard, the University could carry out proportionate dedication. If the average grammage was less than 5% (local paper) and 2.5% (imported paper), the University could reject the relevant supply or accept it with penalty which was to be double of the proportionate deductions.

The management of AIOU Islamabad purchased printing paper amounting to Rs. 489.663 million from various suppliers during 2013-14.

Audit observed as under:

i. Agreements with the successful bidders for supply of material containing detailed terms and conditions were not signed by the University and delivery of stores was made against supply orders.

ii. Tender Documents provided the opportunity to bidders for supply of paper that could be below specifications.

iii. Of the total quantity worth Rs. 489.663 million, the supplied paper amounting to Rs. 312.487 million (i.e. 63.82% of the total) was accepted as below specifications by applying minor penalty.

Audit is of the view that the procurement was executed without applying necessary safeguards to ensure the supply of paper was in accordance with required specifications that resulted in the procurement of substandard paper.

The management replied that AIOU did not purchase substandard paper. There were some minor defects in a limited supply. Deduction of Rs. 5.401 million was applied as penalty for such defective supplies (±5% in case of local paper and ±2.5% in case of imported paper) which was 1.10% of the gross payment of Rs. 489.663 million. The penalty was imposed on the recommendations of the Inspection Committee for Paper.

The reply was not considered cogent because the Tender Documents were drafted in a manner that allowed the successful bidders to supply paper that could be below specifications. Further, no agreement(s) containing detailed terms and conditions were signed by the management that could bind the supplier(s) to adhere to delivery of material that was in accordance with required standards and specifications.

DAC in its meeting held on 08.02.2016 directed to constitute a fact finding committee and its findings should be shared with Audit.

Audit recommends fixing of responsibility for the irregularity besides improving the procurement procedures for the future.

13.4.20 Overpayment on account of printing from private printers - Rs. 10.341 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 Allama Iqbal Open University (AIOU), Islamabad incurred an expenditure of Rs. 106.823 million on printing books/material from private printers during 2010-14.

Audit observed as under:

i. The payments were not made to the private printers on the basis of work order placed to them.
ii. Printers were paid on the basis of higher rates than the actual work awarded to them.
iii. An overpayment amounting to Rs. 10.341 million was made to the private printers.

Audit is of the view that the management did not make payments to private printers on the basis of actual printed material received thus overpayment resulted into loss to the public exchequer.

The management replied that the University had appointed an Inquiry Committee to find out facts. Report of the Inquiry Committee was awaited and the same shall be shared as and when received.

DAC in its meeting held on 08.02.2016 directed to finalize the inquiry within two months and share the findings with Audit.

Audit recommends fixing of responsibility besides recovery of overpayments.

13.4.21 Non-recovery on sale of Waste-paper/Ruddi/PS Plates - Rs. 35.312 million

The Fact Finding Committee of Allama Iqbal Open University in its report dated 14.10.2014, concluded that:

i. A minimum embezzlement of Rs. 28.219 million seems to have been committed in sale of solved answer scripts along with extra sheets by the Print Manager, AIOU in connivance with the contractor.
ii. A difference of Rs. 0.651 million has been noticed in sale of PS Plates, which also seems to have been embezzled.
iii. Fact Finding Committee observed embezzlement of Rs. 6.442 million in sale of miscellaneous wastage (raddi) available at Print Production Unit (PPU).

Audit observed that the management did not recover loss amounting to Rs. 35.312 million from the persons at fault.

Audit is of the view that non-recovery of loss deprived the University from its resources besides extension of undue favor to the persons at fault.

The management replied that in the light of facts finding report, the university had appointed an authorized officer to proceed against the persons involved. Outcome of the inquiry process would be conveyed to Audit as and when finalized.

DAC in its meeting held on 08.02.2016 directed to finalize the inquiry within two months and share the findings with Audit.

Audit recommends implementation of findings of the Inquiry Committee.

13.4.22 Charging of fee without the approval of dual degree program from Higher Education Commission - Rs. 495.602 million

Clause 10(d) of HEC Ordinance, 2000 states that for the evaluation, improvement, and promotion of higher education, research and development, the Commission may prescribe conditions under which institutions, including those that are not part of the state education system may be opened and operated.

As per Clause 2.1.1 of the International Collaboration Agreement between the University of Lancaster and COMSATS Institute of Information Technology (CIIT) this Agreement shall not come into effect and shall be conditional upon CIIT obtaining consent from the Higher Education Commission (HEC) in Pakistan.

As per Clause 2.4 of the Agreement if the conditions of the Agreement were not met by 01.01.2011 then this Agreement shall be null and void and of no further effect.

The management of CIIT, Lahore enrolled 2,532 students under the Dual Degree Program during 2010-14.

The management of CIIT did not get approval from the HEC before starting the Dual Degree Program. Moreover, the CIIT also charged an amount of Rs. 495.602 million from the students who took admission under the program.

Dual Degree Program had no legal authority without the approval of the HEC and the students' carrier was put at risk.

The management replied that the matter was taken up with HEC in October, 2009 and 2010 and no reservations were received therefrom. This led to the institute to commence the program and itself perceived that approval from the HEC would be received in due course of time.

Audit recommends that responsibility should be fixed for putting the carrier of students' at risk and starting the program without having cleared legal formalities for the program.

CHAPTER 14

14.HOUSING AND WORKS DIVISION

14.1 Introduction

The Ministry of Housing and Works is responsible for acquisition and development of sites as well as construction and maintenance of Federal Government buildings. It is actively involved in the coordination of civil works, budget, fixation and recovery of rent from Government owned/hired and requisitioned buildings. The activities, like management of Federal Lodges, matters relating to Federal Government lands, licences to various cooperative housing societies in Karachi, except those under the different Divisions. Administration of officers belonging to the Engineering Group, registration to Housing Authorities, including National Construction Limited and Housing Foundation are the responsibilities of this Division.

The following functions have been assigned to the Ministry as per the Rules of Business, 1973:

i. Acquisition and development of sites, construction, furnishing and maintenance of Federal Government buildings, except those under the Defence Division.

ii. Coordination of Civil Works Budget;

iii. Execution of Federal Government works.

iv. Provision of Government owned office accommodation and residential accommodation for officers and staff of the Federal Government; acquisition; requisitioning and hiring of residential accommodation and payment of compensation or rent.

v. Fixation and recovery of rent of Government owned, hired and requisitioned buildings.

vi. Management of Federal Lodges.

vii. Land and buildings belonging to the Federation wherever situated, and revenues derived therefrom.

viii. Administration of the Federal Government Lands and Buildings (Recovery of Possession) Ordinance, 1965.

ix. Matters relating to the Federal Government lands licenses to various Cooperative Housing Societies in Karachi, except those under the Defence Division.

x. Officers belonging to the Engineering Group.

xi. Transfer of property, other than agricultural land, registration of deeds and documents.

xii. Matters relating to the National Construction (Domestic) Limited.

xiii. Administrative control of the National Housing Authority.

xiv. National Housing Policy.

14.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Ministry of Housing and Works for the financial year 2014-15 was Rs. 6,773.468 million including Supplementary Grant of Rs. 528.273 million out of which the Ministry utilized Rs. 4,781.758 million. Grant wise detail of current and development expenditure is mentioned below:

(Rupees)

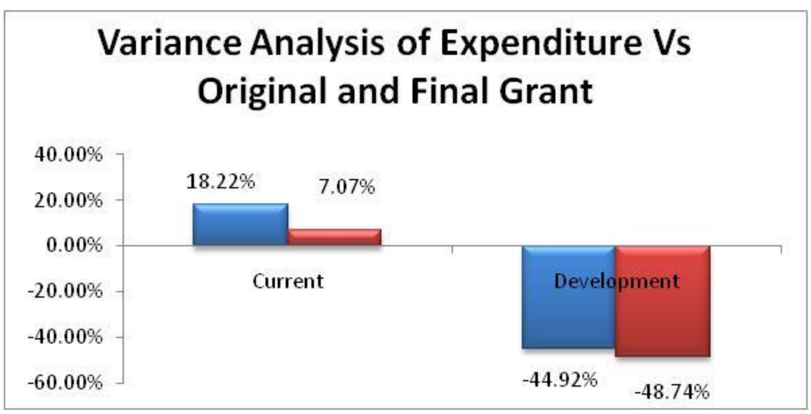
Grant No	Grant Type	Original Grant	Supplementary Grant	Final Grant	Expenditure	Excess / (Saving)	%age Excess/ (Saving)
58	Current	67,492,000	10,010,000	77,502,000	76,488,613	(1,013,387)	(1.31)
59	Current	1,944,227,000	200,510,000	2,144,737,000	2,310,068,672	165,331,672	7.71
60	Current	70,472,000	2,000	70,474,000	74,591,160	4,117,160	5.84
61	Current	43,279,000	10,664,000	53,943,000	51,480,342	(2,462,658)	(4.57)
	Sub total	2,125,470,000	221,186,000	2,346,656,000	2,512,628,787	165,972,787	7.07
178	Development	4,119,725,000	307,087,000	4,426,812,000	2,269,129,251	(2,157,682,749)	(48.74)
	Total	6,245,195,000	528,273,000	6,773,468,000	4,781,758,038	(1,991,709,962)	(29.40)

Audit noted that there was a net saving of Rs. 1,991.710 million which was due to saving of Rs. 2,157.683 million in the development grant that was partly offset by excess expenditure of Rs. 165.973 million in the current grants.

Supplementary grants obtained without careful cash forecasting

In order to ensure prudent financial management, Para 13(vii) of System of Financial Control and Budgeting, 2006 states that 'Ministries/Divisions should be able to anticipate budgetary requirements well ahead of the financial year to which the budget relates and obtain the concurrence of the Finance Division. The Finance Division is expected to decline any request for supplementary grants except in extraordinary circumstances.' This document further states that 'the funds obtained from supplementary grants shall be expended for the purposes for which these have been sanctioned. In current expenditure, demands for supplementary grants shall not be made, except in extraordinary circumstances.' During the year, supplementary grants of Rs. 528.273 million were obtained which was 8.46% 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 18.22%, which, after accounting for supplementary grants decreased to 7.07%. In development expenditure, saving against original budget was 44.92% which increased to 48.74% when supplementary grants were taken into account.



14.3 Brief comments on the status of compliance with PAC Directives

Name of Ministry	Years	Total No of audit paras	No of PAC Directives / Actionable Points	Compliance	Non-Complied
Housing and Works	1992-93	9	9	9	0
	2006-07	1	1	0	1

14.4 AUDIT PARAS

Irregularity & Non Compliance

14.4.1 Recovery of outstanding government dues of rent of Lodges - Rs. 3.872 million

As per provision of Para 26 of GFR, it is the responsibility of every controlling officer to see that all sums due to the government are regularly and promptly assessed and realized.

Audit observed that rent was not recovered from the allottees of Government accommodation. Detail of outstanding rent is as under:

S#	Name of Lodge	No. of allottees	Outstanding Amount in Rs.
1	Shah Abdul Latif Bhittai (Old Block)	23	211,117
2	Shah Abdul Latif Bhittai (New Block)	18	285,155
3	Gulshan-E-Jinnah Complex F-5/1	106	2,277,512
4	Lal Shahbaz Qalandar	20	196,670
5	Fatima Jinnah Hostel	35	387,833
6	Federal Government Chummary Lodge G-8/1	01	4695
7	48 Family Suites Complex G-5/1	14	509,810
	Total		**3,872,792**

Non-recovery of Government dues was a lapse on part of management.

The management did not reply.

Audit recommends that amount may be recovered from the allottees and deposited into Government treasury and the recovered amount should be reconciled with treasury.

CHAPTER 15

15.INDUSTRIES AND PRODUCTION DIVISION

15.1 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.

15.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Industries and Production for the financial year 2014-15 was Rs. 3,803.768 million including Supplementary Grant of Rs. 1,281.488 million out of which the Division utilized Rs. 2,709.524 million. Grant-wise detail of current and development expenditure is as under:

(Rupees)

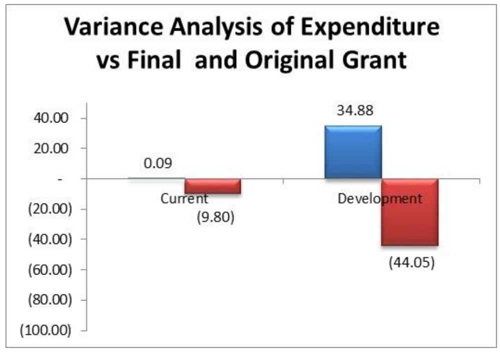
Grant No	Grant Type	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Final Grant/ Appropriation	Actual Expenditure	Excess/ (Savings)	% age Excess/ (Saving)
51	Current	165,179,000	86,235,000	251,414,000	210,144,718	(41,269,282)	(16.41)
52	Current	12,553,000	1,000	12,554,000	7,902,052	(4,651,948)	(37.06)
52	Current	650,405,000	4,506,000	654,911,000	610,818,865	(44,092,135)	(6.73)
92	Current	86,232,000	-	86,232,000	-	(86,232,000)	(100.00)
	Subtotal	**828,137,000**	**90,742,000**	**918,879,000**	**828,865,635**	**(90,013,365)**	**(9.80)**
147	Development	779,774,000	1,100,004,000	1,879,778,000	1,051,792,773	(827,985,227)	(44.05)
	Total	**2,522,280,000**	**1,281,488,000**	**3,803,768,000**	**2,709,524,043**	**(1,094,243,957)**	**(28.77)**

Audit noted that there was an overall saving of Rs. 1,094.244 million that was mainly due to saving of Rs. 827.985 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. 1,281.488 million were obtained, which was 50.81% 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 0.09%, which, after accounting for Supplementary Grants changed to saving of 9.80%. In development expenditure, excess against original budget was 34.88% which changed to savings of 44.05% when Supplementary Grants were 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	Complied	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	1	0	100%
	1999-00	14	14	13	1	93%
	2000-01	4	4	4	0	100%
	2001-02	5	5	3	2	60%
	2006-07	1	1	1	0	100%
Total		**73**	**73**	**41**	**32**	56%

15.4 AUDIT PARAS

Irregularity & Non Compliance

15.4.1 Non-recovery of outstanding dues from various firms - Rs. 1.862 million

As per provision of Para 26 of GFR, it is the responsibility of every controlling officer to see that all sums due to government are regularly and promptly assessed and realized.

The management of Pakistan Industrial Technical Assistance Centre Lahore did not recover outstanding dues from various firms against completion of jobs.

Audit observed that different jobs were completed for various firms by Pakistan Technical Assistance Centre Lahore during the period 2014-15 but government dues of Rs. 1.862 million were still outstanding/pending against the firms.

Management did not take effective steps to recover the outstanding dues from the defaulters which was a lapse on their part.

The management replied that the amount would be received from the customers very soon.

Audit recommends that outstanding recovery of Rs. 1.862 million may be made from defaulters and deposited into government account immediately.

CHAPTER 16

16.MINISTRY OF INFORMATION, BROADCASTING AND NATIONAL HERITAGE

16.1 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.

16.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Ministry of Information and Broadcasting for the financial year 2014-15 was Rs. 7,642.575 million including Supplementary Grant of Rs. 1,416.993 million out of which the Division utilized Rs. 7,108.263 million. Grant-wise detail of current and development expenditure is as under:

(Rupees)

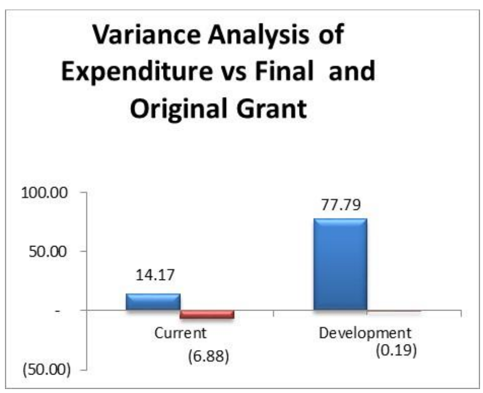
Grant No	Type of Grant	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Final Grant/ Appropriation	Actual Expenditure	Excess/ (Savings)	% age Excess/ (Saving)
53	current	431,195,000	367,515,000	798,710,000	675,783,806	(122,926,194)	(15)
54	current	221,848,000	12,000,000	233,848,000	196,863,059	(36,984,941)	(16)
55	current	438,655,000	214,750,000	653,405,000	630,429,337	(22,975,663)	(4)
56	current	584,657,000	-	584,657,000	610,708,748	26,051,748	4
58	current	4,514,727,000	805,150,000	5,319,877,000	4,954,474,900	(365,402,100)	(7)
	sub-Total	**6,191,082,000**	**1,399,415,000**	**7,590,497,000**	**7,068,259,850**	**(522,237,150)**	**(7)**
126	Development	22,500,000	17,578,000	40,078,000	40,002,672	(75,328)	(0)
136	Development	12,000,000	-	12,000,000	-	(12,000,000)	(100)
	sub-Total	**34,500,000**	**17,578,000**	**52,078,000**	**40,002,672**	**(12,075,328)**	**(23)**
	Total	**6,225,582,000**	**1,416,993,000**	**7,642,575,000**	**7,108,262,522**	**(534,312,478)**	(7)

Audit noted that there was an overall savings of Rs. 534.312 million, which was due to savings of Rs. 522.237 million in current grants.

Supplementary Grants obtained without careful cash forecasting

In order to ensure prudent financial management, Para 13(vii) of System of Financial Control and Budgeting, 2006 states that 'Ministries/Divisions should be able to anticipate budgetary requirements well ahead of the financial year to which the budget relates and obtain the concurrence of the Finance Division. The Finance Division is expected to decline any request for Supplementary Grants except in extraordinary circumstances.' This document further states that 'the funds obtained from Supplementary Grants shall be expended for the purposes for which these have been sanctioned. In current expenditure, demands for Supplementary Grants shall not be made, except in extraordinary circumstances.' During the year, Supplementary Grants of Rs. 1,416.993 million were obtained, which was 22.76% 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 14.17%, which, after accounting for supplementary grant changed to savings of 6.88%. In development expenditure, excess against original budget was 77.79%, which, after accounting for supplementary grant changed to savings of 0.19%.



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
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%

16.4 AUDIT PARAS

Irregularity & Non Compliance

16.4.1 Expenditure on article writing without any approved rates - Rs. 3.498 million

Para 25 of GFR Vol-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 Press Information Department, Islamabad (PID) paid Rs. 3.498 million to different writers during 2014-15 for writing of articles.

Audit observed as under:

i. Rates for article writing were not approved by the Ministry of Finance. In the absence of approval of per article rate by Ministry of Finance the expenditure cannot be authenticated.

ii. No Standard Operating Procedure (SOP) was framed for awarding the work including advertisement process, wide publicity, experience, qualification, age of experts for shortlisting and period of hiring etc. for writing the articles.

The management replied that being an attached department, Press Information Department is solely responsible to facilitate both the print and electronic media persons in performing their assignments pertaining to the publicity of national matters. As far as difference in the rates is concerned, the professional specialization, reputation and authenticity vary according to the caliber of the journalist and the nature of the subject.

The reply was not accepted because the functions of PID were not challenged rather it was pointed out that no approved SOPs were in existence on the subject so authentication of payment according to fixed standards could not be determined by the Audit.

Audit recommends preparation of proper SOPs and approval of the same from the Finance Division for remedying the situation.

16.4.2 Irregular/unauthorized hiring of Speech Writers and Media Consultant - Rs. 4.220 million

Para 11 of GFR Vol-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 Press Information Department, Islamabad (PID) hired services of two speech writers and one media consultant and incurred expenditure of Rs 4.220 million under the Object Head A03919-Services Rendered during 2014-15. Audit observations against the appointments are given as follows:

S. No.	Name	Date of hiring	Retainership per month (Rs)	Remarks
1.	Mr. Ali Akbar Abbas, Speech Writer	01.06.2014	80,000	i. No approved procedure (SOP)/rules for the appointment of Speech Writers were available. ii. Sanctioned posts of Speech Writers did not exist. iii. The incumbents were appointed without open publicity. iv. The competent appointing authority for such experts was not declared. v. Retainership package was not approved by the Ministry of Finance. vi. Their educational qualification, experience etc. were not on record. vii. The services of Mr. Ali Akbar were terminated on 28.02.2015 but he was paid remuneration up to July, 2015. viii. The services of Mr. Tila Muhammad were terminated w.e.f.21.02.2014. His services were re-hired w.e.f. 01.03.2015 for Rs.75,000 per month. The total expenditure on the remuneration of both Speech Writers comes to Rs.2.320 million.
2.	Mr. Tila Muhammad, Speech Writer	05.06.2013	100,000	
3.	Khawaja Naveed Aslam, Media Consultant	01.12.2013	100,000	i. There was no sanctioned post of Media Consultant where PID itself was providing this support to the Government. ii. No approved SOP for hiring and functioning of Media Advisor was provided to Audit. iii. The incumbent submitted his CV on 05.12.2013 but was appointed w.e.f.01.12.2013 vide Office Order No.F.8(61)/2013 dated 06.12.2013 on temporary basis with normal terms and conditions and until further orders. iv. The incumbent was performing his duties in Regional Information Office, PID, Lahore. v. The incumbent was working in PID continuously since 01.12.2013 without any break and was being paid out of Object Head A03919 Services Rendered. There existed no provision for hiring services of incumbents for such long period out of object head services rendered. vi. He was paid Rs.1.900 million (Rs.100,000 x 19 months) from December, 2013 to June, 2015 during this period out of budget of PID.

In the absence of approved procedure of appointment and retainership package, the appointment and expenditure on their remuneration were irregular.

The management replied that the services of persons have been hired on daily wages and not on contract basis in absence of sanctioned post of service rendered required for the specific assignment. Head of the Department was authorized to exercise full powers and could be de-hired at any time. However, the services of one Speech Writer have been re-hired keeping in view the requirement of the specific assignment. There existed no post of Media Consultant.

The reply was not accepted because proper procedure for hiring the services of these incumbents was not adopted. Hence, their hiring/appointment was not transparent.

Audit recommends that responsibility may be fixed for the irregularity.

16.4.3 Expenditure on TA to Private Individuals without any approved rules of Finance Division - Rs. 3.155 million

Serial No. 9(2) of Annexure-I of Finance Division O.M. No. F.3(2)Exp.III/2006 dated 13.09.2006 empowers the Ministry/Division to incur expenditure on Travelling Allowance subject to the prescribed conditions.

The management of Press Information Department, Islamabad (PID) incurred an expenditure of Rs. 3.15 million on account of boarding, lodging and travelling expenses of media persons who were not Government servants during 2014-15.

Audit observed as under:

i. There was no approved SOP/conditions for incurring expenditure for media persons who were invited by the PID.
ii. There were no approved rates of Finance Division for daily hotel charges and other related expenditure of media persons.

Incurring of expenditure out of object head TA to other than Government servants without any approved rules of Finance Division was irregular.

The management replied that being an attached Department of the Ministry, Press Information Department was solely responsible to facilitate both the print and electronic media persons in performing their assignments pertaining to the publicity of national matters. It was not possible for the management to fix rates of hotel charges/air tickets because of fluctuation of air tickets charges/ availability of hotels.

The reply was not satisfactory. There should be a uniform Standard Operating Procedure for incurring expenditure for media persons as it was a routine matter for PID.

Audit recommends to prepare a Standard Operating Procedure for incurring expenditure for media persons in future that may be got approved from the Finance Division.

16.4.4 Irregular hiring of services under various categories

Para 1 of Establishment Division O.M. No. 7/6/87-R5 dated 10.07.1988 requires Ministries/Divisions to frame recruitment rules in consultation with the Establishment Division.

The management of Press Information Department, Islamabad (PID) hired services of the following incumbents on contract basis during 2014-15 without framing rules for hiring and payment of emoluments. Details are as under:

S. No.	Name	Designation	Date of hiring
1.	Mr. Muhammad Naeem	Urdu Translator	01.07.2014 to June, 2015
2.	Mr. Danish Fayyaz Shaikh	IT Specialist	04.05.2015 to August,2015
3.	Mst. Mehwish Fatima	IT Programmer	-do-
4.	Mst. Amna Khushbow	IT Specialist	-do-
5.	Mr. Muhammad Imran	IT Specialist	-do-
6.	Mr. Touqeer Hasan	IT Technician	w.e.f.27.10.2011

Audit observed that:

i. There existed no sanctioned posts for such contract appointments.

ii. The incumbents were appointed without any transparent/open competition.

iii. Their remuneration packages were allowed arbitrarily and without approval of the Finance Division.

In the absence of approved rules for hiring of these personnel and remuneration package, the expenditure was irregular.

The management replied that the persons hired on services rendered basis for time being on daily wages in absence of sanctioned posts required for specific assignment. The services were hired under clause-D (i)a of PPRA SRO dated 26.11.2010 which provides for Direct Selection subject to following conditions:-

i. For tasks which are of natural condition of previous assignment and continuity of technical services is essential.

ii. Where only one consultant is qualified or has experience of exceptional worth with reference to clause-c or d of PPRA 2004.

The reply is not acceptable. Hiring of services of these incumbents did not fall under the mentioned PPRA Rules. The management was required to frame service rules for these incumbents prior to their employment but it was not done. A full-fledged Computer Lab had been established in PID which could not be run without appropriate manpower.

Audit recommends to fix the responsibility for not framing rules for IT related personnel prior to their hiring despite establishment of Computer Lab.

16.4.5 Unauthorized payment of House Rent Ceiling to employees - Rs. 6.280 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.

Para 2(vi) of Ministry of Housing and Works O.M. No. F.2(3)/2003-Policy dated 31.07.2004 states that all payment will be made through cross cheques, which will be forwarded to the manager of the bank for depositing in account of the owner.

The management of National Institute of Folk & Traditional Heritage (Lok Virsa), Islamabad paid an amount of Rs. 6.280 million as House Rent Ceiling to its employees during 2014-15.

Payment of House Rent Ceiling was made to the employees instead of the owners of the houses through cross cheques which was irregular and unauthorized.

Management replied that due to delay in receipt of grant it become difficult for timely payments to the landlord. Most of the employees pay rent from their own pockets on the demand of landlord to avoid vacation of house. Against the demand of the employees for timely payment, this arrangement is made.

Audit recommends that the irregular practice should be discontinued forthwith.

CHAPTER 17

17.INTERIOR DIVISION

17.1 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.

17.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Interior Division for the financial year 2014-15 was Rs. 8,412.323 million including Supplementary Grant of Rs. 1,734.836 million against which the Division utilized Rs. 5,793.928 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	603,430,000	53,123,000	656,553,000	572,257,905	(84,295,095)	(12.84)
62	Current	5,929,428,000	356,337,000	6,285,765,000	6,089,760,689	(196,004,311)	(3.12)
63	Current	1,222,332,000	467,731,000	1,690,063,000	1,371,089,067	(318,973,933)	(18.87)
64	Current	32,363,299,000	1,476,000,000	33,839,299,000	37,792,503,404	3,953,204,404	11.68
65	Current	6,244,720,000	68,000,000	6,312,720,000	6,617,308,230	304,588,230	4.82
66	Current	1,485,097,000	113,000,000	1,598,097,000	1,545,149,880	(52,947,120)	(3.31)
67	Current	14,495,005,000	662,588,000	15,157,593,000	14,688,640,251	(468,952,749)	(3.09)
68	Current	2,802,814,000	345,423,000	3,148,237,000	3,073,839,137	(74,397,863)	(2.36)
68A	Current	-	1,681,710,000	1,681,710,000	1,482,059,257	(199,650,743)	(11.87)
	Subtotal	**603,430,000**	**1,734,833,000**	**2,338,263,000**	**2,054,317,162**	**(283,945,838)**	**(12.14)**
130	Development	6,074,057,000	3,000	6,074,060,000	3,739,620,609	(2,334,439,391)	(38.43)
	Total	**6,677,487,000**	**1,734,836,000**	**8,412,323,000**	**5,793,937,771**	**(2,618,385,229)**	**(31.13)**

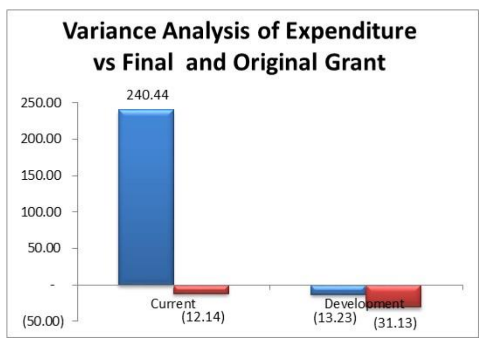
Audit noted that there was an overall saving of Rs. 2,618.385 million, which was due to savings of Rs. 2,334.439 million in Development Grant No. 130.

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. 1,734.836 million were obtained, which was 25.98% of the Original Budget.

According to Para 71 of General Financial Rules (Volume I), while framing budget estimates, the authorities should exercise utmost foresight. Variation between estimated and actual expenditure captures the level of foresight that goes into budget formulation. As shown in the chart below, the excess in current expenditure was 240.44%, which, after accounting for Supplementary Grants changed to savings of 12.14%. In development expenditure, savings against original budget were 13.23% which increased to 31.13% 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
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%

17.4 AUDIT PARAS

Non-production of Record

17.4.1 Non Production of record

In terms of Section 14 of the Auditor-General's Ordinance 2001 and Para-17 of GFR Vol-I, it is the duty of every Department/Controlling Officer to afford all reasonable facilities to the Audit in the discharge of their duty and to furnish the fullest possible information which they may ask for in connection with the preparation of an account or report which it is their duty to prepare. No information or book should be withheld, which is the statutory right of the Audit to see on behalf of the Auditor-General of Pakistan.

The management of Islamabad Capital Territory Police (ICTP) was requested to provide record.

The management did not provide the following record/information till the completion of audit. Details are as under:

i. Daily Deployment Record the followers.

ii. Accounts of Islamabad Police Welfare Fund.

iii. Certificate regarding no theft, fire, fraud, etc. during 2013-14.

iv. Detail of funds received from Narcotics Affairs Section (US Embassy).

v. Detail commercial property petrol pump Canteen, swimming pool.

vi. List of un claimed assets held under article 134 confiscated goods, vehicles.

vii. Appointment record of the doctor in traffic police office and fixation of medical fee thereof.

viii. Utilization/deposit record of the medical fee.

ix. Bank statement of the Islamabad Police Welfare Fund bank account No. PLS-81395-7 maintained with National Bank of Pakistan, F-8 Markaz Branch, and Islamabad.

x. Vehicle wise POL consumption.

xi. Replacement record of the newly purchased vehicles.

Audit is of the view that non-production of record is serious violation of Auditor General's Ordinance, 2001. Further, the expenditure under these heads could not be verified in the absence of record.

No reply was received from management.

Audit recommends that responsibility may be fixed for hindering the auditorial function of the Auditor General of Pakistan besides provision of record for scrutiny.

Irregularity and Non-compliance

17.4.2 Un-justified expenditure on account of stitching of uniforms - Rs.6.516 million

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

The management of Islamabad Capital Territory Police (ICTP) awarded the work for stitching of 19,750 uniforms to M/s Riaz Tailoring Shop on 10.12.2013 for Rs. 7,823,100 after floating open tenders. The work was completed on 03.06.2014. The total payments made were Rs. 6,515,975. Details are as under:

Date	Quantity	Rate	Amount
21.05.2014	1,250	385	481,250
	40	375	15,000
16.05.2014	1,250	385	481,250
	40	375	15,000
28.05.2014	1,270	385	488,950
	20	490	9,800
12.05.2014	1,250	385	481,250
	35	490	17,150
29.04.2014	1,500	385	577,500
09.05.2014	1,250	385	481,250
	20	275	7,500
	20	490	9,800

02.04.2014	1,500	385	577,500
	48	475	22,800
24.05.2014	1,290	385	496,650
26.05.2014	1,260	385	485,100
	30	490	14,700
28.02.2014	800	385	308,000
	500	475	237,500
30.05.2014	1,180	385	454,300
	15	490	73,500
	680	385	261,800
	10	490	4,900
02.06.2014	37	475	17,575
19.05.2014	1,250	385	481,250
	30	490	14,700
Total	**16,575**		**6,515,975**

Audit observed as under:

i. The address of the firm was H-11 Islamabad Police Line Headquarter, Islamabad, whereas there was no any specific shop Number, name of the market etc.

ii. Mr.Muhmmad Riaz the owner of M/s Riaz Tailoring shop was regular employee (tailor master) of Islamabad police.

iii. The payment was made to employee without making any deduction on account of utility charges/rent/regular salary paid to the employee.

iv. The deployment/duties performed by the 19 tailor masters at the strength of Islamabad police during the period from December, 2013 to June, 2014 were not made known to audit in spite of repeated requests.

v. The firm was not registered with the income tax and sales tax authorities, as there was no any such number on the quotation and bill of the firm.

Audit is of the view that the stitching work should have been done by 19 tailor masters at the strength of Islamabad Police @ of 4 uniforms per day and the expenditure incurred was unnecessary.

Audit is also of the opinion that the employee used the electricity, gas, accommodation daily duty period and no recovery was made. Thus the public exchequer was put to loss.

The management replied that as per Punjab Police Rules all line tailors, who are already employed, or may hereafter be employed as such shall be required to submit to the Inspector General of Police through the Superintendent of Police a tender for services to be rendered by them. The management admitted that the address of the firm is Islamabad Police, Headquarters and Mr. Muhammad Riaz is the employee of the Islamabad Police.

The reply was not accepted because other competitors have been put at disadvantage.

Audit recommends that responsibility may be fixed for the irregularity.

17.4.3 Un-authorized payment of fixed Daily Allowance to employees during courses/training Rs.13.395 million

Ministry of Interior letter No.14/4/23004-ICT-1 dated 14.03.2009 states that 20 days fixed Daily Allowance per month is admissible to officials on operational duty only.

The management of Islamabad Capital Territory Police (ICTP) paid fixed daily allowance to its employees during courses/training period. Derails are as under:

S. No.	Course	Number of Trainees	Duration	Rate per Trainee	Total Amount
1	Intermediate	85	06.01.2014 to 11.06.2014 (04 Months)	8,800	2,992,000
2	Lower School Course	219	28.01.2014 to (04 Months)	8,800	7,708,800
3	Recruit Course	16	10.02.2014(06 months)	8,800	563,000
4	Upper School Course	38	01.01.2014(04 month)	12,000	1,824,000
5	Advance Course	6	16.12.2013(04 months)	12,800	307,200
		364		**Total:**	**13,395,000**

Audit observed that Daily Allowance was paid to the employees who were not on duty and as such the allowance was not admissible.

Audit is of the view that payment of fixed Daily Allowance is not admissible to the employees during courses/training period which resulted in undue financial benefit to the individuals and financial loss to the public exchequer govt.

The management replied that the said trainings were part of improvement of professional skills. During course all trainee are considered on operation duty, therefore, payment of fixed daily allowance is admissible under rules.

The reply was not accepted because period of training as treated on duty but not as operational duty.

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

17.4.4 Irregular expenditure on salary - Rs. 23.338 million

Para 23 GFR states that every officer should be responsible for any loss caused to the Government by his act.

The management of Islamabad Police made payments of salary to its employees through AGPR, pay roll system during 2013-14.The expenditure for the year was also reconciled.

Audit observed that the figure of expenditure booked under the salary head was different from the total gross amount of the pay rolls for the year 2013-14. Detail is as under:

Year	Expenditure As per Pay Rolls (Rs)	Expenditure As per reconciliation Statement (Rs)	Difference (Rs)
2013-14	4,819,267,759	4,842,605,970	23,338,211

Audit is of the view that the expenditure without supporting document cannot be treated as authentic.

No reply was received from management.

Audit recommends an investigation in the matter.

17.4.5 Non-auction of acquired land - Rs. 126.824 million

The CDWP in its meeting held on 31.03.2015 approved the 2nd revised PC-I of the project titled National Forensic Science Agency (NFSA) at a revised cost of Rs. 1,461.399 million and following decision was taken:

"The Project was approved at a total cost of Rs. 1,461.399 million with the observation that the land acquired at Karachi, Quetta and Peshawar may preferably be auctioned on market rates and the auctioned amount deposited in Government treasury as per rules."

National Forensic Science Agency (NFSA), Islamabad had purchased/ acquired land at Karachi, Quetta and Peshawar for Rs. 126.824 million as per earlier PC-I.

Purchased land had yet not been disposed of which was in violation of decision of the CDWP.

The management replied that Project Director, NFSA would visit Quetta, Karachi and Peshawar regarding disposal of land by auction or otherwise.

Audit recommends that land at Quetta, Karachi and Peshawar be sold at the earliest and the sale proceeds be deposited into government treasury.

CHAPTER 18

18.MINISTRY OF INTER PROVINCIAL COORDINATION

18.1 Introduction of Ministry

On 19.03.2007, recognizing the importance of Federal and Provincial relationships to grow in ever greater harmony, the Government of Pakistan created an independent Division named Inter Provincial Coordination Division. Later, the Inter Provincial Coordination Division was given the status of a full-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.

International exchange of students and teachers, foreign studies and training and international assistance in the field of education.

18.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Inter Provincial Coordination Division for the financial year 2014-15 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)

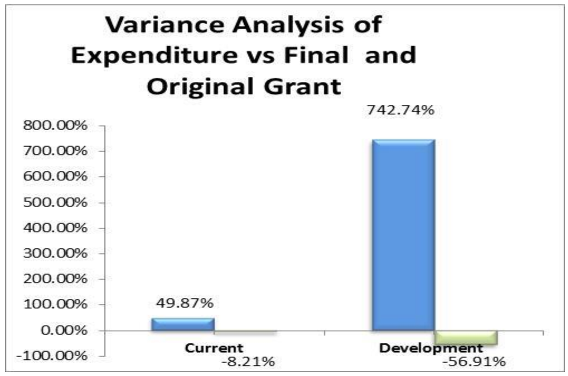
Grant No	Grant Type	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Final Grant/ Appropriation	Actual Expenditure	Excess/ (Savings)	% age Excess/ (Saving)
60	Current	1,216,803,000	769,917,000	1,986,720,000	1,823,652,686	(163,067,314)	(8)
	Subtotal	**1,216,803,000**	**769,917,000**	**1,986,720,000**	**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.



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
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%

18.4 AUDIT PARAS

Irregularity & Non Compliance

18.4.1 Non-adjustment of advances - Rs. 38.98 million

Rule 157(1) of the Federal Treasury Rules states that cheques drawn in favour of government officers and departments in settlement of government dues shall always be crossed "A/C Payees only – Not Negotiable".

Rules 205 of FTR Vol-I states that payment of money shall be made by obtaining a voucher setting forth full and clear particulars of the claim and all information necessary for its proper classification and identification in the accounts.

The management of Pakistan Hockey Federation paid an amount of Rs. 38.98 million for various events to PHF officials and outsiders.

Audit observed as under:

i. The amounts were drawn in cash instead of making payment to the beneficiaries through crossed cheques.
ii. The adjustments were not supported with proper bills/cash memos and acknowledgments.

In the absence of requisite documents the authenticity of expenditure could not be ascertained.

The management replied that all the payments were made to players and officials within the rules by the Pakistan Hockey Federation.

Reply was not satisfactory as the management did not provide the required documents to substantiate the claim that the payment was made to the players and officials according to rules.

The DAC in its meeting held on 20.10.2015 settled the para subject to verification of adjustment accounts within 30 days.

The management did not provide record for verification till the finalization of the report.

Audit recommends that responsibility may be fixed for the irregularity.

18.4.2 Irregular transfer of funds to personal bank account and non-obtaining of adjustment accounts- 1.700 million

Rule 3 of the PHF Financial Rules, 2013 states that for the domestic, international commitments and training camps of national senior, junior and women hockey teams as well as PHF establishment expenses, the Secretary General is empowered to withdraw cash from the PHF banks accounts and settle the same within 10 days.

The management of Pakistan Hockey Federation paid an amount of Rs. 1.700 million for conducting the 3rd Under-18 Girls National Junior Hockey Championship at Islamabad and 28th National Women Hockey Championship held in Karachi. Details are as under:

(Rupees)

S. No.	Event	Cheque No.	Date	Amount
1.	3rd U-18 Girls National Junior Hockey Championship	927793	05.06.2014	700,000
2.	28th National Women Hockey Championship	8927784	09.05.2014	1,000,000
			Total	**1,700,000**

Audit observed as under:

i. The funds of Rs. 1.700 million were transferred to the personal account of the organizer.
ii. Adjustment accounts were not submitted by the organizers.

Non-obtaining the adjustment of the amount was a violation of the PHF financials rules and also the Audit could not ascertain the authenticity of the expenditure in the absence of documentary evidence.

The management replied that the payments of Associations of PHF, in different provinces to organize the National Championships was the responsibility of PHF and payments were made within the rules and regulations of PHF.

The reply was not satisfactory as the payment should have been made in favor of the Associations rather than the personal accounts of the organizers. Further, adjustment of payments made to the individuals or its refund was required.

The DAC in its meeting held on 20.10.2015, directed PHF to obtain adjustment accounts and provide the same to Audit for verification within 30 days.

The management did not provide record for verification till the finalization of the report.

Audit recommends that adjustment of advance should be obtained from the organizers and the irregular practice may be avoided in future. Further, necessary provision may be made especially to manage such transfer of funds to the associations.

18.4.3 Unauthorized expenditure on visit of 30 persons to India - Rs. 1.212 million

The financial matters of the Pakistan Hockey Federation are dealt in accordance with the provisions of the PHF Financial Rules 2008 amended on 22.11.2013.

The management of Pakistan Hockey Federation paid an amount of Rs. 1.212 million vide cheque No. 9497210 dated 26.02.2010 to 30 person delegation for Hero Honda World Cup, India.

Audit observed that while the team comprising players, officials and management numbered 18 in all, the PHF funded visit of 30 additional individuals out of the PHF fund who were neither players, experts, journalists nor they had any association with the game of hockey. Such sponsorship was not allowed in any of the rules, regulations or the Constitution of PHF and was an undue burden on PHF fund.

Management replied that the Pakistan Hockey Federation adjusted an amount of Rs. 1.212 million against Hero Honda World Cup, India. Hockey Federation invited 25-30 persons delegation from different departments/ organizations to see the glimpses of the World Cup. After getting the clearance / NOC from Pakistan and the Indian Governments, 30 persons as a delegation had visited India on the occasion of the World Cup.

Reply was not considered acceptable as it was neither covered in the objectives/purposes for which the PHF was established nor in the Financial Rules of the PHF.

The DAC in its meeting held on 20.10.2015 directed PHF management to place the case before the Congress for regularization and evidence on adjustment of amount be provided to Audit for verification.

Audit recommends that responsibility may be fixed for the irregularity and the matter be got condoned from the PHF Congress.

18.4.4 Foreign Coach: Irregular appointment, payment of salaries (Euro 190,000 = Rs. 24.11 million), non-adjustment of advance (Euro 20,000 = Rs. 2.10 million) - Rs.26.216 million

Article 12.8 of the Constitution of the PHF states that the supreme authority of PHF shall vest in the Congress.

Rule 6(b) of the PHF Financial Rules, 2013 states that the coach of the senior team is entitled to free boarding and lodging/pocket allowance @Rs.1,000 per day/airfare(economy) on joining and termination of camp (once only).

The management of Pakistan Hockey Federation appointed Mr. Michel Van Den as Head Coach from June, 2010 to 30.08.2012 at monthly pay of €6,000 (all inclusive) with free boarding and lodging during the period of his assignment in Pakistan.

The management paid €190,000 as salary from June, 2010 to February, 2012, (Rs. 24.112 million) and advance payment of € 20,000 (Rs. 2.104 million) that required adjustment from his pay.

Audit observed that:

i. With no provision for hiring of foreign coach existing in the PHF Constitution, prior approval of the PHF Congress was not obtained for hiring of the foreign coach.
ii. The coach was appointed arbitrarily without following any transparent selection process.
iii. The Financial Rules of the PHF did not contain any provision for payment of emoluments to the foreign coach.
iv. As per the agreement between PHF and the foreign coach the engagement of his services were required up to 30.08.2012 but the term was curtailed up to February, 2012 without providing any reason.

v. € 20,000 equivalent to Rs. 2.104 million paid as advance was neither adjusted nor recovered, resulting in overpayment to the foreign coach.

Appointment of the foreign coach without the approval of the Congress and without the provision in the PHF Rules was irregular and unauthorized. Moreover, the process of appointment, fixing of emoluments and allowing non-adjustment of advance were also not covered under any rule or authorization.

The management replied that the appointment of foreign coach was made as per requirement and necessity of the National Hockey Team and payment in this regard was made in accordance with rules and regulation of PHF.

The reply was not satisfactory as neither the approval of the PHF Congress was obtained since the hiring was not covered under the PHF Constitution. Furthermore, the appointment was made arbitrarily and no rule existed to determine the emoluments.

The para was discussed in detail in the DAC meeting held on 20.10.2015 and the DAC directed to conduct a high level inquiry on the matter and deal with the case separately. The findings/report of the inquiry may be provided to Audit for verification.

Audit recommends that the decision of the DAC may be implemented in letter and spirit and responsibility fixed for the irregularity besides making a policy that may allow hiring of local and foreign coaches in future.

18.4.5 Double payment of award money - Rs. 1.195 million

Rule 3 of the PHF Financial Rules, 2013 states that for the domestic, international commitments and training camps of national senior, junior and women hockey teams along with PHF establishment expenses the Secretary General is empowered to withdraw cash from the PHF bank accounts and bound to settle the same within 10 days.

The management of PHF withdrew an amount of Rs.1.945 million on 01.06.2011 as award money for five officials of Pakistan White Hockey Team for winning the 11th South Asian Games-Dhaka (Bangladesh).

Audit observed that the five officials were already paid award money for the same event, i.e. 11th South Asian Games-Dhaka (Bangladesh) on 22.03.2011. Thus, award money was paid to the officials twice, once in March, 2011 and again in June, 2011 for winning the same event.

The management replied that PHF withdrew an amount of Rs.1.945 million on 22.03.2011 for award money of five officials of Pakistan White Hockey Team for winning the 11th South Asian Games-Dhaka (Bangladesh). Amount was paid to five officials equally.

The management did not reply to the objection raised by Audit. The names of these officials were also included in the list of beneficiaries for whom the amount was withdrawn on 22.03.2011.

The DAC in its meeting held on 20.10.2015 and PHF authorities were directed to investigate the matter and share the findings with audit besides providing the adjustment accounts for verification. .

The management did not provide findings of the inquiry for verification till the finalization of the report.

Audit recommends that matter may be inquired into besides making the recovery.

18.4.6 Unauthorized expenditure on service charges - Rs. 54.606 million

The Constitution of Pakistan Hockey Federation states that:

i. By-laws of the PHF framed by Congress/Board shall include General Rules, Standing Orders, and Tournament Regulation.

ii. The Treasurer will keep and maintain accounts of PHF properly and may produce the same for inspection to any person, duly authorized by the President.

iii. Pakistan Hockey Federation would raise and utilize funds for the promotion of the game including purchase, lease, sale, hire or exchange of moveable or immovable properties.

The management of Pakistan Hockey Federation received an amount of Rs.185.627 million as sponsorship fee from various sponsoring agencies as per details given below:

(Rs. in million)

S. No	Sponsoring Agency	2009-10	2010-11	2011-12	2012-13	2013-14	Total
1	NBP	15.200	4.798	0	10.000	1.200	31.198
2	NADRA	0.200	3.000	115.000	14.100	0	132.300
3	Packages	1.000	0.100	0	0	0	1.100
4	Habib Rafique Group	0.500	0	0	0	0	0.500
5	Colony Mills	1.000	0	0	0	0	1.000
6	Bio Amla	0.500	0	0	0	0	0.500
7	Grays	0.050	0	0	0	0	0.050
8	Honda Atlas	1.000	1.880	0	0	0	2.880
9	Bahria Town	0.500	0	0	0	0	0.500
10	Maksons	1.000	0	0	0	0	1.000
11	Engro Chemical	0.500	0	0	0	0	0.500
12	Maymar Housing	0.500	0	0	0	0	0.500
13	MCB	2.000	0	0	0	0	2.000
14	Wapda	0.300	0	0	0	0	0.300
15	PARCO	0.200	0	0	0	0	0.200
16	MIDAS	1.500	0	0	0	0	1.500
17	NFC	0.300	0	0	0	0	0.300
18	Utility Store	0	0	0	0	0	0
19	NLC	0.100	0	0	0	0	0.100
20	CDGL	0.500	0	0	0	0	0.500
21	Wacculate Board	0.500	0	0	0	0	0.500
22	ZariTaraqiti Bank	1.000	0	0	0	0	1.000
23	State Life	0.500	0	0	0	0	0.500
24	Marvel Hotel	0	0.075	0	0	0	0.075
25	Shehzan International	0	0.515	0	0	0	0.515
26	Slamat School	0	0	0.094	0	0	0.094
27	PPL China	0	0	0.100	0	0	0.100
28	Credd LPG	0	0	0.200	0	0	0.200
29	Ravi Gas China	0	0	0.200	0	0	0.200
30	OGDC	0	0	0.625	0	0	0.625
31	PSO	0	0	1.200	0	0	1.200
32	Pak Arab	0	0	0.188	0	0	0.188
33	Malik Autos	0	0	0.100	0	0	0.100
34	Bank Alflah	0	0	1.800	0	0	1.800
35	British Match	0	0	0.300	0	0	0.300
36	NBP	0	0	0.200	0	0	0.200
37	Motorway	0	0	0	0.500	0	1.100
38	Sindh Govt.	0	0	0	0	0.600	0.600
Total		**28.85**	**9.905**	**120.007**	**24.6**	**1.8**	**186.225**

The management of Pakistan Hockey Federation paid Rs. 54.606 million to M/s Hassan Sports Event Management as 30% service charges for arranging the sponsorships.

Audit observed as under:

i. The firm was appointed as the Official Marketing Agency to handle and procure business on behalf of PHF arbitrarily without any open competition.
ii. The offer of the firm was for only one event, i.e. Super Hockey League organized by the PHF in September, 2009 whereas the firm kept organizing commercial events on its own on behalf of the PHF till June, 2015.
iii. The offer of the firm did not have provision of 30% service charges. Payment of services charges to M/s Hassan Sports Event Management was required to be made on the basis of billing as per their offer/proposal dated 10.08.2009.
iv. The basis for billing was neither clarified in the proposal nor in the acceptance letter of the PHF.
v. The payments on different occasions were made in cash instead of cross cheques.
vi. Acknowledgement receipt of the amount paid in cash was not available on record.
vii. Advance Tax @ 10% amounting to Rs. 5.460 million was not deducted at the time of making payment.
viii. No agreement was made with the sponsoring agencies except NADRA and NPB which did not contain any provision for making payment of service charges to M/s Hassan Sports Event Management.
ix. No record was available to confirm that all the sponsorships were received through the firm.
x. National Bank of Pakistan and NADRA, autonomous bodies of the Federal Government, were the major donors which constituted 88% of the total sponsorship income of the PHF and the payment of 30% as service charges to the marketing firm against their

sponsorship income was irregular and unauthorized and undue favour to the firm.

Audit is of the view that:

i. Appointment of M/s Hassan Sports Event Management as official marketing agency of the PHF without open competition and without determining the basis of claiming service charges for indefinite period was irregular and unauthorized.
ii. Payment to the firm on account of service charges to the tune of Rs. 49.049 million against the sponsorship of the government organization was unauthorized and required to be recovered.
iii. Payment was made in cash, not supported with acknowledgement receipts, therefore audit could not ascertain whether the payment was made actually to the firm.

The management replied that service charges were paid in accordance with agreement and the payment was made in accordance with rules of the PHF. Income Tax was not deducted as per practice in vogue in PHF. If any tax was due, the PHF would approach the firm.

Reply was not satisfactory. The firm was hired only for one event without adopting open competition. Moreover, the practice in vogue regarding non-deduction of tax and making payments in cash was a serious violation of rules.

The DAC in its meeting held on 20.10.2015, directed to hold an inquiry into the matter, recover Income Tax and fix the responsibility for the administrative lapses within 30 days. It was also directed to stop such practice till formulation of detail policy/procedures.

Audit recommends that inquiry may be held, responsibility be fixed and tax may be recovered from the firm and deposited into the government treasury. Moreover, practice of making cash payments without acknowledgment receipts may be discontinued.

CHAPTER 19

19.MINISTRY OF LAW, JUSTICE AND HUMAN RIGHTS

19.1 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.

19.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Law and Justice Division for the financial year 2014-15 was Rs. 9,224.711 million including Supplementary Grant of Rs. 3,747.049 million out of which the Division utilized Rs. 5,192.140 million. Grant-wise detail of current and development expenditure is as under:

(Rupees)

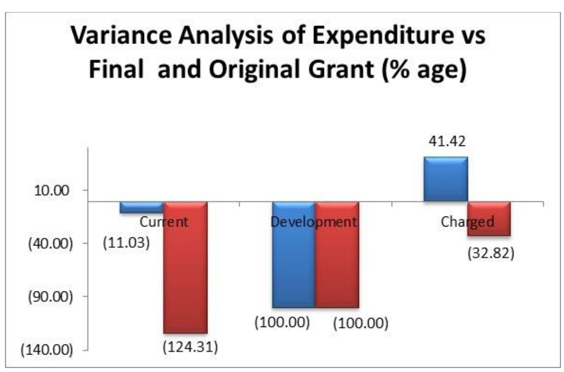
Grant No	Grant Type	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Final Grant/ Appropriation	Actual Expenditure	Excess/ (Savings)	% age Excess/ (Saving)
50	Current	281,407,000	-	281,407,000	8,164,771	(273,242,229)	(97.10)
72	Current	456,321,000	231,984,000	688,305,000	558,727,292	(129,577,708)	(18.83)
73	Current	2,589,450,000	5,652,000	2,595,102,000	2,377,431,135	(217,670,865)	(8.39)
74	Current	292,335,000	4,000	292,339,000	276,047,195	(16,291,805)	(5.57)
75	Subtotal	3,619,513,000	237,640,000	3,857,153,000	3,220,370,393	(636,782,607)	(124.31)
H	Charged	1,113,161,000	-	1,113,161,000	998,194,115	(114,966,885)	(19.37)
I	Charged	361,531,000	2,000	361,533,000	344,804,577	(16,728,423)	(4.63)
J	Charged	1,843,363,000	3,667,041,000	5,510,404,000	3,349,242,819	(2,161,161,181)	(39.22)
	Subtotal	**3,318,055,000**	**3,667,043,000**	**6,985,098,000**	**4,692,241,511**	**(2,292,856,489)**	**(32.82)**
126	Development	78,000,000	-	78,000,000	-	(78,000,000)	(100.00)
132	Development	2,081,607,000	80,006,000	2,161,613,000	499,898,559	(1,661,714,441)	(76.87)
	Subtotal	**2,159,607,000**	**80,006,000**	**2,239,613,000**	**499,898,559**	**(1,739,714,441)**	**(77.68)**
	Total	**5,477,662,000**	**3,747,049,000**	**9,224,711,000**	**5,192,140,070**	**(4,032,570,930)**	**(43.71)**

Audit noted that there was an overall saving of Rs. 4,032.571 million mainly due to savings in current as well as 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. 3,747.049 million were obtained, which were 68.41% 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, savings in current expenditure were 11.03%, which, after accounting for Supplementary Grants increased to 124.31%. In development expenditure, saving against original budget was 100.00% which remains same when Supplementary Grants were taken into account. In charged expenditure there was an excess expenditure of 41.42%, which changed to savings of 32.82% when Supplementary Grants were 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
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%

19.4 AUDIT PARAS

Irregularity & Non Compliance

19.4.1 Blockage of Public Funds by Supreme Court Bar Association – Rs. 28.600 million

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

The Ministry of Law, Justice & Human Rights released grants-in-aid amounting to Rs. 181.000 Million to Supreme Court Bar Association of Pakistan for establishment of Library and Rs. 464.895 million for construction of Hostel for the members of Supreme Court Bar Association. Details are as under:

(Rupees)

S. No.	Purpose	Cheque No.	Date	Amount
1	Establishment of Library	3061568	10.02.2011	60,000,000
2	Do	3065827	01.02.2011	50,000,000
3	Do	3225433	11.04.2011	41,000,000
4	Do	3923382	10.02.2012	20,000,000
5	Do	4220571	14.03.2013	10,000,000
6	Construction of Hostel	3923382	10.09.2012	200,000,000
7	Do	3934349	17.10.2012	75,000,000

8	Do	4220572	14.03.2013	50,000,000
9	Do	4509179	02.12.2013	50,000,000
10	Do	4863035	12.09.2014	89,895,046
			Total	**645,895,046**

Audit observed that the Supreme Court Bar Association deposited the amounts in Building Account and earned profit of Rs. 28.600 million on available balance between the months of April, 2011 to August, 2014. Profit earned after September, 2014 and its utilization was not made available to Audit.

Audit further observed that instead of using the amount of profit for the purpose for which the principal amount was released, the SCBAP used it to cover general expenses and Rs. 1.5 million were transferred to the SCBAP Trust Account to pay pensions/salaries

The management did not reply.

Audit is of the view that Rs. 28.600 million were used for purpose other than the one purpose for which the public funds had been allocated. The irregular utilization needs to be regularized and such practice should be stopped in future.

19.4.2 Irregular payment of Adhoc Relief Allowance - Rs. 2.167 million

Finance Division vide O.M. No. 3(2) R-/2011 dated 24.12.2012 revised the Management Professional (MP) salary package and prerequisites with the approval of Prime Minister w.e.f. 01.01.2013.

The management of Law and Justice Division appointed Raja Naeem Akbar, Deputy Legal Advisor in MP-III Scale w.e.f. 08.04.2011 and paid Rs. 2.167 million as Adhoc Relief Allowance 2010 @ 50% and Adhoc Relief Allowance 2012 @ 20% in violation of the MP Scale Package.

Payment of Adhoc Relief Allowance to the officer appointed in MP Scale was irregular and unauthorized.

The management did not reply

Audit recommends that amount should be recovered.

CHAPTER 20

20.NATIONAL ACCOUNTABILITY BUREAU

20.1 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. Comments on Budget & Accounts (Variance Analysis).

20.2 Comments on Budget & Accounts (Variance Analysis)

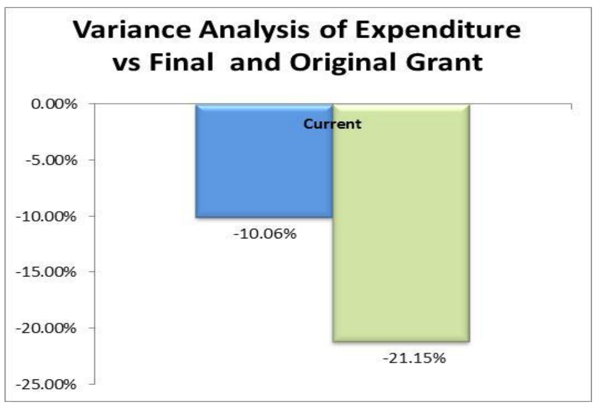
Final budget allocated to NAB for the financial year 2014-15 was Rs. 2,012.817 million out of which the Bureau utilized Rs. 1,587.049 million. The detail of current expenditure is mentioned below:

(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.



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
NAB	2005-06	3	3	2	1	67%
	Total	**3**	**3**	**2**	**1**	67%

20.4 AUDIT PARAS

20.4.1 Irregular payment of Conveyance Allowance to employees availing pick and drop facility - Rs. 12.850 million

Finance Division O.M. No. F.3(4)R-12/76 dated 29.08.1979 and No. 983-R-12/79 dated 24.10.1979 states that the Government servants availing themselves of the facility of chartered buses/wagons are not entitled to the Conveyance Allowance.

Para 10(v) of GFR Volume-I states that the amount of allowances granted to meet expenditure of a particular type should be so regulated that the allowances are not on the whole a source of profit to the recipients.

The management of National Accountability Bureau (NAB), Islamabad paid an amount of Rs. 12.845 million as Conveyance Allowance to its employees (BPS-01 to BPS-19) during 2014-15.

Audit observed as under:

i. Conveyance Allowance was paid to the employees (BPS-01 to BPS-19) who were provided pick and drop facility through buses/cars.

ii. Monthly charges of Rs. 100 from BPS 16-18 and Rs. 50 from BPS 1-15 were being recovered for the pick and drop facility while an expenditure of Rs. 7.406 million was incurred on POL and repair/maintenance of vehicles provided for pick and drop facility.

Audit is of the view that payment of Conveyance Allowance to the employees availing pick and drop facility was irregular and unauthorized.

The management replied that NAB was an operational organization, dealing with inquiries/investigations and prosecution of white collar crimes/ cases. Cabinet Division authorized 500 operational vehicles of different categories which were being used as operational/field vehicles. Due to sensitivity and prevailing security situation in the country and to ensure the security of NAB employees, NAB had to provide dedicated/safe transport to its staff/officers. So far as recovery of Conveyance Allowance was concerned from the staff/officers using official vehicles for pick and drop, the process had been started to deposit the amount of Conveyance Allowance into Government treasury.

No evidence relating to deduction/recovery of Conveyance Allowance had been provided.

Audit recommends that evidence of recovery/deduction of Conveyance Allowance be provided to Audit.

20.4.2 Less deduction of Income Tax - Rs. 1.851 million

Income Tax Ordinance, 2001 states that:

i. Every prescribed person making a payment in full or part including a payment by way of advance to a resident person or for the rendering of or providing of services shall, at the time of making the payment, deduct tax from the gross amount payable (including sales tax, if any) at the rate specified in Division III of Part III of the First Schedule.

ii. The rate of tax to be deducted from a payment referred in the clause (b) of sub-section (1) of section 153 shall be in case of rendering of or providing of services 10% of the gross amount payable in the case of other taxpayers.

The management of NAB, Islamabad incurred an expenditure of Rs. 23.347 million under the head ‘A03917-Law Charges’ and Rs. 38.731 million under the head ‘A03919-Payment to Others for Services Rendered’ and deducted Income Tax amounting to Rs. 4.320 million during 2014-15 @ 7% instead of @ 10%. This resulted in less deduction of Income Tax amounting to Rs. 1.851 million.

Less deduction of Income Tax deprived the Government from its due receipts.

The management replied that the Bureau had already started recovering/deducting Income Tax @ 10% out of payments being made. The necessary action for recovery of amount not deducted earlier had also been initiated and the matter was being pursued vigorously. A report would be shown to Audit.

Audit recommends recovery of less deducted Income Tax and depositing the same in government treasury.

CHAPTER 21

21.NATIONAL ASSEMBLY

21.1 Introduction of Assembly

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.

21.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the National Assembly Secretariat for the financial year 2014-15 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.

21.3 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%

21.4 AUDIT PARAS

Irregularity and Non-compliance

21.4.1 Inadmissible payment of Housing Allowance - Rs. 86.868 million

Section 9 of the Members of Parliament (Salaries and Allowances) Act, 1974 states that every Member shall be paid a housing allowance at the rate of two thousand rupees for each day during any period of residence on duty.

The management of the National Assembly Secretariat paid an amount of Rs. 86.868 million as Housing Allowance to the Members of National Assembly during 2013-14.

Audit observed that Housing Allowance was also being paid to the Members who were allotted furnished suites in the Federal Lodges.

It was further observed that Parliament Lodges were constructed after enactment of the Members of Parliament (Salaries and Allowances) Act, 1974 and there was no provision in the existing laws and rules for grant of Housing Allowance to the Members who were allotted suites in the Parliament Lodges.

Audit is of the view that payment of Housing Allowance to the Members who were allotted suites in Federal Lodges was a violation of Para 10 of the GFR as Housing

Allowance had become a source of profit for the recipients.

The management did not reply.

Audit recommends that the payment of Housing Allowance to the Members allotted suites in Federal Lodges may be stopped besides recovery of amount already paid.

21.4.2 Unauthorized reimbursement of medical charges on treatment abroad of Begum Shahnaz Sheikh, MNA – Rs.2.700 million (US$ 30,000)

The Cabinet in Case No.400/26/96 dated 06.11.1996 decided that the facility for medical treatment abroad at public expenditure should be withdrawn.

The Prime Minister's Directive No. F.1-1/SAPM/Dir/97 dated 24.02.1997 states that Prime Minister has pleased to desire that existing policy of arranging medical treatment abroad for public representatives/government officers at state expenses will be revoked forthwith. As no exceptions are to be made in this regard, such requests will not be processed either by the Ministry of Health or by Provincial Health Departments.

The Economics Affairs Division vide Summary dated 16.12.2011 requested Prime Minister of Pakistan, relaxation of ban, for re-imbursement of medical charges amounting USD 30,000 regarding treatment abroad i.e. USA of Begum Shahnaz Sheikh, MNA, which was approved by the Prime Minister. While she was in USA, she slipped and received back bone injury and had to be operated upon in an emergency. The payment was made to the Ex-MNA vide sanction letter No. F. 1(1)2010-Ser(303) dated 30.12.2011.

Audit observed as under:

i. The Prime Minister's Directive dated 24.02.1997 provided that there would be no exceptions and requests would not be processed either by the Ministry of Health or by Provincial Health Departments but in this case payment of Rs. 2,700,000 (US$ 30,000) was made to the Ex-MNA.

ii. National Assembly Secretariat vide letter No. F.3 (343)/2011-12/B&A dated 20.11.2012 asked the Ex-MNA to refund the amount paid as the Supreme Court of Pakistan disqualified her but she did not respond.

Audit is of the view that the payment was made in violation of the decision of

Cabinet and the Prime Minister's Directive. Further, she was disqualified by the Supreme Court and the amount paid was recoverable.

The management replied that the Prime Minster revoked the policy of medical treatment abroad for public representative / government officers at state expenses in 1997. However, in this case, Economic Affairs Division through summary requested Prime Minster for relaxation of ban which was approved. The Ex-MNA slipped during her visit to USA and had operated upon in emergency. Since, she was disqualified by the Supreme Court of Pakistan so she was to return all emoluments including medical charges reimbursed to her.

The reply was not accepted because Prime Minister Directive dated 24.02.1997 provided that there would be no exceptions which mean there was no provision for relaxation.

The DAC in its meeting held on 01.10.2015 decided that Audit was of the view that Economic Affairs Division submitted summary to the Prime Minister for reimbursement of USD 30,000 (Rs.2.700 million) to the MNA was in violation of the Prime Minister Directive No.F.1-1/SAP/Dir/97 dated 24.02.1997. However, after its approval by the Prime Minister, the National Assembly Secretariat made payment to the MNA. Later on, she was disqualified by the Supreme Court of Pakistan and all the monetary benefit including salary and allowances are required to be refunded in government account which is still awaited. Hence, recovery may be made from her as arrear of land revenue.

Audit recommends that recovery should be made from the ex-MNA and deposited into government treasury.

21.4.3 Unauthorized reimbursement of medical charges on treatment abroad of Mrs. Bushra Rahman, MNA – Rs.4.300 million

The Cabinet in Case No.400/26/96 dated 06.11.1996 decided that the facility for medical treatment abroad at public expenditure should be withdrawn.

The Prime Minister's Directive No. F.1-1/SAPM/Dir/97 dated 24.02.1997 states that Prime Minister has pleased to desire that existing policy of arranging medical treatment abroad for public representatives/government officers at state expenses will be revoked forthwith. As no exceptions are to be made in this regard, such requests will not be processed either by the Ministry of Health or by Provincial Health Departments.

The Ministry of Health vide Summary dated 23.06.2011 requested Prime Minister of Pakistan, relaxation of rules, for re-imbursement of medical charges US$ 30,000 regarding treatment abroad i.e. USA of Mrs. Bushra Rahman MNA. the Prime Minister approved US$ 50,000. The MNA was in USA in December, 2011 where she was advised emergency cardiac bypass surgery by Cardiologist of Hartford Hospital and payment of Rs. 4,300,000 was made to her vide sanction letter No. F.1 (3)/2008-Ser (306) dated 06.09.2013.

Audit observed that the Prime Minister's Directive dated 24.02.1997 clearly provided that there would be no exceptions and requests would not be processed either by the Ministry of Health or by Provincial Health Departments but in this case payment of Rs. 4,300,000 (US$ 50,000) was made to the MNA.

Audit is of the view that the payment was made in violation of the decision of Cabinet and the Prime Minister's Directive.

The management replied that the Prime Minster revoked the existing policy of medical treatment abroad for public representative / government officers at state expenses in 1997. Mrs. Bushra Rehman had requested to Prime Minister for reimbursement of US$ 79,106.15 incurred on her medical treatment abroad in emergency, the Ministry of Health moved summary for Prime Minister for approval of reimbursement of US$ 30,000 and the Prime Minister approved US$ 50,000 in relaxation of rules as a special case.

The reply was not accepted because Prime Minister Directive dated 24.02.1997 provided that there would be no exceptions which mean there was no provision for relaxation.

In DAC meeting held on 01.10.2015 Audit stressed that standing orders were violated by the Ministry of Health as submission of summary to the Prime Minister was in violation of the Prime Minister Directive No.F.1-1/SAP/Dir/97 dated 24.02.1997 which states as under:

> *"Prime Minister has pleased to desire that existing policy of arranging medical treatment abroad for public representatives/government officers at state expenses will be revoked forthwith. As no exceptions are to be made in this regard, such requests will not be processed either by the Ministry of Health or by Provincial Health Departments"*

This may be properly investigated and responsibility may be fixed as to why such proposals were submitted for approval which was in violation of the Prime Minister directive quoted above. However, the National Assembly Secretariat made the payment after its approval by the Prime Minister.

Audit recommends matter may be referred to the concerned Ministry for fixing responsibility besides implementing Cabinet's decision and Prime Minister's directive.

21.4.4 Unauthorized reimbursement of medical charges on treatment abroad of Dr. Fehmida Mirza, Speaker National Assembly - Rs.2.740 million

The Cabinet in Case No.400126/96 dated 06.11.1996 decided that the facility is or medical treatment abroad at public expenditure should be withdrawn.

The Prime Minister's Directive No. F.1-1/SAPM/Dir/97 dated 24.02.1997 states that Prime Minister has pleased to desire that existing policy of arranging medical treatment abroad for public representatives/government officers at state expenses will be revoked forthwith. As no exceptions are to be made in this regard, such requests will not be processed either by the Ministry of Health or by Provincial Health Departments.

The Prime Minister Secretariat, Islamabad vide Note No. 2532/F'SPM/12 dated 06.08.2012 stated that the Speaker National Assembly informed that during her visit to USA she developed some medical complications for which urgent surgery was required, the Prime Minister pleased to direct the Pakistan Embassy Washington to make necessary payment to the Hospital which may be sanctioned on receipt of complete documents from concerned hospital. The National Assembly Secretariat made payment of Rs. 2,740,843 (US$ 29,012) to the Consulate General of Pakistan Houston, USA through Chief Accounts Officer Ministry of Foreign Affairs Islamabad [sanction letter No. F.5 (2)12012-13/C&A dated 30.112012, Rs. 1,737,904 (US$ 18,410) and sanction letter No.F.5 (2)/2012-13/C&A dated 18.03.2013, Rs. 1,002,939 (US$ 10,602)].

Audit observed as under:

i. The Prime Minister's Directive dated 24.02.1997 provided that there would be no exceptions and requests would not be processed either by the Ministry of Health or by Provincial Health Departments but in this case payment of Rs. 2,740,843 (US$ 29,012) was made to the Speaker National Assembly.

ii. The record revealed that a bill dated 08.06.2012 amounting to US$ 18,410 from Dallas Plastic Surgery Institute Central Expressway Dallas for procedure “Bilateral Immediate Reconstruction” was available in the file, bill for remaining amount US$ 10,602 of the Hospital was not shown to Audit. However, Account Statement dated l5.12.2012 of Medical Center of Piano Cincinnati was available in the file record which needs clarification by the management that the Dallas Plastic Surgery and Piano are two different entities or otherwise.

Audit is of the view that the payment was made in violation of the decision of Cabinet and the Prime Minister’s directive.

The management replied that it was not the case of reimbursement but the settlement or a debit raised by the Consulate General of Pakistan, Houston against National Assembly Secretariat for an expenditure incurred by them through the authority conveyed by Ministry of Foreign Affairs on the direction of the then Prime Minister vide letter No.2532/PSPM/12, dated 6.8.2012. The expenditure was later on booked in the relevant head of account by Ministry of Foreign Affairs against National Assembly secretariat which was accepted by National Assembly vide its sanction letters No.F.5 (20)/2012-13/C&A dated 30.11.2012 and sanction letter No. F.5(20)/2012-13/C&A dated 18.3.2013.

The reply was not accepted because the payment was made for medical treatment. However, Ministry of Foreign Affairs was involved in the process of payment. There, was no provision for relaxation of treatment abroad in the Cabinet decision and directive of the Prime Minister. The adjustment of remaining payment US$ 10,602 was not provided to Audit.

In DAC meeting held on 01.10.2015, Audit was of the view that adjustment vouchers may be obtained from the Ministry of Foreign Affairs and after that, it will be examined by the DAC.

Audit recommends that DAC recommendations regarding obtaining adjustments vouchers from the Ministry of Foreign Affairs may be implemented.

21.4.5 Unauthorized reimbursement of medical charges on treatment abroad to Shahzada Mohiuddin, MNA and non-provision of adjustment vouchers - Rs. 2.860 million

The Cabinet in Case No.400/26/96 dated 06.11.1996 decided that the facility for medical treatment abroad at public expenditure should be withdrawn.

The Prime Minister's Directive No. F.1-1/SAPM/Dir/97 dated 24.02.1997 states that Prime Minister has pleased to desire that existing policy of arranging medical treatment abroad for public representatives/government officers at state expenses will be revoked forthwith. As no exceptions are to be made in this regard, such requests will not be processed either by the Ministry of Health or by Provincial Health Departments.

The Ministry of Health vide Summary dated 29.04.2010 requested Prime Minister of Pakistan for medical treatment abroad of eyes of Shahazada Moinuddin MNA / Chairman Standing Committee on Kashmir Affairs and Gilgit Baltistan. The Secretary, Finance Division vide UO No. F. 7 (18) R-10/2010-408 dated 07.05.2011 did not endorse the proposal but Prime Minister approved the payment and Rs. 2,860,000 was paid to the Chief Accounts Officer, Ministry of Foreign Affairs Islamabad vide sanction letter No. F. 1(13)/2008-Ser (32) dated 12.08.2011 for Medical treatment at London Medical Hospital London.

Audit observed as under:

i. There was no provision in the decision of Cabinet and Prime Minister's directive for relaxation of the ban.

ii. Ministry of Foreign Affairs/Pakistan High Commission did not provide adjustment vouchers.

iii. Previously he got his eyes treatment in May, June, 2010 in Amanat Eye Hospital Rawalpindi. Hence, his medical treatment abroad is not justified.

Audit is of the view that the payment was made in violation of the decision of Cabinet and the Prime Minister's directive.

The management replied that the Ministry of Health had forwarded a summary for the approval of Prime Minister, the Finance Division forwarded the same to PM Secretariat with the remarks that Cabinet has imposed complete ban on the treatment abroad, on public expenditure but the Prime Minister relaxed the ban and approved the proposal. Previously, the MNA took eye treatment from Amanat Eye Hospital Rawalpindi was not similar to his eye treatment abroad.

The reply was not accepted because there, was no provision for relaxation of treatment abroad in the Cabinet decision and directive of the Prime Minister. Adjustment account was not been provided to Audit.

In DAC meeting held on 01.10.2015 Audit stressed that standing orders were violated by the Ministry of Health as submission of summary to the Prime Minister was in violation of the Prime Minister Directive No.F.1-1/SAP/Dir/97 dated 24.02.1997 which states as under:

> *"Prime Minister has pleased to desire that existing policy of arranging medical treatment abroad for public representatives/government officers at state expenses will be revoked forthwith. As no exceptions are to be made in this regard, such requests will not be processed either by the Ministry of Health or by Provincial Health Departments"*

Further, the adjustment vouchers may be obtained from the Ministry of Foreign Affairs and provided to the Audit for examination. However, the National Assembly Secretariat made payment through Chief Accounts Officer, Ministry of Foreign Affairs after approval by the Prime Minister.

Audit recommends that decision of the DAC may be implemented.

21.4.6 Unjustified reimbursement of medical charges for treatment at private hospitals to three MNAs – Rs.1.676 million

Rule 6(1) (ii) of Federal Services Medical Attendance Rues, 1990 (applicable to the Parliamentarians as per Section 4 of the Members of the National Assembly (Salaries and Allowances) Act, 1966) to states that a Government servant (Parliamentarian) shall be entitled, free of charge to get medical treatment from any unauthorized / private hospital / clinic in emergency if in the opinion of the authorized medical attendant it was necessary.

The National Assembly Secretariat reimbursed medical charges amounting to Rs.1.676 million to three MNAs. Details are as under.

S. No.	Name of MNA	Date of sanction of the amount	Payment	Private hospital
1.	Sahibzada Syed Murtaza Amin	13.10.2010	208,428	Omar Hospital & Cardiac Center, Jail Road Lahore
		17.10.2011	36,127	
2.	Mr. Abdul Waseem	15.07.2010	858,555	Dr. Ziauddin Hospital Karachi
3.	Ms. Kishwar Zehra	07.03.2013	573,350	Agha Khan University Hospital, Karachi
		Total	**1,676,460**	

Audit observed as under:

i. In case at Sl. No.1, Dr. Rakhshanda Professor of Gynae. Fatima Jinnah Medical College, Sir Ganga Ram Hospital, Lahore who is also at Omar Hospital & Cardiac Center, Jail Road, Lahore has verified the claims and medical reimbursement bills. This aspect needs to be probed why the Doctor had not treated the patient at Government Hospital rather treated the patient in her private hospital.

ii. In case of Sl. No.2, wife of the MNA was admitted in private hospital Dr. Ziauddin Hospital, Karachi on 28.02.2010 and his new born baby was also admitted on the same day in the hospital. The Associate Professor of the Department of Ohs. & Gyne, JPMC, Karachi signed the case summary and emergency certificate (undated) did not record the reasons that medical facilities were not available at JPMC and just signed the reimbursement charges bill.

iii. In case at Sl. No.3, the Civil Surgeon Medical Centre for Federal Government Servants, Karachi on 17.12.2012 allowed the treatment at Agha Khan University Hospital, Karachi but did not mention that similar medical facilities were not available at government hospitals at Karachi.

Audit is of the view that reimbursement of the claims pertaining to private hospitals is unjustified.

The management replied that in case of Sl. No.1, the patients took medical treatments in emergency, Sl No.2, the new baby was delivered through caesarian and due to abruption placentas she was admitted on 28.2.2010 and discharged on 12.4.2010 and in case of Sl. No.3 patient took treatment at Aga Khan University Hospital on referral basis by the Authorized Medical Attendant.

The reply was not accepted because the management could not justify that treatment facilities were not available in the government hospitals.

In DAC meeting held on 01.10.2013, DAC was of the view that it should be properly investigated as to why the patient was referred to private hospital by the Authorized Medical Attendant. Medical facilities should have been available with them in the government hospital. However, the payment was made by the National Assembly Secretariat as the codal formalities were completed.

Audit recommends that matter may be referred to the concerned Ministry for fixing responsibility.

CHAPTER 22

22. NATIONAL HEALTH SERVICES REGULATIONS AND COORDINATION DIVISION

22.1 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

22.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the National Health Services Regulations and Coordination Division for the financial year 2014-15 was Rs. 28,997.152 million out of which the Division utilized Rs. 24,915.078 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)
81	Cuerrenrt	891,200,000	892,570,000	1,783,770,000	1,575,897,758	(207,872,242)	(11.65)
135	Development	25,739,199,000	1,474,183,000	27,213,382,000	23,339,180,407	(3,874,201,593)	(14.24)
	Total	**26,630,399,000**	**2,366,753,000**	**28,997,152,000**	**24,915,078,165**	**(4,082,073,835)**	**(14.08)**

Audit noted that there was an overall saving of Rs. 4,082.074 million, which was mainly due to saving of Rs. 3,874.202 million in development expenditure.

22.3 Brief comments on the status of compliance with PAC Directives

Name	Years	No. of audit paras	No. of Actionable Points	Complied	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%
	2000-01	52	52	5	47	10%
Total		**85**	**85**	**28**	**57**	33%

22.4 AUDIT PARAS

Irregularity and Non-Compliance

22.4.1 Unauthorized payment of Health Professional Allowance - Rs. 4.826 million

Para 1 of Finance Division No. F.2(13)R-2/2011-1006 dated 27.10.2014 states that reference to Finance Division's U.O. No. F.2(13)R-2/2012-172, dated 27.03.2012 on the subject and to state that health allowance is admissible to the health personnel serving in Federal Government hospitals and clinics.

Para 2 of Finance Division No. F.2(13)R-2/2011-1006 dated 27.10.2014 states that various Ministries/Divisions/Departments are requesting this Division for grant of health allowance for their employees. It is, therefore, clarified that said health allowance is not admissible to the employees working in Ministries/Divisions/Departments.

The Ministry of National Health Services, Regulations and Coordination (Main Secretariat), Islamabad paid Rs. 4.826 million on account of "Health Professional Allowance" to its employees who were not serving in Federal Government hospitals and clinics during 2012-15. Details are as under:

(Rupees)

S. No.	Year	Budget	Expenditure
1.	2012-13	1,401,000	1,363,400
2.	2013-14	2,500,000	2,356,000
3.	2014-15	1,000	1,106,200
	Total	**3,902,000**	**4,825,600**

Payment of Health Professional Allowance to the employees who were not serving in Federal Government hospitals and clinics was irregular and unauthorized.

The management replied that the case of Health Personnel Allowance was sub-judice in the honorable Islamabad High Court, Islamabad. In the light of a report of Finance Division before the Islamabad High Court, Islamabad the Secretary, Ministry of NHSR&C had constituted a Committee vide Ministry's Office Order dated 13.08.2015 to lay down objective criteria for grant of Health Personnel Allowance, in concurrence with Finance Division, in a nondiscriminatory manner to all those involved in the delivery of Health Services and determine Federal Government Hospitals/Institutions/Organizations, etc. whose employees qualified for the allowance. The final decision/orders in the case would be communicated to Audit.

Audit recommends implementation of the court's decision in letter and spirit.

CHAPTER 23

23.MINISTRY OF PLANNING AND DEVELOPMENT

23.1 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

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.

23.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Planning and Development Division for the financial year 2014-15 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)

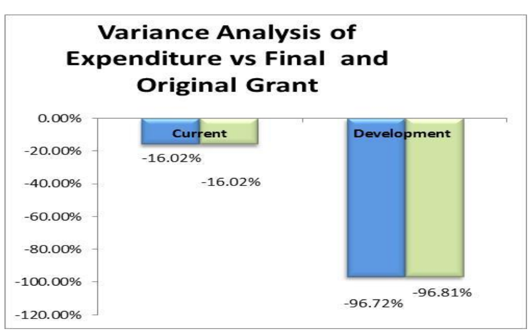
Grant No	Grant Type	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Final Grant/ Appropriation	Actual Expenditure	Excess/ (Savings)	% age Excess/ (Saving)
41	Current	1,086,848,000	8,000	1,086,856,000	912,714,521	(174,141,479)	(16)
	Subtotal	**1,086,848,000**	**8,000**	**1,086,856,000**	**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.



23.3 Brief comments on the status of compliance with PAC Directives

There was no PAC directive.

23.4 AUDIT PARAS

Irregularity & Non compliance

23.4.1 Irregular payment of Health Allowance - Rs. 1.852 million

Finance Division (Regulation Wing) vide OM 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 UO N.F.2(13)-R-2/2012-172 dated 27.03.2012 clarified that the definition of health personnel was the same as was provided in Section 2(b) of the career structure for health personnel scheme Ordinance – 2011.

Para 1 of Finance Division No. F.(13)R-2/2001-1006 dated 27.10.2014 state that Health Allowance is admissible to the health personnel serving in Federal Government hospitals and clinics.

The Planning and Development Division incurred an expenditure of Rs. 1.852 million on payment of Health Allowance equal to 100% of basic pay to four officers posted in the Planning and Development Division. Details are as under:

S No.	Name	Designation	Period	Monthly rate	Total amount (Rs.)
1	Dr. Zafar Ul Haq	Deputy Director	2013-2014	61400 & 63000	748,000
2	Dr. Munir Uddin Afridi	Director	July 2013 to March 2014	58200 & 59800	530,200
3	Dr. Shafaqat Javed	Director	July to November 2013	53400	267,000
4	Dr. Talat Jabeen	Director	July to November 2013	61400	307,000
				Total Rs.	**1,852,200**

Audit observed that the said allowance was not admissible to the officers posted in Federal Ministries/Divisions.

The management did not reply.

Audit recommends that payment of health allowance may be stopped forthwith, the amount paid so far be recovered from concerned and deposited into Government treasury.

23.4.2 Un-authorized payment of electricity bills - Rs. 19.977 million

Para 28 of GFR Vol-I states that no amount due to government should be let outstanding without sufficient reasons, and where any dues appear to be irrecoverable, the orders of competent authority for their adjustment must be sought.

The Ministry of Planning, Development and Reform, Islamabad made payment of Rs. 19.977 million of electricity bills of Pak Secretariat, P Block during 2013-2014. In this regard the following observations were made:

i. The Ministry approved PC-I titled Installation of Demonstration Roof Mounted Solar Electricity System in the Ministry in October, 2011 against a total cost of Rs. 242.364 million, including foreign exchange component of Rs. 238.762 million. The system started generating electricity in March, 2012 and had generated 39,199 × 10 KW up to May, 2014. The electricity generation license, based on Net-Metering, was granted by NEPRA in July, 2012. Bi-directional energy meters duly tested and approved by Islamabad Electric Supply Company (IESCO) were installed for future billing/adjustments of total electricity generated on Net-Metering basis. Pakistan Engineering Council (PEC) and Planning Commission, with mutual consultation with IESCO, finalized the Power Purchase Agreement (PPA) in the light of NEPRA Electricity Generation Licence and provisions of the Renewable Energy Policy-2006, based on Net Metering proposition. Final PPA was submitted to IESCO in February, 2012.

ii. Due to non-actualization of PPA and even after installation of bi-directional energy meter, billing was still being based on old conventional energy meter.

iii. The management paid electricity bills to IESCO for Rs. 19.977 million during 2013-2014 without adjustment of electricity generated from own solar system based grid.

iv. The bi-directional energy meter was defective as record showed that previous units consumed and present remained the same.

The management did not reply.

Audit recommends that matter may be taken up with IESCO for finalizing PPA for adjustment of solar electricity produced by the system installed by the Ministry and responsibility may be fixed for not getting the defective meter repaired in time.

23.4.3 Un-authorized payment of honorarium to non-entitled persons – Rs. 1.567 million

Fundamental Rule 9(9) states that honorarium mean a recurring or non-recurring payment made to a government servant from general revenue as remuneration for special work of an occasional or intermittent character.

Para 4(ii) of Finance Division O.M. No.F.3(2)Exp.III/2006 dated 13.09.2006 states that PAO will be responsible to ensure that the funds allotted to a Ministry/Division, Attached Departments and Subordinate Offices are spent for the purpose for which they are allocated.

The management of Planning and Development Division withdrew an amount of Rs. 33.270 million for payment of honorarium during 2013-14 out of which an amount of Rs. 1.1 million was paid to the employees of other departments. Details are as under:

Offices	Employees	Amount (Rs)
Dispensary staff	4	27,000
CDA (E&M)	11	25,000
CDA Environment Directorate	3	6,000
CDA Staff	18	40,000
Police Staff	6	18,000
Finance “Division (DFA)	4	112,020
Finance Division (FA)	7	1546,590
National Assembly Sectt.	3	51,100
AGPR Staff Islamabad.	72	660,000
	Total	**1,095,710**

In the absence of supporting documents the authenticity of the expenditure could not be ascertained and payment of honorarium to the employees of other departments was irregular and unauthorized.

The management did not reply till finalization of this report.

Audit recommends that responsibility be fixed for the irregularity.

CHAPTER 24

24. MINISTRY OF PETROLEUM AND NATURAL RESOURCES

24.1 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

24.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Petroleum & Natural Resources Division for the financial year 2014-15 was Rs. 851.253 million including Supplementary Grant of Rs. 127.707 million out of which the Division utilized Rs. 775.965 million. Grant-wise detail of current and development expenditure is as under:

(Rupees)

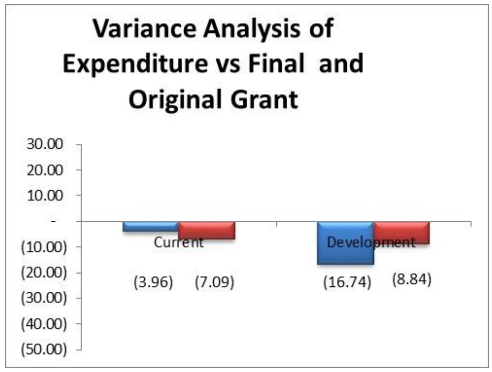
Grant No	Grant Type	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Final Grant/ Appropriation	Actual Expenditure	Excess/ (Savings)	% age Excess/ (Saving)
85	Current	266,190,000	4,000	266,194,000	234,393,771	(31,800,229)	(11.95)
86	Current	323,127,000	22,700,000	345,827,000	331,341,370	(14,485,630)	(4.19)
87	Current	84,229,000	-	84,229,000	81,167,248	(3,061,752)	(3.64)
	Subtotal	**673,546,000**	**22,704,000**	**696,250,000**	**646,902,389**	**(49,347,611)**	**(7.09)**
123	Development	50,000,000	105,003,000	155,003,000	129,062,156	(25,940,844)	(16.74)
	Total	**723,546,000**	**127,707,000**	**851,253,000**	**775,964,545**	**(75,288,455)**	**(8.84)**

Audit noted that there was an overall saving of Rs. 75.288 million, which was due to savings of Rs. 49.347 million in Current Grants.

Supplementary Grants obtained without careful cash forecasting

In order to ensure prudent financial management, Para 13(vii) of System of Financial Control and Budgeting, 2006 states that 'Ministries / Divisions should be able to anticipate budgetary requirements well ahead of the financial year to which the budget relates and obtain the concurrence of the Finance Division. The Finance Division is expected to decline any request for Supplementary Grants except in extraordinary circumstances.' This document further states that 'the funds obtained from Supplementary Grants shall be expended for the purposes for which these have been sanctioned. In current expenditure, demands for Supplementary Grants shall not be made, except in extraordinary circumstances.' During the year, Supplementary Grants of Rs. 127.707 million were obtained, which was 17.65% 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 savings in current expenditure were 3.96%, which was increased to 7.09% after accounting for Supplementary Grants. In development expenditure, savings against original budget were 16.74% which changed to savings of 8.84% when Supplementary Grants were taken into account.



24.3 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%

24.4 AUDIT PARAS

Irregularity & Non Compliance

24.4.1 Irregular appointment of consultants - Rs. 8.53 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 Ministry of Petroleum and Natural Resources (Policy Wing) appointed Mr. Saeed Anwar as Financial Consultant and Mr. Bismillah Rai, as Legal Advisor on contract basis and paid an amount of Rs. 6.6 million and Rs.

1.93 million, respectively as salary up to June, 2014. The consultants were appointed without open competition.

As such, the appointments were made in violation of rules which was irregular and unauthorized.

The management did not reply.

Audit recommends that responsibility may be fixed for irregular appointment.

24.4.2 Non recovery of fee - Rs. 7.05 million

Section 9 (f) of the Hydrcocrobin Development Institute of Pakistan Act, 2006 states that the Fund of the Institute shall consist of fee and charges for the services rendered.

Para 21.5 of the Hydrocarbon Development Institute of Pakistan Services and Financial Rules, 2009 states the Institute shall establish a non-lapsable fund to be known as the “HDIP FUND” for the purpose of meeting expenses in connection with the functions and operations of the Institute. Receipts of funds from all sources shall be deposited into the HDIP Fund.

Audit observed that management of HDIP did not recover Rs.7.05 million from the OGRA, on account of pre inspection and inspection fee.

Audit also observed that management did not disclose the testing fee receivable from different Oil Marketing Companies and Refineries. Management verbally stated that details are available with HDIP, Karachi

Audit does not agree to the argument as all types of fee are credited to the headquarter account where it forms the part of budget estimates.

Audit is of the view that it is a financial loss to the Institute due to administrative lapse on the management.

No reply was received from management.

Audit recommends that amounts may be recovered from the concerned.

CHAPTER 25

25.MINISTRY OF PORTS AND SHIPPING

25.1 Introduction

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

25.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Ports and Shipping for the financial year 2014-15 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.

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
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%

25.4 AUDIT PARAS

Non-production of Record

25.4.1 Non-production of record of appointments of officers and staff from 01.07.2010 to 30.06.2015

Section 14 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. 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 provided list of appointments made during 2010-11 to 2014-15. According to the list 1,450 appointments were made against various posts in KPT Scales 1-8 and Basic Scales 09-19. However, the record of recruitment of the employees was not provided despite repeated requests.

Non-production of record was a violation of Auditor General's Ordinance. In the absence of record Audit could not ascertain whether the appointments were made in accordance with rules.

The management replied that relevant record, details, case files and other misc. information regarding appointment of officers and staff in KPT during 01.07.2010 to 30.06.2015 had been provided to Audit. But the factual position was that the matter was reported to the Secretary, Ministry of Ports and Shipping and the Chairman KPT before raising the audit observation.

DAC in its meeting held on 01.02.2016 noted that an inquiry into the matter was in process in the Ministry of Ports and Shipping. The DAC directed that the inquiry report should be finalized and actions taken in the light of the findings of the inquiry should be shared with the Audit.

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

Irregularity & Non Compliance

25.4.2 Relent loan for Karachi Port Improvement Project at high rates - USD 116 million

Section 59 of the Karachi Port Trust Act, 1876 states that the Board may, with the previous sanction of Government and after due notification in the official Gazette, raise money required for carrying out the purposes of this Act.

The Government of Pakistan (Borrower) made an Agreement on 24.01.2011 with the International Bank for Reconstruction and Development (IBRD) for USD 116 million with interest equal to LIBOR plus fixed spread which was re-lent to the Project Implementing Entity (KPT) under a subsidiary agreement on 24.01.2011 at the fixed rate of 8.2% per annum. The subsidiary loan facility covered two components, i.e. Reconstruction of Berths and Institutional Strengthening. From July, 2011 to June, 2015 KPT received USD 69 million (Rs. 9,565 million).

Audit observed as under:

i. The entity had not worked out the Internal Financial Rate of Return (IFRR) of the project being undertaken.

ii. Charging of 8.2% interest would impact the international competitiveness of KPT's service delivery that would directly have a bearing on the projects Internal Economic Rate of Return (IERR), thus, the viability of the project.

iii. Interest payable on the loan as on 30.06.2015 by the government is equal to LIBOR plus fixed spread whereas KPT has to bear interest of Rs. 1,302 million for the same period against the drawn amount.

Audit is of the view that the decision of re-lending the loan at higher rate to KPT is not considered to be prudent.

The management replied that the loan @ 8.2% interest was obtained as it was comparatively lower to other public sector organizations. The terms of loan amortization period is 28 years with 7.5 years grace period were considered favorable as it covered the construction and operational phases.

The reply was not accepted because the loan was re-lent to the KPT at higher rates.

DAC in its meeting held on 01.02.2016 directed to approach the Economic Affairs Division and the ECC for reduction of rate of interest.

Audit recommends that project IFRR/IERR may be worked out and Government of Pakistan may be approached to reconsider the rate of interest to be charged against the re-lent loan as it would be more viable for the Port to provide internationally competitive port/cargo handling charges to make it a preferential port of call to users of this region rather than paying higher interest to the Government of Pakistan.

25.4.3 Unjustified procurement of additional vehicle for Federal Minister from project funds - Rs. 17 million

Para 10 of GFR states every officer incurring or authorizing expenditure from public funds should be guided by high standards of financial propriety and expected to exercise the same vigilance in respect of expenditure incurred from public moneys as a person of ordinary prudence.

The management of KPT paid an amount of Rs. 16.86 million to the contractor M/S Ssangyong - Dong Yang out of World Bank loan for provision of vehicle Prado Jeep, 2010 under variation order dated 27.05.2013 indicating that the vehicle was required for exclusive use of VVIPs and foreign dignitaries.

Audit observed as under:

i. The vehicle meant for use at Karachi was actually placed at the disposal of Director to Federal Minister for Port and Shipping serving at Islamabad in July, 2013 which was not in conformity with the purpose for which the vehicle was purchased.

ii. As the vehicle was purchased by the contractor, KPT paid profit of Rs. 3.17 million and withholding tax of Rs. 1.011 million over and above the cost of the vehicle.

Procurement of additional vehicle that was not being used for the intended purpose and its placement with Director to the Federal Minister for Port and Shipping was infructuous and unauthorized. Furthermore, mode of procurement through the contractor also resulted in overpayment which was unjustified and unnecessary burden on the exchequer.

DAC in its meeting held on 01.02.2016 directed that the vehicles should be retrieved back to KPT besides fixings responsibility for procurement of vehicles though the contractor.

Audit recommends that responsibility may be fixed for procurement of vehicle through the contractor at higher rate and allowing its use by the Director to Federal Minister for Ports and Shipping.

25.4.4 Payment without imposing delay damages - Rs. 4,619 million

Section 8.7 of general conditions of contracts states that if the contractor fails to comply with ‘time for completion’ the work he shall be charged delay damages @ 0.1% of the contract price per day and maximum amount of delay damages @ 10% of final contract price.

The management of Karachi Port Trust entered into six contracts with various contractors. Details are as under:

(Rs. in million)

S. No.	OS	Name of Works	Contract price	Name of Contractor	Start date	Stipulated date of Completion	Delay damages
1	**5**	Reconstruction of Berths 15-17A including Ship repair Berths 1&2	8,388	M/s. Ssangyong – Dong Yang, (JV) Karachi	02.07.2012	31.12.2014	839
2	**14**	Construction of Quay Wall at Pakistan Deep Water Containers Port Karachi	18,256	M/s. China Harbour Engineering Company and M/s Pemcon Geo Engineering Pvt. Ltd Joint Venture	18.10.2010	05.09.2014 (after 323 day time extended)	1,826
3	**30**	Dredging and Reclamation works of Pakistan Deep Water Container Port (PDWCP) Karachi	19,288	M/s China International Water and Electric Corporation	27.12.2008	15.01.2011	1,929
4	**52**	Reconstruction of Jetties at Baba and Bhit Islands Karachi	252	M/s Eeco West International Pvt. Ltd. Karachi	03.10.2011	02.04.2013	25
		Total	**46,184**				**4,619**

Audit observed as under:

i. The KPT and Consultant accepted the claims of payments without giving formal extension or imposing delay damages.

ii. The Contractors did not complete the works within the stipulated time and the works were still in progress.

Payments to the contractors after expiry of the contract period without imposing the delay damages was violation of the contracts and undue favour to the contractors.

The management replied that the cases were under consideration and delay damages had strategically not been imposed to enable the project to progress unhindered.

DAC in its meeting held on 01.02.2016 directed that the cases of delay damages should be decided and the imposed penalty may be recovered.

Audit recommends that responsibility should be fixed for recommending/making payments after expiry of the contracts without imposing delay damages and penalty once imposed should be recovered.

25.4.5 Non-recovery of outstanding royalty and delay charges from the Food Court contractor - Rs. 128.137 million

Clause 8.1.1 of the Contract made on 29.11.2004 between M/s Grand Leisure Corporation Pvt. Karachi and Karachi Port Trust (KPT) to set up Food Court on BOT basis stated the M/s Grand Leisure Corporation (GLC), the Food Court Operating Contractor (FCOC) would pay to KPT a Royalty in Pakistani Rupees. Royalty payment would commence from the 19th month after signing of the Implementation Agreement or from the time the operations started whichever was earlier and would be made on monthly basis within 10 days of each month as per schedule i.e. Rs. 1.00 million from 0-4 years, Rs. 1.200 million from 5-9 years, Rs.1.500 million from 10-14 years and Rs.1.950 million from 15-20 years.

Clause 24.1 and 24.2 of the Contract stated that if any disputes of difference of any kind whatsoever arose between KPT and FCOC in connection with or arising out of this agreement the Parties would attempt to settle the dispute in the first instance, within 45 days by mutual discussion. If the dispute could not be settled by mutual discussion than the dispute would be finally settled through Arbitration.

The work was delayed by M/s Grand Leisure Corporation (Pvt) who did not make payment of Rs.128.137 million as royalty and delay surcharges for the period from June, 2006 to August, 2015 despite Board of Trustee resolution No. 129 (Item-IV) dated 23.04.2015.

The management replied that the matter was under litigation on the ground that cost of construction had increased abnormally. Matter was mutually decided out of Court but the firm stopped the payment because out of court settlement regarding extension of 20 years was not approved by the government.

DAC in its meeting held on 01.02.2016 directed that the amount should be recovered from the contractor.

Audit recommends that outstanding dues should be recovered as provided in the Contract.

25.4.6 Non-recovery of dues from government departments and agencies - Rs. 1,282 million

Section 39 of the Karachi Port Trust Act, 1886 states any wharf, quay, stage, jetty, pier, warehouse or shed or portion thereof has, under provisions of the last section, been set apart for the use of the officers of Customs and other Government departments or functionaries all dues, rates, tolls, charges and rents, including charges on account of use of utilities like electricity, water and telephone, payable under this Act, in respect thereof, or for the use thereof, or for the storage of goods there in, shall be paid and be payable to the Board or to such persons as they appoint to receive the same.

During audit, it was observed that KPT had outstanding recoveries amounting to Rs. 1,281.690 million from 45 government departments and agencies. The outstanding dues included Rs. 1,076.869 million pertaining to WAPDA on account of storage charges, which was 84.09% of the total recoverable. The remaining recoverable dues of Rs. 204.821 million pertained to 44 departments and government agencies.

The management replied that the ECC in its meeting dated 25.02.1999 had decided that WAPDA should pay its outstanding dues on account of storage charges to KPT in three equal installments. Only Rs. 334 million were received, leaving outstanding recoverable Rs. 1,410.868 million. In spite of repeated reminders WAPDA had not paid the outstanding dues. The outstanding dues against other agencies were still recoverable.

DAC in its meeting held on 01.02.2016 directed that recovery from WAPDA and MINFAL should be adjusted though the Adjuster and the remaining cases may be pursued vigorously.

Audit recommends that the matter should be taken at higher level for recovery of the outstanding dues.

25.4.7 Loss due to unauthorized sale tax exemption - Rs. 343.375 million

Para 2 of the National Accountability Bureau Karachi letter No. 2173/38/IW-2/CO-B/T-2NAB/2014/46 dated 18.03.2014 stated that the M/s Ssangyong and Usmani JV availed exemption whereas bid included all taxes. In this way loss accrued to the national exchequer to the tune of Rs. 343.375 million in tax evasion.

The management of Karachi Port Trust Karachi in exchange of correspondence with the National Accountability Bureau Karachi admitted that an amount of Rs. 157.024 million was lying with Karachi Port Trust. .

Audit observed as under:

i. The tax evaded by the firm was recoverable.
ii. The action of the firm for evasion of taxes requires investigation.

The management replied that the case was under investigation of the National Accountability Bureau. The contractor applied directly to the FBR for exemption of sales tax which was approved, FBR refunded Rs. 157.00 million to the contractor, the KPT being investor of the project, retained Rs 157.00 million, with the involvement of NAB through a mutual settlement as per High Court order dated 31.3.2015. The matter was sub-judice.

DAC in its meeting held on 01.02.2016 directed that the retained amount should be deposited into the government treasury.

The management should report present status of the case with NAB and the Court.

25.4.8 Amount requiring recovery from final bill - Rs. 3,065.858 million

The Karachi Port Trust Karachi awarded the work "Dredging and Reclamation Works of Pakistan Deep Water Container Port (PDWCP), Karachi" to M/s China International Water and Electric Corporation (CWE). The works were supervised by the Consultant M/s Royal HaskoningDHV/Techno-Consult International JV (RHTC).

The Consultant vide letter dated 02.10.2015 pointed out certain shortcomings/defects and recommended deductions to be made from the final IPCs of the CWE as per following details:

(Rs. in million)

S. No.	Shortcoming/defects	Amount
1.	Minus bill for 52 weeks not certified for period when boat was unavailable due to poor condition [reference: A1b and A1c]	1.517
2.	Minus bill for non-maintenance of set of diving equipment with accessories services	0.315
3.	Minus bill for variation of Bund and Filler Layer constructed against approved design	84.200
4.	Minus bill for removal of unsuitable material and replacement of material as specified in BOQ (reference: A(6) i.e. Rs. 40.256 million and A(7) i.e. Rs. 45.617 million)	85.873
5.	Minus bill for removal of surplus material above desired design level work [reference: A(8)]	69.025
6.	Minus bill for capping of stockpiled area and additional area with stone [reference: A(9) i.e. Rs. 112.95 million and A(10) i.e. 114.75 million]	227.70
7.	Minus bill for short dumping through barges [reference: A(11)]	127.20
8.	Minus bill for contra charges regarding rehabilitation/repair of walkway of Oyster Rocks breakwater [reference: B(2)]	50.00
9.	Minus bill for siltation adjoining stockpile area around KPT's fountain	1,705.540
10.	Minus bill for removal of material above +5.5 mpd in additional disposable area east of Oyster Rock breakwater	714.488
	Total	**3,065.858**

When the Committee of the Board on PDWCP forwarded its recommendations for decision of the KPT Board, the Board referred back the matter to the Committee for deliberation over the issue by hearing viewpoint of all the stakeholders, i.e. the Engineer, the Contractor and the P&D Department of KPT. Subsequent to the proceedings of the Committee, the matter was again placed before the KPT Board in its meeting held on 20.10.2015. The Board advised to carry out a joint survey of the dredging area and amicably resolve the dispute.

Audit is of the view that the KPT Board had itself appointed the Supervisory Consultant as the Site Engineer and authority for supervision of all works. The Consultant had used professional judgment in supervising the works and vetting of all claims submitted by the Contractors. Minus bills raised for deduction from the final bill were, therefore, without any ambiguity as these issues were duly recorded by the Consultant. In such a situation, the recommendations of the Consultant, which were subsequently reviewed by the Committee of the Board on PDWCP, did not leave any room for doubt and deductions of Rs. 1,010 million should be recognized as such. Certified deductions may therefore, be made from the final bill.

The management replied that in its meeting held on 20.10.2015, the KPT Board advised to carry out a joint survey of the dredging area and amicable resolution of the dispute and action was being taken. The management has already stopped the release of payment of the work done.

The reply was not accepted because there was no room for doubting the recommendations of the Consultant. As such, the need for amicable resolution was not there. Furthermore, the Board had not provided any yardstick against which the joint survey was to conduct its inspection of the works at this juncture.

DAC in its meeting held on 01.02.2016 directed that matter may be decided before finalization of the accounts of the contractor besides reporting the present status of the case being investigated by NAB.

Audit recommends that the amount should be recovered from the final bill of the Contractor under intimation to Audit.

25.4.9 Non-deduction and deposit of withholding tax from contractors - Rs. 1,425.426 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.

Paras 3 and 4 of the Commissioner Inland Revenue, Zone-II, Large Tax Payer Unit Karachi letter No.CIR/Z-II/LTU/KHI/2015/ dated 13.04.2015 states that in terms of provisions of Section 152(2A) of the Income Tax Ordinance, 2001 the KPT is obliged to deduct tax from the gross amount payable including arrears/current years payments at the rate specified in Division II of Part III of 1st Schedule to the Ordinance and deposit in the name of tax payer from whom tax has been deducted. No payment may be made to M/s China Harbour Engineering Co Ltd and M/s PEMCON Geo Engineering Pvt. Ltd JV without deduction of tax and the same may be deposited w.e.f. 01.07.2014. In addition, amount of any withholding tax collected from the tax payer but not deposited may immediately be deposited in the State exchequer.

The management withheld income tax amounting to Rs. 1,400.00 million for the years 2011-12 to 2013-14. The KPT Board on 14.07.2015 decided to recover the amount of income tax from the date of receiving FBR letter dated 13.04.2014 and FBR might be informed that KPT was not in position to recover the tax for the years 2011-12, 2012-13, 2013-14 as the contractors possessed exemption certificate during the period.

Audit observed as under:

i. The KPT Board had no authority to set aside the FBR orders regarding deduction/recovering the Income Tax from the contractor.

ii. The Income Tax Department had asked the KPT to deposit the withheld amount of income tax into government treasury but the management did not comply.

iii. The KPT had neither deposited the retained amount of Rs. 1,400.00 million into government treasury nor deducted the income tax amounting to Rs. 25.426 million for payments made during 2014-15.

The management replied that FBR had issued Exemption Certificates to the Contractor, for the years 2011-12, 2012-13 and 2013-14. After lapse of the three years, FBR discontinued the exemption and raised demand for the withholding tax for previous years. The Contractor approached the Court and stopped the work. The Board of Trustees in a meeting held on 25.06.2015 decided to release withheld payment and the management released the amount. However, an amount of Rs. 124.417 million were withheld/kept pending, which would be disposed of in line with the decision of the Court. The FBR had again issued a conditional exemption certificate to the contractor for financial year 2015-16.

The reply was not accepted because the Board had no authority to set aside the order of the FBR. Further, documentary evidence in support of reply was not provided.

DAC in its meeting held on 01.02.2016 noted that the case is presently sub-judice between the FBR and the contractor in the Supreme Court of Pakistan. The DAC directed that as the FBR previously granted exemption which was subsequently withdrawn, therefore, the Ministry of Finance should be approached for holding inquiry against the officials of the FBR.

Audit recommends to provide the present status of Court case and copies of case initiate for recovery in accordance with the law of the land.

25.4.10 Irregular amendment in lease contract and award of two Berths and allotment of additional areas

Section 18(2) of Karachi Port Trust Act, 1887, states that in case of every lease of immovable property for a term exceeding twenty five years with an option to renew for a like period of twenty five and, in the case of every sale or other transfer of any such property, the previous sanction of Government is required. Section 29(A) of the Act provided that the Board may lease out or assign any work to any other person, agency, on such terms and conditions as may be prescribed by the Federal Government.

Rule 20 of Public Procurement Rule 2004 states that open competitive bidding should be adopted for the procurement of goods, services and works.

The KPT made an agreement on 01.06.1995 with M/s American President Lines and International Container Terminal Services Inc., to set up a common user Container Terminal at Karachi Port on the existing berths 22, 23, 24 and 24A, at West Wharf which were renumbered as berths 28, 29 and 30 on a Build, Operate and Transfer (BOT) basis. The contract was amended on 29.01.2005 and existing Berths No. 22, 23, 24 and 24A at West Wharf (renumbered as Berths 28, 29 and 30) were replaced with Berths No. 26, 27, 28, 29 and 30 and terminal operator was re-named as Karachi International Container Terminal (KICT).

Audit observed as under:

i. The lease agreement with KICT regarding Berths No.26 and 27 was made without adopting open competition. Their original lease agreement was for Berths No. 28, 29 and 30 which was based on competitive basis and was limited to these Berths only.

ii. The management also placed an additional area of 24,932 sqm at the disposal of KICT.

iii. The original lease agreement was for 20 years commencing from 01.06.1995, which was extended to 21 years from the date of completion of third completion certificate i.e. 16.02.2009. Resultantly, the lease was changed for an extended period of 34 years counting from 1st lease i.e. 01.06.1995 which was in violation of Section 18(2) of Karachi Port Trust Act 1887.

Audit is of the view that the amendment in contract for additional berths was without open competition, lease agreement for 34 years was in violation of KPT Act and an undue favour was extended to M/s. KICT.

The management replied that the matter was under investigation of NAB. As regards additional area of 24,932 sqm, the management replied that it was back up area of Berths 24 & 25. In fact it was financially beneficial to KPT in leasing out the excess land.

The reply indicated that the matter is under investigation of NAB.

DAC in its meeting held on 01.02.2016 directed that present status of the investigation by NAB should be reported.

Audit recommends that updated position of NAB investigation should be reported to Audit.

25.4.11 Whereabouts of investment not known - Rs. 1.432 million

Section 69 of the Karachi Port Trust Act, 1886 states the Board may invest any balance in public securities and may from time to time sell the securities, and either reinvest the proceeds in other such securities or credit the same to the general funds of the Board.

The management of KPT had last finalized financial statements for the year 2008-09, which indicated ‘Other Long Term Investment’ in shares of

Industrial Development Bank of Pakistan amounting to Rs. 1.432 million. The management did not provide financial statements for subsequent years or record of the investment. Moreover, the details of interest accrued were not known.

Non-reporting the actual position of investment was violation of the KPT Act.

The management replied that KPT had purchased the shares of IDBP during the period 1961 to 1970 on the instructions of the Government of Pakistan and no bonus shares, rights shares and dividend had been received from IDBP since 1974. The IDBP was lately not enlisted with the Stock Exchange. KPT could not sell these shares without intimation of Federal Government. So far, no such advice had been received from the Federal Government. On the basis of some information that IDBP had been merged with National Bank of Pakistan, they were approached but were informed that IDBP was not merged into National Bank of Pakistan and they did not own any shares of IDBP.

The management admitted that they were unaware of the current status of the invested funds.

DAC in its meeting held on 01.02.2016 directed that the matter may be taken up with the State Bank of Pakistan or the Finance Division for realization of the amount.

Audit recommends that the current status of the funds invested should be ascertained, and the shares be got disinvested through the Finance Division.

25.4.12 Non-preparation of financial statements for the years 2009-10 to 2014-15

Section 68 of the Karachi Port Trust Act, 1886 states the accounts of the receipts and expenditure of the Board shall, twice in every year, be laid before Government, and shall be audited and examined in such manner and by such auditor or auditors as shall, from time to time, be appointed by Government.

The financial statements of 2008-09 of Karachi Port Trust Karachi were audited by a firm of Chartered Accountants but the financial statements for the years 2009-10 to 2014-15 were neither prepared nor got audited by the Chartered Accountants.

Non-provision of audited financial statements was a violation of the KPT Act.

The management replied that the World Bank, apart from the other loan disbursement conditions, urged KPT to prepare their financial statement in accordance with the International Financial Reporting Standard (IFRS). The management had decided to implement an organization wide ERP system in KPT that would enable management to get all relevant data for the preparation of IFRS compliant financial statements. A consultant for implementing ERP system had been appointed. The IFRS required the revaluation of all fixed assets of KPT. The process for hiring of a consultant for carrying out the revaluation of fixed assets was also underway. These two projects were being supervised by the World Bank.

DAC in its meeting held on 01.02.2016 directed that financial statements should be prepared by the end of 2016.

Audit recommends that responsibility may be fixed for non-preparation of financial statements that were required to be prepared and got audited from Chartered Accountants and missing financial statements be prepared without further loss of time.

25.4.13 Non-recovery of royalty from a contractor - USD 50.00 million

The management of Karachi Port Trust awarded the contract of terminal operations of Pakistan Deep Water Container Port to M/s Hutchison Port Holdings Limited vide concession agreement dated 08.11.2007. In terms of Clause 8.2.4 of the Agreement the Terminal Operating Contractor (TOC) would pay a fixed sum of US$ 100 million as advance .The advance lease rent would be paid in four equal installments.

i. 1^{st} instalment of US$ 25 million within 30 days of the date of signing

ii. 2nd instalment of US$ 25 million within 9 months after date of 1st Instalment

iii. 3rd instalment of US$ 25 million within 18 months after the date of the first Instalment, or within 5 days of the Possession Date of Phase 1B, whichever was earlier.

iv. 4th instalment of US$ 25million within 27 months after the date of the first instalment, or within 5 days of the Possession date for Phase 1C, whichever is later.

Audit observed that 3rd and 4th installments of US$ 50.00 million were not received so far from the firm.

Non-receipt of royalty was a violation of the agreement which deprived the KPT of its due share of receipts.

The management replied that TOC had paid on time the 1st and 2nd installments of Advance Lease Rent amounting to US dollars 25 million each as per terms of the Concession Agreement. As regards the 3rd installment necessary demand for payment had already been raised, however, the TOC due to certain reservations on technical grounds was reluctant to make the advance payment of the Lease Rent as per the Agreement.

The management admitted that the TOC had not paid the 3rd instalment. The reply indicated that management had not raised invoice for the fourth installment.

DAC in its meeting held on 01.02.2016 directed that the amount due from the contractor should be recovered.

Audit recommends that outstanding dues should be recovered.

25.4.14 Non-preparation of Schedule-A pertaining to Property Area of Karachi Port Trust

Section 25 of Karachi Port Trust Act, 1887 states that the Board shall, for the purposes of this Act, have power to acquire and hold movable and immovable property within or without the limits of the port or city.

Section 27(1) of Karachi Port Trust Act, 1887 states that the property specified in Schedule-A of KPT Properties shall vest in the Board.

i. If any question arises between the Federal Government and the Board as to the boundaries of any portion of such property, Government may define and demarcate such boundaries, and the decision of Government in respect to such boundaries shall be final.

ii. Any portion of the land specified in the said schedule which shall be required by the Federal Government for a public purpose may be resumed by the Federal Government without claim to compensation on the part of the Board, except for buildings or other permanent structures erected thereon.

A DAC meeting regarding Audit Report 2003-04 was held on 03.07.2015 in Ministry of Port and Shipping wherein the management of the KPT was directed to update the Schedule A.

Audit observed that the Schedule A as directed by the DAC was not updated by the management.

Audit is of the view that in absence of Schedule-A specifying the property owned by KPT, audit could not ascertain exact area acquired, held in respect of moveable and immoveable property by KPT.

The management replied that Schedule-A was being updated and under process for approval of the Board of Trustee.

The management has accepted the audit observation.

DAC in its meeting held on 01.02.2016 directed that Schedule-A of the property should be submitted to the Ministry by April, 2016.

Audit recommends that the Schedule A should be updated and notified.

25.4.15 Non-recovery of outstanding dues - Rs. 2,838.818 million

Section 39 of KPT Act, 1886 states that any dues shall be paid and be payable to the Board or to such persons as they appoint to receive the same.

During audit, the Estate Department of Karachi Port Trust provided a statement regarding outstanding recoveries amounting to Rs. 2,838.818 million regarding licensing, lease etc. outstanding from large number of persons and private parties.

Audit is of the view that non-recovery of outstanding dues has deprived the KPT Board from its due share of receipts.

The management replied that all out efforts were in hand to recover outstanding dues and substantial recoveries had been affected. The total amount kept at D & R account was Rs. 1,923.192 million up to September, 2015. In certain cases the amount remained un-adjusted due to legal proceedings which may last for years.

The management did not provide evidence about the recovered amount and also did not give evidence of substantial actions for recovery of the dues.

DAC in its meeting held on 01.02.2016 directed that the outstanding dues should be recovered.

Audit recommends that the outstanding dues should be recovered.

25.4.16 Irregular and un-authorized payment to Karachi Dock Labour Board - Rs. 962.646 million

Regulation 50 of the Karachi Dock Worker (Regulation of Employment) Scheme, 1973 states that the cost of operating of this Scheme shall be met from out of the money paid by the beneficiaries on the basis of the levy to be determined by the Board from time to time.

Regulation 52 (1 and 2) of the Karachi Dock Worker (Regulation of Employment) Scheme, 1973 states that the Board shall, if and when required to do so by the Federal Government, manage the Karachi Port and Dock Workers

Welfare Fund, hereafter referred as the Fund. The Board shall make rules for the management and operation of the Fund, and such rules may provide the rate of contribution to the Fund.

The Karachi Dock Labour Board through BR. No. 32 dated 01.04.1974 approved levy of Cess @ Rs.2.05 per revenue ton to be apportioned among Karachi Port Trust @ Rs. 0.75 per ton, Ship owners/Agents @ Rs.1.05 per ton and Master Stevedores @ Rs.0.25 per ton. According to the documents, it was last revised in 1999, the total charges for Containers Rs. 1,000 per TEU and Bulk and Break Bulk Rs.60 per ton to be shared 30% by KPT, 52% by Ship owner/Agent and 18% by Stevedore.

The management of Karachi Port Trust made payment of Rs. 962.946 million to Karachi Labor Dock Board (KDLB) as contribution to the Cess Fund which also covered prior periods.

Audit observed as under:

i. The Karachi Dock Worker (Regulation of Employment) Scheme, 1973 was framed in pursuance of Dock Workers (Regulation of Employment) Ordinance, 1973 whereas the Ordinance was repealed vide Section 9 of the Dock Workers (Regulation of Employment) Act, 1974 and validity of the Regulations needs to be clarified.

ii. As the KPT had leased out Berths No. 26, 27, 28, 29 and 30 to M/s Karachi International Container Terminal (KICT), therefore the payment of Rs. 892.219 million to the Cess Fund to Karachi Dock Labour Board (KDLB) relating to above Berths was an undue burden on KPT.

iii. As the KPT had leased out Berths No. 6, 7, 8 and 9 to M/s. Pakistan International Container (PICT), and the payment of Rs. 70.727 million to the Cess Fund to Karachi Dock Labour Board (KDLB) relating to above Berths was an undue burden on KPT.

iv. As per the Executive Summary of Karachi Port Trust Business Plan and Strategic Development Plan dated 11.09.2015 prepared by M/s Marine and Transport Business Netherlands and M/s Sidat

Hyder Karachi, according to which the strength of the KDLB workers is 2,900 and they do not participate in the work.

Audit is of the view that the payment to KDLB was held unauthorized and without any legal binding on KPT.

The management replied that as per Section 50(2) of KDLB Act, 1974 Cess was to be paid by the “beneficiaries” and the definition of “beneficiaries” had been provided under Section 3(b) of Karachi Dock Workers (Regulation of Employment) Scheme, 1973.

The reply was not accepted because the KPT was not authorized to make the payment.

DAC in its meeting held on 01.02.2016 agreed with the audit observation and directed that appropriate steps should be taken by the KPT.

Audit recommends that the unauthorized payment to KDLB regarding Berths being maintained by KICT and PICT should be stopped forthwith besides taking action for recovering or regularizing the past unauthorized payments.

25.4.17 Unauthorized regularization of 978 persons initially appointed on stipend basis in B-1 to B-18

Section 23(1) (a and b) of Karachi Port Trust Act, 1887, states that subject to the provision of the Regulation made under Section 22 and of the Schedule of the Officers and serving for the time being in force all administrative powers including those of the appointment, promotion, suspension and punishment of the officers and servants of the Board shall be exercised by:

i. The Chairman in respect of officers holding post in B 16-18.

ii. The Board in respect of officers holding posts in B-19.

The Prime Minister of Pakistan directives No. 2/65/2012-IMP-III dated 10.12.2012 states that proposal to regularize the contractual employees of Ministry of Ports and Shipping be examined by the Ministry of Ports and Shipping and the Finance Division.

Contrary to the Prime Minister's directive, the Minister for Ports and Shipping vide letter No. F.2(25)/2012-Gawader dated 20.12.2012 directed that services of all temporary employees working in the (Karachi Port Trust and Gwadar) be regularized immediately and compliance report furnished accordingly.

In compliance with the directives of the Minister for Ports and Shipping KPT regularized the services of 978 persons on 20.12.2012 quoting the directives of the Prime Minister vide No. PM.DIR/2255/D(imp)/PAW/12 dated 10.12.2012 and orders of the Federal Minister for Ports and Shipping vide letter No. F.2(25)/2012-Gwader dated 20.12.2012.

Audit observed as under:

i. The 978 persons regularized by KPT were not entitled as they had been hired on the basis of various rates of stipend from 08.06.2012 to 20.09.2012 which were not in conformity with the Basic Pay Scales.

ii. The orders of the Minister for Ports and Shipping and the letter of the Ministry were not in conformity with the Prime Minister's directive.

iii. The record of regularization of services of the different categories of the employees was not provided despite repeated requests.

Audit is of the view that regularization of services of persons hired on stipend basis was irregular and unauthorized.

The management replied that matter of regularization of stipend officers/officials was being investigated by the Ministry of Ports & Shipping Islamabad and a committee of senior KPT officers had been constituted to scrutinize all the stipend appointments and their regularization.

DAC in its meeting held on 01.02.2016 noted that an inquiry into the matter was in process in the Ministry of Ports and Shipping. The DAC directed that the inquiry report should be finalized and actions taken in the light of the findings of the inquiry and it should be shared with Audit.

Audit recommends that inquiry report should be provided and action taken against those at fault should also be reported to Audit.

25.4.18 Irregular appointments on the basis of fake degrees - Rs. 10.728 million

In terms of Para 2 of the Establishment Division No. letter F-40/650-S.E.I dated 21.06.1950 printed at Sl No.28, page 171 of ESTA CODE Vol-I, Edition 2010 there may be also cases where degree produced are doubtful in such cases the matter will have to be referred to the District Police authorities for investigation and report.

The management of KPT terminated services of 17 employees because of production of fake degrees and adverse verification by the intelligence agencies. An amount of Rs. 10.718 million was paid to the terminated persons.

The management did not observe the laid down procedure which resulted irregular appointments on the basis of fake degrees and adverse intelligence reports.

The management replied that character verification/security clearance and verification of educational documents/credentials of inductees was done through Port Intelligence Officer KPT after their appointment as per laid down procedure. Those whose certificates were found fake/bogus by the authorities' concerned had been terminated from service with the approval of competent authority. The case regarding recovery of the payment made to them has been sent to FIA.

DAC in its meeting held on 01.02.2016 directed that outcome of the cases referred to FIA should be reported to Audit.

Audit recommends that responsibility should be fixed for the irregularity besides recovering the amount.

25.4.19 Payment of damages due to spillage by M.T. "TASMAN SPIRIT" - Rs. 102,649 million

Section 61 of Karachi Port Trust Act, 1886 provides for incurring expenditure from the Funds of the KPT which do not include incurring expenditure on rescue of foreign vessels.

The vessel M.T. "TASMAN SPIRIT" while entering Karachi Port laden with fuel oil, grounded near the entrance to Karachi harbour on 27.07.2003 and thereafter broke into two cases of spilling which caused loss to the Karachi Port Trust. Details are as under:

S. No.	Description of loss	Rupees in million
1	**Damages to KPT Property** i.e. off shore clearing, beach cleaning including removal of oily sand, dumping of oily sand and capping, removal of polluted sediments from back water areas and re-growing Mangroves and other plants, disposal of dredging spoil from harbour and damages to marine structure etc.	12,890
2	C**onsequential loss** i.e. cleaning and repainting of foreign and local ships, crafts and boats, replacement repair of crafts used during operation, medical facilities and periodical examination of employees and other residents/visitors,	8,575
3	**Economic loss** i.e. delay in commissioning of desalination plant, construction of OP-II, reclamation /development of land behind Keamari Groyne, cost for procurement of environment pollution equipment.	2,386
4	**Ecological losses** i.e. detailed study for assessment of damages to the overall ecosystem, estimated costs of revitalization of marine life and harbour ecology in general.	10,060
5	**Prospective claims** i.e. Defence officers Housing Authority, Fisheries, Karachi Shipyard and Engineering Works, Environment Protection Agency, Pakistan Navy, Citizen claims	68,738
	Total	**102,649**

Audit is of the view that action for the recovery of loss needed to be pursued by the KPT management.

The management replied that Legal Affairs Department was vigilant around the clock and had been pursuing the cases.

DAC in its meeting held on 01.02.2016 directed to pursue the court case vigorously.

Audit recommends that the update position of the court case regarding losses occurred should be reported to Audit.

25.4.20 Wastage of funds on purchase of Cutter Suction Dredger Euro 2,279,337 - Rs. 17.628 million

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

The Karachi Port Trust purchased Cutter Suction Dredger CSD MINHAL Beaver from M/s IHC Beaver Dredger BV Netherlands at a price of Euros 2.279 million during 2010 and the management also paid Rs. 17.628 million as shipment charges to Pakistan National Shipping Corporation Karachi.

Audit observed that since its procurement the Dredger had not been used and was lying idle.

Thus, the expenditure incurred on the procurement and shipment charges was a wastage of funds.

The management replied that the Dredger arrived at Karachi in July, 2010 and was commissioned after test/trials on 22.02.2011. After commissioning, the Dredger was dismantled and shifted to China Creek under bridge on 03.05.2011. After re-assembling, Dredger started dredging on 17.05.2011. The Dredger kept on dredging from 17.05.2011 to 09.04.2012 and removed 62,875 m3 from China Creek. During inspection cutter motor was found damaged. The facility to repair was not available in Pakistan, thus, the dredger remained in idle state.

DAC in its meeting held on 01.02.2016 directed that procurement file of the dredger should be provided to Audit to ascertained the basis for procurement of the item and its intended use.

Audit recommends that responsibility should be fixed for the unjustified procurement of the Dredger and for keeping it idle for so long.

CHAPTER 26

26.PRIVATIZATION DIVISION

26.1 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:

Privatization Policies.

The Transfer of Managed Establishments Order, 1978.

Administration of the Privatization Commission Ordinance, 2000.

Negotiations with international organizations relating to the functions of Privatization Division.

26.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Privatization Division for the financial year 2014-15 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)

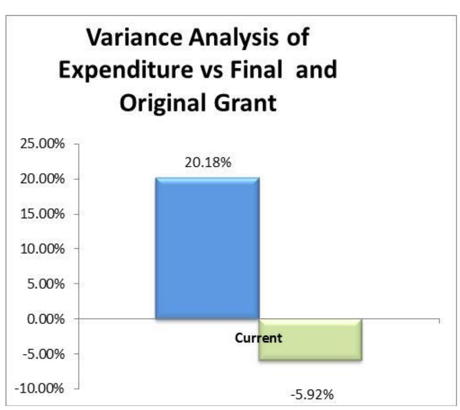
Grant No	Grant Type	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Final Grant/ Appropriation	Actual Expenditure	Excess/ (Savings)	% age Excess/ (Saving)
90	Current	108,993,000	30,243,000	139,236,000	130,991,730	(8,244,270)	(6)
	Total	**108,993,000**	**30,243,000**	**139,236,000**	**130,991,730**	**(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%.



26.3 Brief comments on the status of compliance with PAC Directives

There were no PAC Directives.

26.4 AUDIT PARAS

Irregularity & Non Compliance

26.4.1 Irregular/unauthorized retention of shares and dividend - Rs. 23.352 million

Para 7(i) of FTR states that all receipts of government may immediately be deposited into Government Treasury.

The management of Privatization Commission (PC) was in possession of shares of the following banks since 1994:

(Rupees)

S. No.	**Bank**	**No. of Shares**	**Face Value**	**Accumulated dividend up to June,2014**
1.	HBL	11032	68,251	92,604
2.	UBL	4264	42,089	37,708
3.	NBP	114000	1,155,562	23,221,267
		Total	**1,265,902**	**23,351,579**

Audit observed that:

i. These shares were the investments made by Karachi Pipe Mills, Karachi that was privatized during 1993. The management of Karachi Pipe Mills, Karachi handed over these shares to Privatization Commission which were still in custody of the Commission.
ii. The Privatization Commission Ordinance, 2000 did not have any provision of holding on to a liquid asset of an entity that had been privatized. After privatization of the entity, the shares belonged to the Federal Government which should have been handed over to the Finance Division for further disposal.

Retention of shares and their dividends by the Privatization Commission without provision in the Ordinance was irregular and unauthorized.

The management replied that at the time of privatization of Karachi Pipe Mills Ltd. the investments were retained as part of the assets of the company. However, in the light of the request of Banking Council that the shares of Nationalized Commercial Banks could not be transferred to Karachi Pipe Mills (the new buyer), it was agreed by the seller and the buyer in a meeting on 26.08.1993 that the KPM's holdings in the said banks would be transferred to the seller at the price equal to the book value. The said shares were transferred in the name of President of Pakistan (c/o Privatization Commission) and were in the custody of PC.

The reply was not accepted because there existed no provision in the PC Ordinance to retain liquid assets of a privatized entity by the Privatization Commission. The shares belonged to the Federal Government and were not part of privatization proceeds. The shares were required to be handed over to the Finance Division for necessary disposal.

Audit recommends to hand over the shares to the Finance Division for further necessary action at their end.

26.4.2 Irregular expenditure on Independence Day - Rs. 2.243 million

Para 11 of GFR Vol-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 Privatization Commission incurred an expenditure of Rs. 2.243 million during 2012-13 for advertisement on Independence Day.

The advertisement appeared in 42 newspapers related to Benazir Employees Stock Option Scheme (BESOS) which was a separate entity/trust and a separate bank account was being maintained for it. This expenditure was required to be met from BESOS funds but was incurred from PC funds which was not a valid charge and held irregular.

The management replied that the implementation and administration of BESOS scheme was entrusted to Privatization Commission by GoP as an additional task and no budget was provided for expenses of BESOS. The certificates distribution ceremony of BESOS scheme in President House was scheduled to be held in September, 2012. In order to highlight the achievements of Privatization Commission regarding the implementation of BESOS scheme and to mark the upcoming event of certificates distribution by the President of Pakistan, the then Minister/Chairman PC directed for the advertisement in print media on Independence Day in all National Dailies. Implementation of BESOS scheme in 64 State Owned Enterprises was a hall mark achievement of PC. As per section 15(b)(ii) of the PC Ordinance 2000, the Commission Account could be utilized for the purpose of marketing and publicity.

The reply was not accepted because expenditure was related to BESOS which was a separate trust. The funds provided to the Privatization Commission could only be utilized to meet expenditure related to marketing and publicity of privatization of public sector entities.

Audit recommends to recover the amount from BESOS funds and deposit it in the treasury under intimation to Audit.

26.4.3 Irregular/unauthorized expenditure on Eid bonus/awards/rewards from privatization proceeds - Rs. 22.422 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 Privatization Commission incurred an expenditure of Rs. 22.422 million as Eid bonuses and awards/rewards. Details are as under:

(Rupees)

S. No.	Remarks	Vr. No.	Ch. No.	Date	Amount
1.	Eid-ul-Fiter bonus	001	3311724	05.08.2013	2,215,000
2.	Eid-ul-Azha bonus	134	3311733	10.10.2013	2,250,000
3.	Award/reward	Nil	5863620 to 5863659	30.06.2014	17,956,814
					22,421,814

Audit observed that;

i. These funds were transferred from Commission Fund No.35-1 (NIDA) relating to Privatization proceeds to Commission Account No.5850-2.
ii. Four basic pays were approved for the Core Team and two basic pays to all other employees.
iii. The payment was made to B-19 to B-22 officers, including the Secretary, Senior Joint Secretary and Directors General. Details are as under;

(Rupees)

S. No.	Name	BPS	Designation	05.08.2013	10.10.2013	30.06.2014	Amount
1.	Mr. Amjad Ali Khan	22	Secretary	107,890	107,890	0	215,780
2.	Secretary Privatization	22	Secretary	0	0	801,000	801,000
3.	Mr. Abdul Malik Ghauri	21	Senior JS	73,200	54,900	0	128,100
4.	Dr. Hammad Uwais Agha	21	DG	70,600	70,600	0	141,200
5.	Mr. Ilyas Khan	20	DG	65,400	0	0	65,400
6.	Mr. Arshad Mahmood	20	DG	73,250	54,938	151,200	279,388
7.	Mr. Muhammad Akram Khan	20	DG	0	0	141,800	141,800
8.	Mr. Anwar Malik	20	DG	0	0	166,000	166,000
9.	Syed Zain Gilani	19	Dir	0	0	74,800	74,800
						Total	**2,013,468**

iv. The following consultants were also paid awards on 30.06.2014 although they were contract employees. There existed no provision for paying awards to consultants.

(Rupees)

S. No.	Name	Grade	Designation	Amount
1.	Mr. Asad Rasool	G-I	Senior Financial Consultant	400,000
2.	Mr. Abdul Haseeb Khan	G-I	Senior Legal Consultant	400,000
3.	Mr. Shahid Raza	G-I	Consultant	400,000
4.	Mr. Muhammad Moazam Ali	G-II	Consultant	250,000
5.	Mr. Azeem Qadir	G-III	Consultant	150,000
6.	Mr. Muhammad Adeel	G-III	Consultant	150,000
			Total	**1,750,000**

Audit is of the view that there was no provision for payment of Eid bonus and awards to Civil Servants, Consultants and employees of Privatization Division out of out of privatization proceeds.

The management replied that pursuant to Serial No. 8 (d) of Privatization Commission (Delegation of Power) Regulation, 2002, made under Section 41 of

PC Ordinance read with subsection (2) of Section 9 of PC Ordinance, the Chairman, Privatization Commission had full powers to issue appropriate policy directions regarding other miscellaneous matters concerning operations of the Privatization Commission including the payment of honorarium to the employees of Privatization Commission/Division. The Board of Privatization Commission in its decision dated 04.01.1999 and 20.10.2006, had approved the grant of honorarium to the employees of Privatization Commission and Privatization Division on Eid-ul-Fiter and Eid-ul- Azha.

The reply was not accepted because the Chairman PC was not competent to allow Eid bonuses/awards out of privatization proceeds which was Trust money.

Audit recommends to fix responsibility, recover the amount from the concerned and refund the same to the privatization proceeds.

CHAPTER 27

27. MINISTRY OF RELIGIOUS AFFAIRS AND INTER FAITH HARMONY

27.1 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.

27.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Ministry of Religious Affairs and Inter Faith Harmony for the financial year 2014-15 was Rs. 1,836.690 million including Supplementary Grant of Rs. 1,121.478 million out of which the Division utilized Rs. 1,691.208 million. Grant-wise detail of current expenditure is as under:

(Rupees)

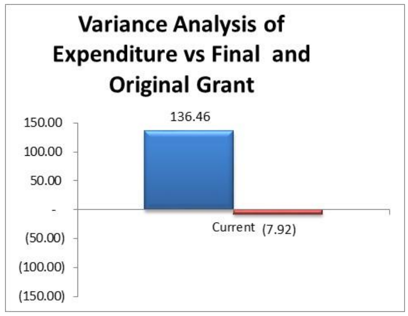
Grant No	Grant Type	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Final Grant/ Appropriation	Actual Expenditure	Excess/ (Savings)	% age Excess/ (Saving)
94	Current	150,042,000	216,824,000	366,866,000	307,786,656	(59,079,344)	(16.10)
95	Current	81,003,000	1,000	81,004,000	74,010,385	(6,993,615)	(8.63)
96	Current	484,167,000	904,653,000	1,388,820,000	1,309,410,883	(79,409,117)	(5.72)
	Total	**715,212,000**	**1,121,478,000**	**1,836,690,000**	**1,691,207,924**	**(145,482,076)**	**(7.92)**

Audit noted that there was an overall saving of Rs. 145.482 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. 1,121.478 million were obtained, which was 156.80% 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 136.46% of original grant, which changed to savings of 7.92% after accounting for Supplementary Grants.



27.3 Brief comments on the status of compliance with PAC Directives

Name	Years	No. of audit paras	No. of Actionable Points	Complied	Not - Complied	% of Compliance
Religious Affairs and Interfaith Harmony	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%
Religious Affairs and Interfaith Harmony (Devolved M/o Minorities)	1989-90	1	1	1	0	100%
	1990-91	3	3	0	3	0%
	1993-94	2	2	0	2	0%
	1994-95	1	1	0	1	0%
	1996-97	3	3	0	3	0%
	2000-01	3	3	0	3	0%
	2005-06	3	3	0	3	0%
	2006-07	1	1	0	1	0%
Total		**17**	**17**	**1**	**16**	6%

27.4 AUDIT PARAS

Fraud and misappropriation

27.4.1 Doubtful investment - Rs. 1,106.632 million

Section 4(2)(c) of the Evacuee Trust Properties (Management and Disposal) Act, 1975 states that function of the Board is to buy out of surplus income, if any, or by taking loan from any statutory corporation, with the approval of the Federal Government, any other property which may be considered to be beneficial for promotion the objects of this Act or any scheme.

Section 4(2)(m) of the Evacuee Trust Properties (Management and Disposal) Act, 1975 states that function of the Board is to invest money, with the prior approval of the Federal Government, for any other social welfare or charitable purpose.

Minutes of Investment Committee held on 14.05.2010 stated that in order to secure ETPB money, post-dated cheques of principal amount as well as profit would be obtained in connection with Repo Transaction as a collateral guarantee to avert any future financial risk (if any). The securities of Repo Transaction would be transferred to ETPB's Central Depository Company of Pakistan (CDC) Account which would remain in ETPB's control.

The Evacuee Property Trust Board (ETPB) Lahore made payment of Rs.1,394.083 million @ of 15% per annum to M/s High Link Private Ltd. Lahore during the period 17.08.2009 to 10.05.2012, involving 22 transactions.

Audit observed as under:

i. The Act of the ETPB did not have provision for making investment other than for social welfare or charitable purpose which was also linked with the approval of Federal Government.

ii. Out of the principal amount an amount of Rs. 673.083 million was received back by the department during the period 24.08.2009 to 23.11.2011 leaving remaining principal amount Rs. 721.00 million recoverable. The accrued profit was Rs. 536.081 million pertaining to the period 17.08.2009 to 31.10.2015, out of which an amount of Rs. 130.449 million was received by the department and the remaining profit Rs. 405.632 million was not received from the broker. The department has also received Rs. 20.00 million in 2013.

iii. The investment was made in Repo Transactions through M/s Highlink Capital (Pvt) Ltd, Lahore for purchase of shares. For this purpose the Central Depository Account (CDC) Account in the name of ETPB was opened but account statement was not provided to Audit.

iv. The original record of investment files, agreement, etc. was not available with the department, as they registered FIR No. 596 dated 09.05.2013 with Police Station, Islampura, Lahore that Mr. Muhammad Faizan Shams Khan, Ex-Investment Management Officer, EPTB did not hand over the files when he was transferred to Sukkur.

v. The Lahore Stock Exchange Ltd. Lahore vide letter No.1585 dated 24.03.2014 cancelled the Trading Right Entitlement Certificate (TREC) of M/s Highlink Capital (Pvt.) Ltd, Lahore.

vi. The case is also under investigation by NAB Lahore.

In view of the position explained above, it appears to be doubtful investment.

The management replied that it was a speculative decision which had caused loss to the ETPB and the matter had already been referred to NAB, Lahore. Further, the matter was also pending in the Civil Court, Lahore for adjudication.

DAC meeting was held on 02.01.2016. It was decided that the management shall fully assist the NAB in this particular case as it was a very sensitive and important case and all incriminatory evidence as and when required should be shared with NAB. The DAC directed that the updated status of the case may be shared with Audit.

Audit recommends that responsibility should be fixed for the irregular investment besides recovering the principal amount and profit from the person who made decision for the investment.

27.4.2 Loss in leasing of property - Rs. 43.825 million

Para 7(i) of Scheme for the Management and Disposal of Urban Evacuee Trust Properties, 1977 states that the an open plot comprising an area not exceeding five kanal may be leased out by public auction or by inviting tender, after wide publicity through the press and local mushtary munadi for residential or commercial purposes by the Chairman and that exceeding five kanals by the Board initially for a period of 30 years renewable for a similar period or periods. “Provided that if no bid or offer is received in three consecutive public auctions or tenders or the response is not worth consideration or is below the reserve price, the Board may allow lease at the negotiated rate plus the amount of non-refundable security to be decided on case to case basis;

Para 7(iv) of Scheme for the Management and Disposal of Urban Evacuee Trust Properties, 1977 states that the auction of plots or sites shall be held by a committee comprising a representative of the Board’s Headquarters not below the rank of Deputy Secretary, to be nominated by the Chairman, Administrator of the concerned Zone, Deputy Administrator/Assistant Administrator concerned and a representative of District Revenue Officer not below B-16 officer.

Rule 18B(d) of Scheme for the Management and Disposal of Urban Evacuee Trust Properties, 1977 states that the tenant (s) shall deposit minimum ten per cent of the prevailing market value of the land as goodwill or non-refundable security with the Board before execution of the agreement;

The management of ETPB leased out Evacuee Trust Property bearing Plot No.1, 2, 3, 4 Khasra No.202 to 209 Paka Garha, Hakim Khadim Ali Road Sialkot in favour of bidders as per recommendations of Tender Scrutiny Committee. The total area of property was 17 kanals 8 marlas and 69sft, therefore, division of plot was made subject to approval of the Board. Details are as under:

(Rupees)

S. No.	Property No	Area K	Area M	Area Sq. ft	Total Area (sqft)	D.C Rate (per sqft)	Market Rate (per sqft)	Total Market value	10% of Market Rate (NRS) demanded	10% of Market Rate (NRS) Actual	Difference
1	Plot No. 1	4	5	83	23,203	7,200	7,721	179,140,809	7,184,493	17,914,080	10,729,588
2	Plot No. 2	4	1	208	22,240	7,200	7,721	171,705,882	6,840,441	17,170,588	10,330,147
3	Plot No. 3	4	4	50	22,898	7,200	7,721	176,786,029	6,948,961	17,678,602	10,729,642
4	Plot No. 4	4	17	-	26,384	7,200	7,721	203,700,000	8,333,989	20,370,000	12,036,011
							Total	**731,332,721**	**29,307,884**	**73,133,272**	**43,825,388**

Audit observed as under:

a. The bidding was made by ignoring the rates assessed by the District Collector Sialkot and market rate recorded in the tender sheet. The actual non-refundable securities collected were Rs. 29.308 million against the market rate non-refundable securities amounting to Rs.73.133 million, thus causing loss of Rs. 43.825 million by extending favour to the four bidders Mr. Nasir Iqbal Bayaar, Mr. Mudassr Saleem, Mr. Tahir Saeed and Mr. Zeshan Daar.
b. The plots were leased out through negotiations with only one bidder in each case and lease of land was awarded at much lesser non-refundable securities than the market price for non-refundable securities.
c. The Committee which recommended the allotment did not include District Revenue Officer of Punjab Government as required under the rules. Thus the allotment was made without involvement of the Revenue Department, Government of Punjab.
d. The Committee members failed to protect interest of the ETPB rather, gave benefit to private parties.
e. The plot was split to bring it under competency of the Chairman, ETPB.
f. Approval of the Board was not obtained as required under the rules.
g. Recovery of rent up to 30.06.2015 was not reported to Audit.

Audit was of the view that leasing the plots at much less than the price of non-refundable securities based on the market price, splitting the plots into five plots, negotiations with individuals in each case caused loss to the ETPB. The bidding process was non-transparent.

The management did not reply.

DAC meeting was held on 02.01.2016. The DAC directed the ETPB management to share the documents with Audit especially the rates which were approved by the Government of the Punjab and the approved Minutes of the Board as well.

On examination of the record provided by the ETPB after the DAC meeting the point of view of Audit was further strengthened as the concerned plots were declared commercial and the cost of land was worked out on market rates. However, the rate for Non-refundable Security (NRS) was not based on the calculated market rate as indicated on the work sheets signed by all the committee members and approved by the Chairman, ETPB.

Audit recommends that responsibility should be fixed for providing financial benefit to the bidders.

27.4.3 Misappropriation of funds - Rs. 4.102 million

Rule 23 of GFR Volume-I states that every government officer 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 Chairman, ETPB withdrew cash amounting to Rs. 4.102 million recorded in the Cashbook as "Discretionary Grant-in-Aid" during 2008-09. Details are as under:

(Rupees)

S. No.	Date	Cheque No.	Voucher No.	Amount
1.	29.06.2009	-	331	140,000
2.	30.06.2009	6046419	353	625,000
3.	30.06.2009	6046420	354	1,200,000
4.	30.06.2009	6046421	355	1,200,000
5.	30.06.2009	6046422	356	936,500
			Total	**4,101,500**

Audit observed as under:

a. The drawn amounts were recorded as "Discretionary Gant-in-Aid" in the Cashbook without any legal authority allowing the Ex-Chairman ETPB entitlement to a discretionary grant.

b. Vouchers in support of the amount drawn and details of disbursements were not provided to Audit.

With non-adjustment of funds drawn for an unauthorized purpose for such a long time are considered as misappropriation of ETPB funds.

The management replied that ETP Board was mandated to disburse grant-in-aid as provided in section 4(2)(j) of Evacuee Trust Properties (Management & Disposal) Act 1975 "to set up, or make grants-in- aid to orphanages, leper houses, widow houses, poor houses and educational, vocational, technical or health institutions and hospitals subject to the general control and directions of the Federal Government;" The Ministry of Minorities (defunct) on 29.09.2010 endorsed recommendations of the Board regarding discretionary grant by the Chairman ETPB amounting to Rs. 5 million. Those found involved will not be spared. For a formal criminal prosecution, ETP Board wants to refer the case to FIA and in the meantime firm and final notice on concerned custodian as well as record keeper is being served for prompt retrieval as a measure of last resort.

The management has accepted audit observation.

DAC meeting was held on 02.01.2016. DAC directed the management of ETPB to conduct inquiry and report be shared with Audit within one month.

Audit recommends that the amount should be recovered besides fixing responsibility.

Non-production of Record

27.4.4 Non-production of record of appointments in Pakistan Model Institutions Foundation Lahore - Rs. 978.430 million

Section 14 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. Any person or authority hindering the auditorial functions of the Auditor General shall be subject to disciplinary action under relevant Efficiency and Discipline Rules.

The management of ETPB, Lahore provided a statement according to which 766 employees were appointed in Pakistan Model Institutions Foundation (PMEIF) Lahore in various Basic Pay Scales (BPS) and the Secretary of the Foundation was shown as fixed salary employee. The expenditure incurred on pay and allowance during the period from 2008-09 to 2014-15 was Rs. 978.430 million.

The management was requested to provide the record regarding Human Resources of the Foundation but the relevant record regarding human resources, including files, advertisements, criteria of appointments, position of vacancies against which appointments were made, Departmental Selection Committee minutes, approval of the competent authority regarding appointments and promotions of employees in the ETPB, was not provided.

Audit is of the view that non-production of record hindered the auditorial functions of the Auditor General of Pakistan.

The management did not reply.

DAC meeting was held on 02.01.2016. DAC directed ETPB management to provide all the relevant record to NAB and share the same with Audit.

Audit recommends that responsibility should be fixed for hindering the auditorial functions of the Auditor General of Pakistan, besides providing the relevant record.

Irregularity and non-compliance

27.4.5 Stuck-up ETPB investments - Rs. 355.384 million

Section 4(2)(m) of the Evacuee Trust Properties (Management and Disposal) Act, 1975 states that the Board may invest money, with the prior approval of the Federal Government, for social welfare or charitable purpose.

The Evacuee Property Trust Board (ETPB) Lahore made investment, details of the recoverableprincipal amount and interest are as under:

(Rs. in million)

S. No.	Institution	Date of Investment	Principal amount	Recoverable Principal Amount	Recoverable Interest	Total Recoverable
1.	M/s Saudi Pak Leasing Company, Lahore (@ 12%)	Apr, 2009	150.000	-	17.705	17.705
2.	M/s Azgard Nine Ltd. Lahore/ Agritech Ltd. Lahore (3,333,333 shares)	Feb, 2010	100.000	100.000	-	100.000
3.	M/s Azgard Nine & Agritech Ltd (Pak American Fertilizer) Terms Finance Certificates (TFC)	29.06.2009	41.005	41.005	-	41.005
4.	M/s Crescent Standard Investment Bank Limited, Lahore / Innovative	Feb/March, 2006	132.000	121.000	75.674	196.674

	Investment Bank Ltd (@ 13.10% & subsequently reduced to 7% w.e.f. 01.10.2007)					
Total			**423.005**	**262.005**	**93.379**	**355.384**

Audit observed as under:

i. The investment at Serial No. 1 was in a leasing company which was not covered under the provisions of the Act. The accrued interest of Rs. 17.705 million was receivable from the leasing company.

ii. The investment at Serial No. 2 was made in a share business which was not covered under the provisions of the Act. The shares were purchased @ Rs. 30 each and its market price on 08.02.2016 was Rs. 4.19 each.

iii. The investment at Serial No. 3 was made in a Term Finance Certificates (TFC) which was not covered under the provisions of the Act.

iv. The investment at Serial No. 4 was initially made with Innovating Housing Finance Co., Lahore in March, 2006 which was renamed as Innovative Investment Bank Ltd. in June, 2007. The initial rate of interest 13.10% was reduced to 7% in 2007. Now the remaining principal amount Rs. 121.00 million and the accrued profit Rs. 53.464 million relating to the period 10.07.2009 to 31.10.2015 and profit Rs. 22.210 million relating to the period 01.07.2007 to 31.10.2015 remained unpaid. The company was in the process of liquidation. SECP, Lahore has obtained Stay Order since 11.10.2010.

The investments were made in violation of provisions of the ETPB Act. The principal amount and accrued interest/profit remained outstanding because of irresponsible and speculative management decisions.

The management replied that under Section 4(2)(c) of Evacuee Trust Property Board (Management & Disposal) Act 1974(2), the functions of the Board shall be to buy out of surplus income, if any, other property which may be considered to be beneficial for promotion of the objects of this Act or any

Scheme. In terms of Finance Division O.M dated 02.07.2003 public sector enterprises and local/autonomous bodies could deposit their working balances required for their operations with any public or private bank. The investments were made with the approval of Federal Government's Investment Advisory Committee. The matter for recovery had been taken up by the Board.

The management reply was not accepted because the management was not authorized under the ETPB Act to make investments in such entities as already pointed out. Further, the principal amount and accrued interest was stuck-up because of irresponsible and speculative management decisions.

During DAC meeting held on 02.01.2016 the management informed that the case for recovery of interest from Saudi Pak Leasing Company will be decided by the Board in its next meeting. The case of investment in shares and TFC through M/s Azgard Nine/Agritech Ltd. had been lodged with FIA and the arbitration case of Innovative Investment Bank Ltd. was pending in the Lahore High Court, Lahore.

Audit recommends that responsibility should be fixed besides recovering the principal amount as well as profit and the cases with FIA and in the Court should be vigorously pursued.

27.4.6 Non-recovery of profit/compensation from M/s Elysium Holdings Pakistan Ltd and Highland Living Concept (HCL) Lahore - Rs. 2,970.00 million

Section 4(2)(m) of the Evacuee Trust Properties (Management and Disposal) Act, 1975 states that function of the Board is to invest money, with the prior approval of the Federal Government, for any other social welfare or charitable purpose.

Para 52(8) of the Supreme Court of Pakistan judgment dated 02.10.2013 states Highland Living Concept (HCL) Lahore and M/s Elysium Holding Pakistan Ltd(EPL) a Joint Venture, which absolutely had not existence as despite receiving the amount Rs. 986.00 million the Ranches were not handed over as no land was acquired, however, HLC and EHP got benefit of the amount owned by the ETPB unlawfully, therefore, they are under legal obligation to compensate the ETPB by paying profit/mark-up on this amount, subject to determination by the Court of law.

Para 6 of the Civil Judge Lahore decision dated 11.09.2014 states that Clause 1.2 of the Tri-Party Agreement among the parties, it was agreed between them that they will buy back from the Evacuee Trust Property Board these Allotment Certificates @ Rs. 30.00 million per file (Allotment Certificate - 8 Kanals each) on completion of period of maturity of 30 months. It was also agreed among the parties that as per terms and conditions of the Agreement, in the event of the non-performance of the buy back guarantee the parties are under obligation to pay back the principal amount of Rs. 986.00 million along with a penalty of 5% of the total Project Cost, i.e. Rs. 59.40 billion, meaning thereby that both the parties (M/s Elysium Holding Ltd and M/s Highland Living Concept) are under obligation to pay back an amount of Rs. 986.00 million as principal amount and profit @ 2.5% and a penalty @ 2.5% of the total cost of the Project, i.e. an amount of Rs. 2.97 billion in favour of Evacuee Trust Property Board. Relying upon ex-parte evidence, suit of plaintiff ex-parte decreed, the defendants will be bound to pay Rs. 2,970.00 million in lieu profit /compensation to plaintiff, defendants will also be bound to pay interest at the rate 9% on the amount of Rs. 2,970.00 million till the realization of the decree amount.

The management of ETPB Lahore (investor), with M/s Elysium Holdings Pakistan Ltd (Company) and Highland Living Concept (HCL) Lahore (Facilitator) made tri-parte agreement on 08.07.2009, the Company shall provide fifty (50) files in the Project "Defence Housing Authority Islamabad ELYSIUM RANCHES Islamabad". The payment Rs. 986.00 million was made to M/s. high Living Concept Lahore (Rs. 493 million on 20.07.2009, Rs.433.840 million and Rs.59.160 million).

Audit observed as under:

i. The Act of the ETPB had provision for making investment other than social welfare or charitable purpose which was also linked with the approval of Federal Government.

ii. The profit/compensation amounting to Rs. 2,970.00 million plus interest @ 9% on the amount till the realization of the decree amount, from M/s Elysium Holdings Pakistan Ltd and Highland

Living Concept (HCL) Lahore Act of the ETPB was yet not recovered.

iii. Follow up action taken in pursuance to the Civil Judge decision was not forthcoming from the record.

Audit is of the view that the decree amount plus 9% interest on the decree amount recoverable.

The management replied that under Section 4(2)(c) of Evacuee Trust Property Board (Management & Disposal) Act 1975 4(2), in particular and without prejudice to the generality of the foregoing power, the functions of the Board shall buy out of surplus income, if any, other property which may be considered to be beneficial for promotion of the objects of this Act or any Scheme. By way of enabling dispensation duly provided it is laid down by the Finance Division vide O.M No.F.4(1)/2002-BR.II dated 02.07.2003 under the new policy, public sector enterprises and local/autonomous bodies can deposit their working balances required for their operations with any public or private bank subject to the following requirements. The investments were made with the approval of Federal Government's approved Investment Advisory Committee. The matter for recovery has been seized of by the Board. Propriety and legality of the investment has been opposed through litigation in Sou Moto Case No 09/2011 of Supreme Court. The case was vigorously contested so as to secure a decree in favour of the ETP Board with the verdict which encompasses all avenues to safeguard the interests of the ETP Board. Thereafter an execution petition was moved to seek arrests and attachment of Directors of defaulting firm.

On one hand management defending the action of investment and on other hand admitted that the Supreme Court of Pakistan saved the department through Suo Moto case.

Audit recommends that the decree amount plus interest should be recovered.

27.4.7 Loss in deal with Defence Housing Authority, Lahore - Rs. 1,934.77 million

Section 4(2)(m) of the Evacuee Trust Properties (Management and Disposal) Act, 1975 states that function of the Board is to invest money, with the prior approval of the Federal Government, for any other social welfare or charitable purpose.

The ETP Board in its 263rd meeting held on 23.07.2007 decided that 33% of land of developed plots may be claimed in addition to residential plots, commercial plots may also be claimed on payment as for member of DHA which was agreed by the DHA. The Board in its 272nd meeting dated 16.04.2009 approved the revised offer of DHA for exemption of 25% residential plots with taking over the possession of the land to be the responsibility of the DHA. The Board authorized the Chairman to hold negotiations with the DHA to obtain at least some of commercial plots in addition to the residential plots agreed to. The Supreme Court of Pakistan in a Suo-Moto Case No. 9 of 2011 declared the decision of the 272nd Board meeting dated 16.04.2009 unlawful and restored the decision of the 263rd Board meeting date 23.07.2007. The para 31 of the Supreme Court of Pakistan judgment dated 02.10.2013analysed the loss incurred to the ETPB. Details are as under:

(Rupees in million)

S. No.	Description	Loss caused to the ETPB		
		No. of Plots	Approx per plot price	Total loss
1.	Reeducation from 33% exemption developed to 25% exemption plot files only	108	9	972
2.	Expenditure being claimed by DHA from ETPB for vocation of Dear Chahal Land			18
3.	Developmental charges be claimed by DHA against exemption allotted plot files to ETPB @ 25%			287
4.	Compensation paid by DHA to unauthorized instead of ETPB.	59	9	657.77
	Total	**167**		**1,934.77**

The Para 52 (1) of the Supreme Court of Pakistan judgment dated 02.10.2013 states that matter relating to acquisition of Evacuee Trust land situated in Mauza Lidhar, Mauza Mota Singh Wala and Mauza Dear Chahal Tehsil Cantt. Lahore by the Defence Housing Authority Lahore, vide decision dated 16.04.2009 of ETPB taken in its 272nd meeting approving the revised offer of DHA for exemption of 25% residential plots is unlawful, being contrary to section 4(2) of the Evacuee Trust Properties (Management and Disposal) Act, 1975, as the earlier decision taken on 23.07.2007 by ETP Board in its 263rd meeting was in accordance with the law as DHA in its letter has already agreed on 20.07.2007 that ETPB land would be acquired by DHA at 33% exemption of residential plots (measuring 1-kanal each) as a result whereof DHA had to provide 642 residential plots on acquiring 1946 Kanals of ETPB land, in addition to DHA's offer of 100 x commercial plots on payment as for DHA members i.e. 16% or residential plots instead of 10%.

Para 52(3) of the Supreme Court of Pakistan judgment dated 02.10.2013 states that decision dated 16.04.2009 of the Board and subsequent approval of the Government vide letter No. P(3)/DSP/530/ETPB/07/LHR/3266 dated 29.04.2009 is void and is of no legal consequences. Therefore, option was being given to DHA to accept the ETP Board's decision taken in 263rd meeting dated 23.07.2007 and handover the developed residential and commercial posts, details of which have been given hereinabove, to the ETPB. Acceptance of this offer must be communicated to ETPB within 30 days after receipt, failing which DHA shall be bound to refund the land owned by ETPB situated in Mauza Lidhar, Mauza Mota Singh Wala and Mauza Dera Chahl etc.

Audit observed as under:

i. The DHA had neither given acceptance of ETP Board's decision taken in 263rd meeting dated 23.07.2007 nor refunded the land of Mauza Lidhar, Mauza Mota Singh Wala and Mauza Dera Chahl to ETPB.

ii. The reference have been quoted from Supreme Court judgment but the management has not provided copies of the agreement made with DHA, amount received from DHA, Board decision and other references.

Audit is of the view that the compliance of the Supreme Court judgment was yet to be implemented by the DHA and the department.

The ETPB management informed that the letter has been written to the DHA to implement the decision of the Supreme Court of Pakistan. The direction of the Hon'ble Supreme Court of Pakistan is yet to be implemented by the DHA.

DAC meeting was held on 02.01.2016. DAC directed to the management of ETPB to share the advice of Ministry of Law and Justice with Audit and follow up the case.

Audit recommends that matter may be taken up with Defence Housing Authority to realize the ETPB share as per judgment of the Supreme Court of Pakistan.

27.4.8 Unauthorized establishment of Pakistan Model Educational Institutions Foundation - Rs. 1,014.332 million

In terms of Ministry of Religious Affairs and Minorities Affairs letter dated 02.07.1995, the Prime Minister of Pakistan had been pleased to approve the proposal of the Board of Governors to transfer the administrative and financial control of the Pakistan Model Educational Institutions Foundation to the ETPB along with the properties and funds with immediate effect. The Board of Governors would function as an organ of the ETPB and would be headed by the Chairman, ETPB.

The Pakistan Model Educational Institutions Foundation (PMEIF) informed the Manager, National Bank of Pakistan, Shah Alam Market Branch, Lahore on 11.07.1995 that the Board of Governors, PMEIF in their meeting held on 09.04.1995 decided that the administrative and financial control of the Foundation along with properties and funds might be transferred back to the ETPB (the Donor).

The Pakistan Model Educational Institutions Foundation was registered on 13.07.2005 with the District Officer, Enterprises and Investment Promotion to Registrar Joint Stock Companies, Lahore District under the Society Registration Act, 1860. At the time of registration, the Chairman, ETPB, Lahore issued NOC regarding Vice Chairman, ETPB, Secretary, ETPB, Director General, ETPB, Controller of Accounts, ETPB, Administrator Eastern Zone, ETPB and Secretary, Institutions to act as office bearers of the Society. The Foundation received funds amounting to Rs. 1,014.332 million during the years 2007-08 to 2014-15 of which Rs. 766.675 million were provided by the ETPB, Rs. 206.814 million as income from institutions and Rs. 30.382 million was shown as profit from the investments/bank.

Audit observed as under:

i. The registration was in violation of the orders of the Prime Minister of Pakistan.

ii. 96.46% of total funds received by the Foundation were utilized towards pay and allowances of the employees during 2008-09 to 2014-15.

iii. As per the list of staff provided by the PMEIF management 766 persons were appointed during the period 2008-09 to 2014-15 in BPS-02 to BPS 17, Secretary of the PMEIF was shown as fixed paid employee. The appointment record of all these employees was not provided to Audit.

iv. The legal authority under which funds were released to PMIEF was not provided to Audit.

v. Details of institutions, expenditure incurred thereon was not provided to Audit.

Audit is of the view that the establishment of the Foundation from the funds of the ETPB and managed by the ETPB is not only violation of the orders of the Prime Minister of Pakistan but also unauthorized use of resources of ETPB.

The ETPB management informed that the Ministry of Religious Affairs and Interfaith Harmony conveyed the cancellation of merger of PMEIF with ETPB on 27.06.2013 being void ab-initio.

The management of ETPB further informed that PMEIF was set up in 1991 with the approval of the Prime Minister of Pakistan.

DAC meeting was held on 02.01.2016. DAC directed to verify the record to Audit. It is also advised that the directives of the Prime Minister of Pakistan must be followed. However, no record for verification was provided till the finalization of the report.

Audit recommends that responsibility should be fixed for the establishment of the Foundation and correction measures may be taken.

27.4.9 *Unauthorized allotment of Plot measuring 4500 square feet in Area Development Scheme Nankana Sahib*

Section 4(2)(d) of the Evacuee Trust Properties (Management and Disposal) Act, 1975as amended through Ordinance, 1984 states that in particular and without prejudice to the generality of the foregoing power, the functions of the Board shall be, with the prior approval of the Federal Government, to sell, dispose of, transfer or make an endowment or otherwise manage evacuee trust property consistent with the objects of this Act or a scheme or for any other object which is considered to be a public purpose by the Federal Government.

The management of ETPB Lahore vide letter No. P(1)/894/98/1157 dated 28.12.2012 stated that Chairman, ETPB accorded approval for allotment ofa plot measuring 4500 square feet situated at Punjab Housing Scheme, Nankana Sahib @ Rs. 54 per square foot (Rs. 32 per square foot as cost of land and Rs. 22 per sft. as development charges) to Ex-Secretary, ETPB, Lahore.

Audit observed as under:

i. The ETPB Lahore asked the Punjab Housing and Town Planning Agency (PHATA) Sub-Region Sheikhupura on 02.03.2015 that the officer had got the plot fraudulently, without approval of competent authority, without deposit of sale price and transferred it without execution of transfer on behalf of ETPB. The management further, requested that the plot might be cancelled. This matter was also under investigation under NAB.

ii. The Chairman, ETPB letter dated 22.09.2015 reported to the National Accountability Bureau, Lahore that a fake allotment of the plot was given to ex-Secretary ETPB because application was neither approved by the Chairman nor processed by the designated scrutiny committee and the bar on sale of plot was disregarded. The evidence of depositing of amount in lieu of allotment was not corroborated.

iii. The plot was allotted without the approval of the Federal Government as required under the Act.

iv. The ETPB management on 20.11.2015 verified that the sale price amounting to Rs. 264,000 was deposited by the officer against the plot at Nankana Sahib.

v. It was not forthcoming from the record how the plot was allotted/transferred in the name of the officer without depositing the price in the ETPB account.

The management informed that ETPB intimated to Punjab Housing Department and Town Planning Agency (PHATA) for cancellation of allotment. One of the officers of ETPB filed a case in NAB as a complainant in individual capacity. The management informed the committee that the then Chairman allotted the plot without deciding the Development Housing Scheme also to be identified with respect to availability which preference was unduly determined by incompetent authority on allotment letters also unduly supported through an invalid NOC.

DAC meeting was held on 02.01.2016. DAC directed that the matter may be sent to the ETPB Board to take action as per rules/policy and review earlier orders.

Audit recommends that action taken regarding cancellation of the plot and present status of the investigation by NAB may be reported to Audit. Responsibility should also be fixed.

27.4.10 Unauthorized allotment of six plots at Sahiwal Housing Scheme

Section 4(2)(d) of the Evacuee Trust Properties (Management and Disposal) Act, 1975 as amended through Ordinance, 1984 states that in particular and without prejudice to the generality of the foregoing power, the functions of the Board shall be, with the prior approval of the Federal Government, to sell, dispose of, transfer or make an endowment or otherwise manage evacuee trust property consistent with the objects of this Act or a scheme or for any other object which is considered to be a public purpose by the Federal Government.

Section 14 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. Any person or authority hindering the auditorial functions of the Auditor General shall be subject to disciplinary action under relevant Efficiency and Discipline Rules.

The management of ETPB allotted six residential plots at Sahiwal Housing Scheme to its officers/officials. Details are as under:

S. No.	Name	Designation	Plot Area	Ref No.
1.	Mr. Farhat Aziz	P.S. to Chairman	16 Marla	P(1)/894/98/911
2.	Mr. Munir Ahmed	Assistant Data Control Officer	16 Marla	P(1)/894/98/913
3.	Mr. Sanaullah Khan	Director (Diyal Singh Trust Library)	16 Marla	P(1)/894/98/915
4.	Mr. Abdul Waheed Khan	Sub-inspector	05 Marla	P(1)/894/98/917
5.	Mr. Muhammad Zafar Iqbal	Staff officer to Chairman	09 Marla	P(1)/894/98/919
6.	Mr. Abid Mehmood	Assistant	10 Marla	P(1)/894/98/921

Audit observed as under:

i. The plots were allotted without the approval of the Federal Government as required under the Act.

ii. The Chairman, ETPB vide Para 8 of the letter No. 6699 dated 22.09.2015 reported to the matter of allotments of the above plots to National Accountability Bureau, Lahore.

iii. The management claimed that ex-post facto approval for the allotments of plots was obtained from the Board in its 277th meeting. However, copies of the Board meetings were not provided to Audit.

The management of ETPB explained that the Board was not informed about the facts of the case and resultantly the Board stood misguided. The matter of these plots was placed before the Board in its 277th meeting and the Board approved the allotment of plots to the employees. The matter was under investigation with NAB.

DAC meeting was held on 02.01.2016. DAC directed the ETPB management to assist the NAB in this particular case as this was a very sensitive and important case and all incriminatory evidence as and when required should be shared with NAB. The Board may review its orders.

Audit recommends that action taken regarding the matter may be reported and present status of the investigation by NAB may also be provided to Audit. Responsibility should be fixed for non-production of record.

27.4.11 Non-transparent auction of property

Rule 18B(d) of Scheme for the Management and Disposal of Urban Evacuee Trust Properties, 1977 states that the tenant(s) shall deposit minimum ten per cent of the prevailing market value of the land as goodwill or non-refundable security with the Board before execution of the agreement.

Para 7(iv) of Scheme for the Management and Disposal of Urban Evacuee Trust Properties, 1977 states that the auction of plots or sites shall be held by a committee.

The management of ETPB leased out trust property bearing Plot No. 01 to 05 situated at Mian Muhammad Aslam Road/PICO Road, Badami Bagh, Lahore as per recommendations of Tender Scrutiny Committee. The total area of property No. N-V-I-S-27 was more than 05 kannal, therefore, division of plot was made subject to approval of the Board. Details are as under:

(Rupees)

S. No.	Area			Name of bidder	Amount of NRS	Rent per month
	K	M	SFT			
1	04	15	175	Azeem Hussain s/o Ghulam Hussain	12,400,000	25,000
2	03	05	100	Sohail Ahmed s/o Muhammad Tufail	8,600,000	25,000
3	04	02	025	Riyasat Ali s/o Jamal Din	10,500,000	25,000

Legend: K= Kanal, M = Marla, SFT = Square Feet, NRS = Non-refundable Security

Audit observed as under:

i. No record was available for verification whether three consecutive bids had failed to achieve the threshold of 10% non-refundable security (NRS) of market value as required under rules.

ii. Of the five plots leased out, three were leased out through negotiation with one bidder in each case instead of open negotiations with interested bidders.

Audit is of the view that short circuiting of the process of allotment led to non-transparent leasing of ETPB's property.

DAC meeting was held on 02.01.2016. DAC directed to hold an inquiry to fix the responsibility that why the flats were allotted through negotiation without three consecutive attempts of biding.

Audit recommends that responsibility should be fixed for negotiating with single bidder.

27.4.12 Irregular allotment of 30 flats - Rs. 7.071 million

In terms of conditions to bid against advertisement for allotment of 30 flats at Siddique Pura, Lahore dated 24.02.2012 published in Nawa-e-Waqt, Lahore the bidders were required to submit their bids on plain paper along with bank draft/pay order of Rs. 100,000 per offer in name of Chairman Evacuee Trust Property Board within due date i.e. 20.03.2012. Condition No. 2 of the advertisement required the successful bidders to deposit six months advance rent and non-refundable security of offered amount within seven days of acceptance of bid by competent authority, i.e. Chairman ETPB otherwise the already deposited call deposit amount will be forfeited in favour of the government.

The Para 18-D(V) of Scheme for the Management and Disposal of Urban Evacuee Trust Properties, 1997 states that the property so developed shall be rented out through open auction or by calling tenders after wide publicity through press and other appropriate media. In case no bid or offer is received in three consecutive public auctions or tenders or the response is below the reserve price, the Board may fix its rent at the negotiated rate.

The management of ETPB, Lahore invited tenders in press on 24.02.2012 for 30 flats at Siddique Pura, Lahore, the applicant was to deposit Rs. 100,000 through bank order/pay order, with closing date tender 20.03.2012, however, 20 flats were allotted. The applicant were also to deposit the non- refundable securities and after allotment the monthly rent was to be deposited by them. Details are as under:

(Rupees)

S. No.	Name	Monthly Rent	Outstanding Rent for the period from 12.11.2012 to 30.06.2015	NRS	Six month advance rent	Total
1	Muntazir Mehdi	10,200	326,400	61,200	61,200	448,800
2	Syeda Abida Mazhar	10,300	329,600	61,800	61,800	453,200
3	Munawar chand	8,000	256,000	48,000	48,000	352,000
4	Abdul Rauf Sheikh	8,300	265,600	49,800	49,800	365,200
5	Imtiaz Ali Rashid	6,300	201,600	37,800	37,800	277,200
6	Haji Mashkoor Hussain	6,200	198,400	37,200	37,200	272,800
7	Muhammad Abid	10,200	326,400	61,200	61,200	448,800
8	Umar Iftikhar Gillani	10,300	329,600	61,800	61,800	453,200
9	Shah Mansoor Ahmed	8,200	262,400	49,200	49,200	360,800
10	Shamsha bibi	8,300	265,600	49,800	49,800	365,200
11	Kaneez Begum	6,200	198,400	37,200	37,200	272,800
12	Muhammad Afzal	6,300	201,600	37,800	37,800	277,200
13	Amir Latif Butt	10,300	329,600	61,800	61,800	453,200
14	Shama Firdoos	10,200	326,400	61,200	61,200	448,800

15	Muhammad Boota	8,200	262,400	49,200	49,200	360,800
16	Salma Shahid	8,200	262,400	49,200	49,200	360,800
17	Yaseen Rasheed	6,300	201,600	37,800	37,800	277,200
18	Sidra Siddique	6,200	198,400	37,200	37,200	272,800
19	Suriya Firoz	6,300	201,600	37,800	37,800	277,200
20	Shabana Islam	6,200	198,400	37,200	37,200	272,800
		Total	**5,142,400**	**964,200**	**964,200**	**7,070,800**

Audit observed as under:

i. Bids were accepted without bank draft/pay orders amounting to Rs. 6.106 million.

ii. Non-refundable securities amounting to Rs 0.946 million were not obtained from the bidders.

iii. Six months' advance rent amounting to Rs. 0.946 million was not obtained from the bidders.

iv. An amount of Rs.5.142 million was recoverable from the tenants as Non-refundable Security and monthly rent and six months advance rent.

Audit is of the view that allotments were made in violation of the terms and conditions of tender advertised. The advance rent for six months, non-refundable securities and rent from 12.11.2012 to 30.06.2015 were recoverable.

The management of ETPB informed that NRS has been received and deposited in the account. Initially, the gas, electricity and water facilities were not provided in the flats and there is dispute on rent as well.

DAC meeting was held on 02.01.2016. DAC directed that an inquiry may be conducted to fix the responsibilities. NRS and rent if received must be verified from Audit within 15 days.

Audit recommends that responsibility should be fixed besides recovering the amount of security deposit, six month advance rent, non-refundable securities and rent for the 12.11.2012 to 30.06.2015.

27.4.13 Irregular payment of Discretionary Grant by the Chairman, ETPB-Rs. 24.965 million

Section 4(2)(j) of the Evacuee Trust Properties (Management and Disposal) Act, 1975 as amended through Ordinance, 1984 mandates to set up, or make grants-in-aid to, orphanages, leper houses, widow, houses, poor houses and educational, vocational, technical or health institutions and hospitals subject to the general control and directions of the Federal Government.

Para 210 of GFR Volume-I states that when under Orders of competent authority, an allotment for discretionary grants is placed at the disposal of a particular officer, the expenditure from such grants will be regulated by general or special orders of the Local Administration, specifying the objects for which the grants can be made and any other condition that should apply to them. Such grants must be nonrecurring, i.e., not involving any future commitments.

The Chairman, ETPB made payment to various NGOs during 2008-13 amounting to Rs. 24.965 million as Grant-in-Aid.

Documentary record of recipients to whom grants were made, acknowledgment receipts from recipients and accounts indicating the utilization of receipts rendered by the recipients were not provided for verification.

The ETPB management informed that complete record of expenditure vouchers and supporting documents along with approval of competent authority was available for verification and reconciliation.

DAC meeting was held on 02.01.2016. DAC directed to verify the work done and amount utilized from Audit. However, no record was produced for verification till the finalization of the report.

Audit recommends that responsibility should be fixed besides providing expenditure statements and vouched accounts.

27.4.14 Unauthorized allotment of plots having areas of 166 kanals 15 marlas through six housing schemes to employees

Section 4 (2)(d) of the Evacuee Trust Properties (Management and Disposal) Act, 1975 as amended through Ordinance, 1984 states that the functions of the Board shall be, with the prior approval of the Federal Government, to sell, dispose of, transfer or make an endowment or otherwise manage evacuee trust property consistent with the objects of this Act or a scheme or for any other object which is considered to be a public purpose by the Federal Government.

The management of ETPB allotted plots through six housing schemes having total area of 166 Kanal 15 marlas. Details are as under:

S. No.	Schemes	Area	
		Kanal	Marla
1.	Tulspura, Lahore	30	03
2.	Chak 124 GB, Faisalabad	23	08
3.	Khokharki, Gujranwala	32	00
4.	Nawan Shahpur, Gujrat	37	11
5.	Nankana Sahib	40	00
6.	Sahiwal	03	13

Audit observed as under:

i. The plots were allotted without the approval of the Federal Government as required under the Act.

ii. The Chairman, ETPB vide Para 8 of the letter No. 6699 dated 22.09.2015 reported the matter of allotments of the plots in the above Schemes to National Accountability Bureau, Lahore. Hence, this matter is also under investigation by NAB.

iii. Bifurcation regarding allotment of plots to ETPB employees and other than ETPB was not provided.

Audit is of the view that allotment of plots was in violation of the Act.

The management of ETPB informed that the beneficiaries list would be shared with Audit. The matter of all allotment of plots was under investigation with NAB.

DAC meeting was held on 02.01.2016. DAC directed that the ETPB Board may review the allotment and the updated position of NAB case may be reported to Audit.

Audit recommends that responsibility may be fixed for unauthorized allotments of plots through six schemes.

27.4.15 Unauthorized allotment of plots having areas of 79 kanals through a housing scheme

Section 4 (2)(d) of the Evacuee Trust Properties (Management and Disposal) Act, 1975 as amended through Ordinance, 1984 states that in particular and without prejudice to the generality of the foregoing power, the functions of the Board shall be, with the prior approval of the Federal Government, to sell, dispose of, transfer or make an endowment or otherwise manage evacuee trust property consistent with the objects of this Act or a scheme or for any other object which is considered to be a public purpose by the Federal Government.

The management of ETPB allotted plots through Gohawa Housing Scheme having total area of 79 Kanals to its own employees.

Audit observed as under:

i. Plots were allotted without the approval of the Federal Government as required under the Act.
ii. The Chairman, ETPB on 22.09.2015 reported the matter of allotments of the plots in the above Schemes to National Accountability Bureau.
iii. Bifurcation regarding allotment of plots to ETPB employees and other than ETPB was not provided.

Audit is of the view that allotments of plots were in violation of the Act.

The management of ETPB informed that it was the only scheme which was approved by the Federal Government but the ETP Board, Chairman did not plead to include this loss from purview of NAB Investigation. The matter was under investigation with NAB.

DAC meeting was held on 02.01.2016. DAC directed that the ETPB Board may review the allotment and the updated position of NAB case may be reported to Audit.

Audit recommends that responsibility should be fixed for unauthorized allotments of plots though six schemes.

27.4.16 *Irregular renting out of six flats at Sohwari without completion - 2.702 million*

Rule 5 of Scheme for the Management and Disposal of Urban Evacuee Trust Properties, 1977 states that a vacant residential house or a shop or other building shall be rented out by public auction by the District Officer concerned; provided that the Chairman may rent out a residential house, carrying a monthly rent not exceeding five thousand rupees per month or a shop carrying a monthly rent not exceeding ten thousand rupees, or a building carrying any amount of monthly rent in the case of tenancy to a Government Organization or a statutory body, subject to the conditions of tenancy laid down by the Chairman.

Terms and Condition No. 1 of the advertisement dated 24.02.2012 published in Daily Naw-e-Waqat Lahore states that bids should be submitted on plain paper along with bank draft/pay order of Rs. 100,000 per offer in name of Chairman Evacuee Trust Property Board within due date i.e. 20.03.2012.

Terms and Condition No. 2 of the advertisement dated 24.02.2012 published in Daily Nawa-e-Waqt Lahore states that successful bidders will have to deposit six months advance rent and the offered amount non-refundable security within seven days of acceptance of competent authority/Chairman ETPB otherwise the already deposited call deposit amount will be forfeited in favour of the government.

The management of ETPB rented out six flats during 2012-13 through tenders. Details of allotments and dues not recovered are as under:

(Rupees)

S. No.	Name	Monthly Rent	Outstanding Rent for the period from 08.11.2012 to 30.06.2015	NRS	Six month advance rent	Total
1	Mst. Nasreen Ashraf	12,150	388,800	72,900	72,900	534,600
2	Shafqat Hussain	12,200	390,400	73,200	73,200	536,800
3	Muhammad Zahid	10,200	326,400	61,200	61,200	448,800
4	Athar Mansoor Butt	10,300	329,600	61,800	61,800	453,200
5	Anwar-ul-haq	8,260	264,320	49,560	49,560	363,440
6	Mirza Muhammad Shakeel	8,300	265,600	49,800	49,800	365,200
		Total	**1,965,120**	**368,460**	**368,460**	**2,702,040**

Audit observed as under:

i. The flats were rented out without completion and fit for living.

ii. The flats were allotted without obtaining security deposit as required under tenders.

iii. Six months' rent amounting to Rs. 368,460 was not received from the bidders.

iv. Non-refundable securities amounting to Rs. 368,460 were not received from the bidders.

v. Rent for the period from November, 2012 to June, 2015 amounting to Rs. 1.965 million is recoverable from the allotees.

Audit is of the view that allotments were made in violation of the terms and conditions of tender advertised. The advance rent for six months, non-refundable securities and rent for November, 2012 to June, 2015 was recoverable.

ETPB management informed that the flats had not been allotted and alternatively reserved for education purposes. They further informed that the four flats were being used for class rooms of Mohtarma Benazir Bhutto School for purely education purpose with the approval of Ex-Chairman, ETPB.

DAC meeting was held on 02.01.2016. DAC directed that the ETP Board may review the holistic issue whether to validate use of flats for school or adopt proper process of allotment as per rules.

Audit recommends that responsibility may be fixed besides recovering the amount of security deposit, six month advance rent, non-refundable securities and rent for November, 2012 to June, 2015.

27.4.17 Irregular award of contract for development of two programs - Rs. 6.351 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 ETPB entered into an agreement with M/s Central Media Network Pvt. Ltd. Lahore for production of two programs, i.e. Diloun Kay Rishtay and Evacuee Trust Board Past and Present on 22.05.2009 for one year at a cost of Rs. 6.351 million.

Audit observed as under:

i. The work was awarded without inviting open tenders and competition.

ii. The activity was not approved in the budget.

iii. Approval of the Board members was not obtained.

iv. The management did not certify that the required CDs/Copies of the Programs were received by them.

v. Invoices of producing two programs were not provided to Audit. According to entries made in the cashbook the firm was made advance payment of Rs. 0.500 million on 10.04.2009, much before the signing of the contract. Thereafter, Rs. 1.700 million were paid on 13.06.2009. The details of total payments were not provided to Audit.

vi. Income tax was not deducted at source.

vii. The management had not certified that the activities were completed and receipts if any due from the firm were recovered or otherwise.

The ETPB management informed that this Para relate to Shrine Branch who look after Sikh/Hindu Yatrees.

DAC meeting was held on 02.01.2016. DAC observed that ETPB needed to substantiate their verbal reply with evidence through vouched accounts. DAC directed to place the para before PAC.

Audit recommends that inquiry be held for fixing responsibility.

27.4.18 Loss due to non-recovery of sale price of the land Saddar Bazar Cantt. Lahore - Rs. 34.580 million

The Wafaqi Mohtasib passed order on 27.12.1986 that the occupants of the houses located in Evacuee Trust Property Saddar Bazar Lahore were entitled to the transfer of occupancy rights for the respective areas of land build upon by them.

The Wafaqi Mohtasib observed in his order on 05.06.1991 that according to the complainants various occupants were prepared to pay reasonable per marla price.

The Board in its meeting No. 168 on 10.12.1991 decided that the Deputy Commissioner Lahore had assessed that market rate of the residential unit property Rs. 25,000 per marla on the front, Rs. 20,000 per marla on the back and for commercial units Rs. Rs.100,000 per marla front and Rs.75,000 per marla back.

The ETPB, Lahore on 06.01.1992 asked the Deputy Administrator, ETPB, Lahore to implement the decision of the Board.

The property under Khasra No. 1238 comprised 1290 kanals, 12 marlas. The entire area lies in the Cantonment. The Wafaqi Mohtasib recorded that according to the department total number of localities were 15 with 279 sub-units(households).

Audit observed as under:

i. The department did not take concrete action to implement the decision of the Wafaqi Mohtasib.
ii. The sale price amounting to Rs. 34.580 million had not yet been recovered from 346 occupants.
iii. The department did not clarify that at the time of judgement there were 279 households and now the department reported that sale price was recoverable from 346 occupants which means that some people had occupied the properties later.
iv. The occupants had neither paid sale price nor rent.

DAC meeting was held on 02.01.2016. DAC directed that the para may be placed before the PAC.

Audit recommends that responsibility should be fixed besides recovery of the sale price, interest and rent, etc. from the occupants.

27.4.19 Doubtful donation to Prime Minister Relief Fund - Rs. 2.00 million

Para 10 (ii & iii) of General Financial Rules states that the every officer incurring or authorizing expenditure from public funds should be guided by high standards of financial propriety. The expenditure should not be prima facie more than the occasion demands. 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 ETPB paid an amount of Rs. 2.00 million to the Administrator, Rawalpindi in August, 2010 as donation to the Prime Minister Relief Fund for flood victims.

Audit observed as under:

i. The amount was not credited to the Prime Minister Relief Fund.

ii. The management did not provide the record of receipt and expenditure of the said amount.

The ETPB management informed that an inquiry committee had already been constituted to probe the matter and fix the responsibility.

DAC meeting was held on 02.01.2016. DAC directed that inquiry may be completed within one month and be shared with Audit and Ministry.

Audit recommends that responsibility should be fixed besides recovering the amount.

27.4.20 Unjustified payment to a political party Relief Fund - Rs. 1.00 million

Para 10(iii) of GFR states that every officer incurring or authorizing expenditure from public funds should be guided by high standards of financial propriety. Among the principles on which emphasis is generally laid are the following: No authority should exercise its powers of sanctioning expenditure to pass an order which will be directly or indirectly to its own advantage.

The Evacuee Trust Property Board Lahore made payment of Rs. 1.00 million to Pakistan People's Party (PPP) Punjab Relief Fund in September, 2010 which was received on 08.09.2010 by Mr. Iqbal Sialvi Deputy Secretary Information PPP, Punjab Lahore

Audit observed that payment to any political party was not covered under the activities of the Trust.

The ETPB management informed that funds of Rs. 1.00 million were released for help of poor flood affected people but the forum used by the management of that time was not the right one. Inquiry to probe the matter was constituted.

DAC meeting was held on 02.01.2016. DAC directed that inquiry being conducted should be finalized and report be provided within one month to Audit.

Audit recommends that responsibility should be fixed besides recovering the amount.

27.4.21 Loss due to unjustified assessment of property situated at Model Town, Lahore - Rs. 42.660 million

Para 10(i) of Scheme for the Management and Disposal of Urban Evacuee Trust Properties, 1977 states that assessment/re-assessment of rent of each sub-unit or property shall be made w.e.f. 01.07.2006 by the District Officer concerned in the following manner:

i. He shall assess or re-assess the rental value of each sub-unit or property keeping in view the market rent and rent of other properties in the vicinity in similar circumstances;

ii. He shall make the proposed assessment or re- assessment of rent of the sub-unit or property openly available for inspection by the tenants and general public;

iii. He shall give a notice to the general public and the tenant indicating proposed assessment or reassessment of rent and shall give 15 days time from the date of receipt of notice, for filing objections, if any;

iv. He shall fix the assessed or re-assessed rent of the sub-unit or property after giving opportunity of hearing to the tenant and objectionist, if any; and

v. He shall complete the entire process within a period of 60 days from the issuance of first notice, which may be further extendable by the Chairman on merit.

The Deputy Administrator ETPB Lahore vide letter No. ETPB/06/LHr/689 dated 16.03.2006 reassessed the rent @ Rs. 400,000 per month of the Z.M. School situated at C Block Model Town Lahore. Previously the rent of the building was Rs. 868 per month. The total area of the building is 23 kanal 15 marlas, covered 5 kanal 11 marlas, the building is being used for commercial/residential purpose. The tenant is Mr. Mudassar Munawar Qureshi.

Audit observed as under.

i. The rent was reassessed @ Rs.400,000 per month by the Deputy Administrator ETPB Lahore on 16.03.2015 which was subsequently reduced and fixed @ Rs. 5,000 per month on 19.05.2014 w.e.f 01.7.2014 which was changed to 01.07.2006 through corrigendum dated 23.05.2014.

ii. Due to the unjustified action of the Deputy Administrator, ETPB the department sustained a loss of Rs. 42.660 million (Rs. 395,000×12×9 years).

iii. The rent was reduced on the grounds that the school was imparting education, paying salaries and the savings were nominal. The justification was general nature and it was undue favour to the tenant.

The loss sustained was recoverable besides applying the assessed rate of Rs. 400,000 per month.

The management informed that the case was pending in the Court of Administrator, Eastern Zone (AEZ) Lahore.

DAC meeting was held on 02.01.2016. DAC directed that inquiry may be conducted and the report be submitted within one month to Audit.

Audit recommends that responsibility may be fixed besides recovering the amount.

27.4.22 Encroachment of ETPB land - Rs. 32.000 million

Section 4(1) of Evacuee Trust Properties (Management and Disposal) Act, 1975 states that the general supervision and control of all evacuee trust property shall, subject to any directions that may be given by the Federal Government, vest in the Board, and the Board shall take such action as it deems fit for the proper management, maintenance and disposal of such property in accordance with the provisions of this Act and the rules; scheme, or directions made or issued thereunder.

The Assistant Administrator, Evacuee Trust Property, Sukkar/Larkana Region provided statement dated 19.11.2015 regarding detail of land under encroachment. Details are as under:

S. No.	Location	Khasra No.	Area under encroachment	Description	Market Value of encroached area
1.	Deh Saeedabad, Taluka Rohri, District Sukkar (Lot No. 1)	1 to 28	4 acre 31 Gunta	The land was leased out to Mr. Assadullah S/o Atta Muhammad for the period 1987-88, subsequently came under encroachment, presently 59 houses contracted and thereafter the ex-lessee filed a case before additional district judge, Sukkar in 2015.	20,000,000
2.	DehBharoo, Taluka Gambit, DistKhairpur (Lot No. 1, 2, 3)	751 to 756 and 776 to 778	15 Kanal 36 Gunta	The land is under unauthorized occupation of 68 occupants. Mr. Anwar Ali Soori and others unauthorized occupants claim ownership of the land. Efforts are being made for registration of FIR.	12,000,000
				Total	**32,000,000**

Audit observed as under:

i. The management did not explain as to how 59 houses were constructed on the land at Deh Saeedabad, Taluka Rohri District Sukkar without the knowledge of the Administrator, ETPB.

ii. The management did not take legal action against the occupants.

Audit is of the view that the unauthorized occupation of ETPB land and inaction by ETPB management was a criminal act.

The management informed that after survey, notices were issued to the illegal occupants and the matter was in the Sindh High Court. The department requested the court to implead the Board as party. Action against the concerned person was underway.

DAC meeting was held on 02.01.2016. DAC directed to follow up the case expeditiously in the court and legal action may be taken.

Audit recommends that legal action should immediately be initiated against unauthorized occupants to get the land cleared from them.

27.4.23 Encroachments of ETPB land 3,015 Acres, 5 Kanas and 19 Marlas

Section 4(1) of Evacuee Trust Properties (Management and Disposal) Act, 1975 states that the general supervision and control of all evacuee trust property shall, subject to any directions that may be given by the Federal Government, vest in the Board, and the Board shall take such action as it deems fit for the proper management, maintenance and disposal of such property in accordance with the provisions of this Act and the rules; scheme, or directions made or issued thereunder.

The reports received from the various field offices of the Evacuee Trust Property, of Punjab and Sindh regarding details of land under encroachment are as under:

S. No.	District	Total Area			Area under Encroachment		
		Acre	**Kanal**	**Marla**	**Acre**	**Kanal**	**Marla**
PUNJAB							
1.	Nankana Sahib	17,865	0	0	2,500	0	0
2.	Sheikhupura	2,604	1	1	55	7	19
3.	Layyah	3,868	0	0	54	3	0
4.	Muzaffargarh	1,636	0	0	19	6	0
5.	Dera Ghazi Khan	282	4	18	5	5	0
6.	RajanPur	54	5	12	6	7	12
	Sub-total	**26,309**	**10**	**31**	**2,639**	**28**	**31**
SINDH							
7.	Karachi	2,380	1	12	182	6	12
8.	Hyderabad	25	5	12	3	5	12
	Sub-total	**2,405**	**6**	**24**	**185**	**11**	**24**
	Grand Total	**31,103**	**3**	**7**	**3,015**	**5**	**19**

Audit observed as under:

i. In six districts of the Punjab the 2,639 Acre, 29 kanal and 11 marlas land was encroached which is 10.03% of the total land of these six districts. The positions depicts weak control of ETPB in Punjab which resulted in encroachments of the land.

ii. In two districts of Sindh the 185 Acre, 12 Kanals and 4 Marlas land was encroached which is 7.69% of the total land of two districts. The positions depicts weak control of ETPB in Sindh which resulted in encroachments of the land.

iii. The value of the land could not be determined as the market price was not reported by the field offices.

Audit is of the view that the unauthorized occupation of land is violation of the ETPB Act.

The management informed that after survey, notices were issued to the illegal occupants and the matter was in the Sindh High Court. The department requested the court to implead the Board as party. Action against the concerned person was underway.

DAC meeting was held on 02.01.2016. DAC directed to follow up the case expeditiously in the court and legal action may be taken.

Audit recommends that legal action may be taken against the unauthorized occupants to get the land cleared from them.

27.4.24 Unauthorized sale of plots through Joint Venture with Multan Development Authority

Para 8(ii) of Scheme for the Management and Disposal of Urban Evacuee Trust Properties, 1977 states that the Board or its delegate may accord approval to the sale of urban evacuee trust property, i.e., house, shop, plot or land, which is uneconomic or otherwise difficult to manage, through open bidding or by calling tenders subsequent to wide publicity through mass media or in such cases where litigation has exceeded beyond five years, through negotiation, if such sale appears to be the best course, as an act of good management, under the circumstances. The reserve price of the land shall be fixed at average of the prevailing market rate and the price fixed by the Deputy Commissioner or Collector of the District for the purpose of stamp-duty.

In 1999 ETPB entered into contract with Multan Development Authority for Joint Venture regarding development of 91 Acres of land owned by ETPB, for Multan Model Town Housing Scheme in Mouza Neelkot, Northern bypass, Multan.

Clause 19 of the contract dated 10.06.1999 states that the joint account of Model Town Scheme shall be opened in the nominated Bank, agreed by both the parties soon after the signing of the agreement, and operated by two of the signatories, one nominated by DG, MDA and other nominated by Chairman, ETPB by designation. The specimen signature of the nominees shall also be maintained by both the parties.

Audit observed as under:

i. The approval of the Federal Government for sale of the land was not obtained.

ii. The Joint Venture was to maintain joint account by the ETPB and MDA but present status of this account was not forthcoming from the record of ETPB.

iii. The Administrator ETPB Multan fixed reserve price of Rs. 0.400 million per marla vide letter dated 13.10.2008 whereas it is not forthcoming from the record at which price the plots were sold by the MDA.

iv. According to the assessment, the department was to sell the plots @ Rs. 0.400 million per marla but the department did not provide documentary evidence whether the plots were sold by the Joint Venture or separately by MDA and ETPB.

v. The National Accountability Bureau closed the case regarding corruption and misuse of authority and the management did not provide record which had been returned to them by NAB.

Audit is of the view that sale of the ETPB land without the approval of the Federal Government was irregular and non-production of record of the entire 91 Acre sale hindered the auditorial functions of the Auditor General of Pakistan.

The management informed that the matter was pending in the Supreme Court of Pakistan. Joint Account was frozen. Auction sale and proposed agreement afresh to validate the same was not approved by the Federal Government.

DAC meeting was held on 02.01.2016. DAC directed the management to show the NAB response and other relevant records to Audit.

However, the management failed to provide relevant record during verification.

Audit recommends that disciplinary action should be initiated against the person that hindered the auditorial function of the Auditor General under the E&D rules besides providing the record for examination by Audit.

27.4.25 Malpractices in recruitment of 105 employees in BPS-02 to BPS-16

Rule 8 of the Recruitment and Service Regulations of the Evacuee Trust Property Board, 1984 states that all appointments shall be made from amongst such persons possessing the qualifications and fulfilling other conditions of eligibility as laid down in Schedule-II. The vacancies to be filled by initial appointment shall be advertised and appointments made thereto on the recommendations of the Departmental Selection Committee concerned.

The ETPB management allowed appointment of 978 employees in B-2 to B-16 during 2011-12 of which 105 employees were recruited where due process for legitimate recruitment was not followed.

Audit observed as under:

i. The files containing record of appointment including minutes of the Selection Committee, etc. were not provided to Audit for scrutiny.

ii. Appointment orders were issued by different officers of the ETPB without the approval of the Chairman, ETPB.

iii. The Dispatch Register revealed that some of the serial numbers were left blank and in some cases additional numbers were inserted that smacked of malpractices in the appointments.

iv. It was also informed that the case was under investigation with NAB.

Audit is of the view that appointments were made without following any rules or regulations.

The management of ETPB informed that Show Cause Notices were initially issued and the operation of the same has been suspended by the Lahore High Court.

DAC meeting was held on 02.01.2016. DAC directed that the matter may be pursued in NAB and Lahore High Court and updated position of the NAB case be produced to Audit.

Audit recommends that responsibility should be fixed besides providing current status of the investigation being conducted by the NAB.

CHAPTER 28

28.MINISTRY OF SCIENCE AND TECHNOLOGY

28.1 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

28.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Ministry of Science and Technology for the financial year 2014-15 was Rs. 6,941.727 million including Supplementary Grant of Rs. 62.544 million out of which the Division utilized Rs. 5,840.880 million. Grant-wise detail of current and development expenditure is as under:

(Rupees)

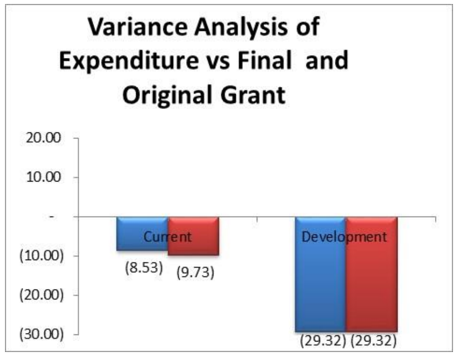
Grant No	Grant Type	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Final Grant/ Appropriation	Actual Expenditure	Excess/ (Savings)	% age Excess/ (Saving)
97	Current	431,630,000	-	431,630,000	351,599,599	(80,030,401)	(18.54)
98	Current	4,274,970,000	62,544,000	4,337,514,000	3,953,718,265	(383,795,735)	(8.85)
	Subtotal	**4,706,600,000**	**62,544,000**	**4,769,144,000**	**4,305,317,864**	**(463,826,136)**	**(9.73)**
137	Development	2,172,583,000	-	2,172,583,000	1,535,561,766	(637,021,234)	(29.32)
	Total	**6,879,183,000**	**62,544,000**	**6,941,727,000**	**5,840,879,630**	**(1,100,847,370)**	**(15.86)**

Audit noted that there was an overall saving of Rs. 1,100.847 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. 62.544 million were obtained, which was 0.91% of the Original Budget.

According to Para 71 of General Financial Rules (Volume I), while framing budget estimates, the authorities should exercise utmost foresight. Variation between estimated and actual expenditure captures the level of foresight that goes into budget formulation. As shown in the chart below, savings in current expenditure was 8.53% of Original Grant, which increased to 9.73% after accounting for Supplementary Grants. In development expenditure there was savings of 29.32% against Original Budget during the year no Supplementary Grants were taken into account.



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
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%

28.4 AUDIT PARAS

Irregularity & Non Compliance

28.4.1 Irregular grant of honorarium to employees of other departments - Rs. 1.176 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.

Ministry of Science and Technology paid an amount of Rs. 1.176 million as honorarium to the employees of the other department during 2013-14.

Payment of honorarium to the officers who were not on the payroll of Ministry was irregular and unauthorized.

The management did not reply.

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

28.4.2 Wasteful expenditure on Electronic Display Boards - Rs. 15.100 million

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

The management of National Institute of Electronics, Islamabad conceived and executed a project titled Large Scale Electronic Display (LSED) which was approved by the DDWP on 30.10.2002 with total cost of Rs. 3.100 million for a period of 18 months. The administrative approval was issued on 18.01.2003. The project activities were started from July, 2004. The project was extended on 27.12.2006 for a period of 42 months up to 31.12.2007 with a revised cost of Rs. 15.000 million. The objective was to develop outdoor marketable display units, preferably 20x10 feet and transfer the technology to the public and private sector.

Audit observed as under:

i. A tender was published on 16.01.2009 to sell or to rent out the display boards. Only two firms participated on rent basis. M/s

E.Z. Channel, Islamabad quoted per month rent of Rs. 106,000 while M/s Ali Bhai and Co, Rawalpindi offered per month rent of Rs. 70,000.

ii. A contract was signed between M/s E.Z. Channel, Islamabad and National Institute of Electronics on 07.12.2009 for a period of 02 years for renting out one LED board only.
iii. As per terms and conditions of the contract, M/s E.Z. Channel Islamabad deposited advance rent of Rs. 318,000 for three months through pay orders No.0049661&2 dated 23.12.2009.
iv. The firm, in violation of the agreement did not deposit any rent for 62 months (March, 2010 to April, 2015).
v. The other LED board remained lying in store without any use.

Audit is of the view that the project was not properly conceived, managed or implemented.

The management replied that after finalization of the renting out of LED display board, NIE number of times invited bids from the potential bidders by floating open tender through press but no positive response came from the market.

The reply is not cogent because before starting the project a feasibility study was required which was not carried out. In the absence of a feasibility study the undertaking of the project resulted in wastage of resources and undue blockage of funds.

Audit recommends that recovery of outstanding dues be made from the contractor in accordance with the terms of the contract and appropriate measures be taken to dispose of the LED boards.

CHAPTER 29

29.STATISTICS DIVISION

29.1 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

29.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Statistics Division for the financial year 2014-15 was Rs. 3,600.742 million including Supplementary Grant of Rs. 1,769.735 million out of which the Division utilized Rs. 1,756.515 million. Grant-wise detail of current and development expenditure is as under:

(Rupees)

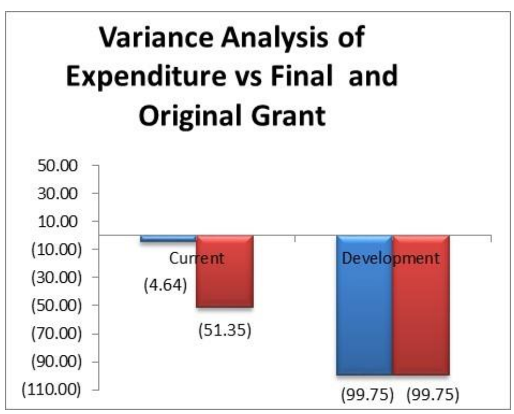
Grant No	Grant Type	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Final Grant/ Appropriation	Actual Expenditure	Excess/ (Savings)	% age Excess/ (Saving)
26	Current	1,531,007,000	-	1,531,007,000	2,747,108	(1,528,259,892)	(99.82)
	Current	0	1,469,697,000	1,469,697,000	1,457,167,375	(12,529,625)	(0.85)
	sub-total	**1,531,007,000**	**1,469,697,000**	**3,000,704,000**	**1,459,914,483**	**(1,540,789,517)**	**(51.35)**
110	Development	150,000,000	-	150,000,000	367,771	(149,632,229)	(99.75)
	Development	0	150,019,000	150,019,000	147,932,431	(2,086,569)	(1.39)
	sub-total	**150,000,000**	**150,019,000**	**300,019,000**	**148,300,202**	**(151,718,798)**	**(50.57)**
	Total	**1,831,007,000**	**1,769,735,000**	**3,600,742,000**	**1,756,514,887**	**(1,844,227,113)**	**(51.22)**

Audit noted that there was an overall saving of Rs. 1,844.227 million.

Supplementary Grants obtained without careful cash forecasting

In order to ensure prudent financial management, Para 13(vii) of System of Financial Control and Budgeting, 2006 states that 'Ministries / Divisions should be able to anticipate budgetary requirements well ahead of the financial year to which the budget relates and obtain the concurrence of the Finance Division. The Finance Division is expected to decline any request for Supplementary Grants except in extraordinary circumstances.' This document further states that 'the funds obtained from Supplementary Grants shall be expended for the purposes for which these have been sanctioned. In current expenditure, demands for Supplementary Grants shall not be made, except in extraordinary circumstances.' During the year, Supplementary Grants of Rs. 1,769.735 million were obtained, which was 96.65% 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, savings in current expenditure was 4.64% of original grant, which increased to 51.35% after accounting for supplementary grants. In development expenditure there was saving of 99.75% against original budget, which remains same after accounting for supplementary grant.



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
Statistics Division	2005-06	3	3	0	3	0%
Total		**3**	**3**	**0**	**3**	**0%**

29.4 AUDIT PARAS

Irregularity & Non Compliance

29.4.1 Irregular payment of honorarium - Rs. 8.975 million

Clause (l) of Standard Operating Procedure for operating Statistics Division Current Account No 7035-6 states that no claims/bills shall be presented for payment from the account unless specific provision had been made for in the MoU/Agreement of the census/survey whose receipt had been credited to the account and provided further that receipt of that census/survey had been duly credited in the account prior to the presentation of claims/bills.

The management of Statistics Division paid an amount of Rs. 8.975 million as honorarium during 2012-13.

Payments were made from the unspent balances of the MoUs which was irregular because no provision on this account had been made in accordance with Clause 1 of the Standard Operating Procedure.

The management did not reply.

Audit recommends that the irregular practice should be stopped and responsibility should be fixed for the irregularity besides refund of the same to the account.

29.4.2 Irregular retention of unspent balances - Rs. 4.451 million

Rule 7 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 or into the Bank and shall be included in the Federal Consolidated Fund of the Federal Government.

The management of Statistics Division was maintaining a current account for deposit of money received on account of performing assignments for non-governmental agencies.

Audit observed that Statistics Division retained the unspent balances in a bank account without any authority.

The management did not reply.

Audit recommends that the unspent balance should be deposited into government account.

29.4.3 Mis-procurement of stationery, machinery, equipment and printing material - Rs. 5.211 million

Rule 12(2) of Public Procurement Rules 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.

Clause (Q) of Standard Operating Procedure for operating Statistics Division Current Account No 7298-8 states that all claims/bills presented for payment from the account shall be subject to fulfillment of all procedural formalities as applicable under the relevant government rules.

The management of Pakistan Bureau of Statistics (PBS), incurred an expenditure of Rs. 5.211 million on purchase of stationery, machinery, equipment and printing materials. Details are as under:

(Rs. in million)

S. No.	Items	Name of Firm	Amount
1	Machinery & Equipment	M/s Pak. MAC, Islamabad	3.132
2	Printing materials	M/s S.H & Sons	1.254
3	Stationery	M/s Haroon Brothers	0.825
		Total	**5.211**

Audit observed that the purchases were made without open competition which was irregular and unauthorized.

The management replied that National Health Behavior Survey was short term activity that was to be completed within a span of four months. The programs were staggered into four installments with a lot of procedural delays. The referred purchases were made in the last installment. The time was too short to go by the prescribed way. However, purchases were made with full transparency and, duly approved by the Principal Accounting Officer, the Secretary, Statistics Division.

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

29.4.4 Irregular retention of unspent balances - Rs. 18.915 million

Rule 7 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 or into the Bank and shall be included in the Federal Consolidated Fund of the Federal Government.

Section 41(2) of General Statistics (re-organization) Act, 2011 states that the Bureau shall be respect of each financial year, submit for approval to the Federal Government, on such date as may be prescribed, a statement of the estimated receipts and expenditure, including requirements of foreign exchange for the next financial year.

The management of Statistics Division was maintaining a current account No 7298-8 for deposit of receipts received in lieu of Censuses/Surveys/ Assignments carried out through government grants and non-governmental resources.

Audit observed that Pakistan Bureau of Statistics, Islamabad retained the unspent balances in the account.

Audit is of the view that retention of unspent balance in the account was irregular and unauthorized.

The management replied that the available unspent amount was the receipts/cost of other surveys that were under process or being initiated in near future and unspent balances would be utilized for field activities to complete the agreed tasks.

Reply was not accepted because the management did not provide the detail of survey to be carried out from the unspent balances.

Audit recommends that the unspent balance should be deposited into government account.

CHAPTER 30

30.MINISTRY OF WATER AND POWER

30.1 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

30.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Water and Power for the financial year 2014-15 was Rs. 57,221.642 million including Supplementary Grant of Rs. 376.432 million out of which the Division utilized Rs. 32,893.684 million. Grant-wise detail of current and development expenditure is as under:

(Rupees)

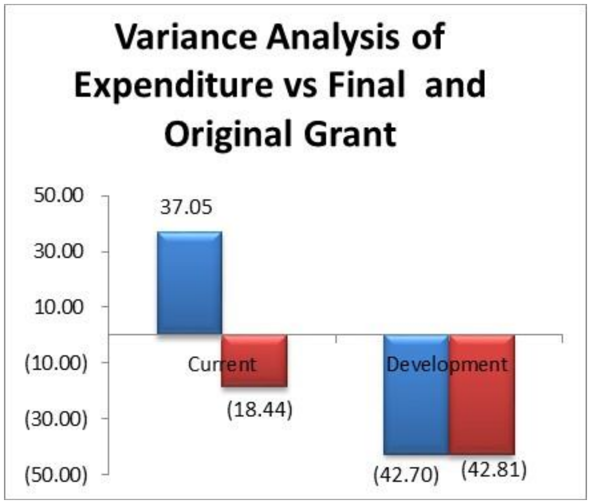
Grant No	Grant Type	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Final Grant/ Appropriation	Actual Expenditure	Excess/ (Savings)	% age Excess/ (Saving)
105	Current	406,229,000	276,429,000	682,658,000	556,741,732	(125,916,268)	(18.44)
140	Development	56,438,981,000	100,003,000	56,538,984,000	32,336,941,917	(24,202,042,083)	(42.81)
	Total	**56,845,210,000**	**376,432,000**	**57,221,642,000**	**32,893,683,649**	**(24,327,958,351)**	**(42.52)**

Audit noted that there was an overall saving of Rs. 24,327.958 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. 376.432 million were obtained, which was 0.66% 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 37.05% of Original Grant, which changed to savings of 18.44% after accounting for Supplementary Grants. In development expenditure there was savings of 42.70% against original budget which came to savings of 42.81% 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
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%

30.4 AUDIT PARAS

Irregularity and Non Compliance

30.4.1 Grant of unauthorized and irregular four advance increments to deputationist - Rs. 2.025 million

Section 10 of Civil Servants Act, 1973 provides that in case of a civil servant who is required to serve in a post outside his service or cadre, his terms and conditions of service as to his pay shall not be less favorable than those to which he would have been entitled if he had not been so required to serve.

The Establishment Division vide notification No. PF.NO(742)/E-5(PAS) dated 14.03.2013 placed the services of a B-19 officer of the Pakistan Administrative Service, then working as Deputy Secretary in Ministry of Water and Power at the disposal of Alternative Energy Development Board (AEDB) for posting as Director General (Energy Management) (AES-10/11) under Section 10 of Civil Servants Act, 1973 for a period of three years.

Regulation 3.4 of Employees Service Regulations, 2013 of AEDB required that appointment against posts in AES-10/11 be made with the approval of the AEDB Board.

In accordance with the notification of the Establishment Division the AEDB could place the officer of B-19 (Rs. 31,000 - 1,600 - 63,000) either in AES-10 (Rs. 122,250 - 18,383 - 213,940) or AES-11 (Rs. 187,500 - 20,250 - 288,750) but the management allowed the officer AES-11 with four advance increments based on the assertion that the advance increments were allowed based on his qualification and salary history.

The management paid Rs. 2.025 million (Rs. 20,250 × Increments 4 × Months 25) for the period from 14.03.2013 to 15.04.2015 to the officer.

Allowing four advance increments to the officer who was already given a handsome package much beyond his regular pay under B-19 was considered to be irregular and undue financial burden on the Authority.

Management replied that in view of ban imposed on recruitment and urgency of promoting Rural Energy projects to address energy crisis, and after obtaining the anticipatory approval of the Chairman, AEDB Board the Establishment Division had posted Mr. Musaddiq Ahmed Khan as DG (EM) under Section 10 of Civil Servants Act, 1973 allowing him AEDB pay scales.

Reply was not cogent as the officer had already derived benefit of being allowed the better of the two AEDB pay scales which were many time higher than the B-19 emoluments that the officer was drawing as a Deputy Secretary in Ministry of Water and Power prior to his placement with the AEDB.

Audit recommends that responsibility may be fixed for extending undue benefit to the officer besides recovering the overpayment.

30.4.2 Irregular reimbursement of medical charges - Rs. 4.103 million

Para 3 of Ministry of Health, Special Education and Social Welfare letter No F.4.1-85 PSDM states that claims for reimbursement shall be submitted to the Head of the Department with prescribed documents.

The management of the Alternative Energy Development Board, Islamabad incurred an expenditure of Rs. 4.103 million on reimbursement of medical charges during 2013-14. However, the AEDB did not have any approved medical rules that were to regulate the expenditure.

Audit observed that re-imbursement of medical claims were allowed without submission of prescription duly authenticated by the authorized medical attendant. In many cases bills of different hospitals were verified by the Pakistan Institute of Medical Sciences and Government Services Hospital, Islamabad without Emergency Certificate. Bills were also not supported by admission/ discharge certificate and doctors' prescription slips, etc.

Audit is of the view that reimbursement of medical bills without following the requirements was irregular and unauthorized.

The management replied that medical re-imbursement of different employees had been allowed due to non-entertainment of AEDB employees by government hospitals with the remarks that no budget allocation had been made to the hospitals by the government for medical treatment of employees of autonomous bodies. AEDB was also an autonomous body and keeping in view the above, AEDB allowed re-imbursement of medical bills to its employees till hiring of hospitals on AEDB pool with the condition that each medical claim either from private or government hospital would be entertained which has been signed/countersigned by the authorized officer of the government hospital.

Audit recommends that matter may be investigated at appropriate level to know the facts about suspected payments on the account of medical reimbursements of the bills and responsibility be fixed at the persons at fault.

30.4.3 Irregular absorption of services of a Stenographer as Deputy Director (AES-8)

Appendix-II of AEDB Employees Service Regulations states that promotion to the posts shall be made amongst the employees who hold the posts on regular basis and possessing the qualification and experience as prescribed.

As per office order No. B/12/2007 dated 12.12.2007 in pursuance of Emergent AEDB Board meeting held on 28.11.2007 and under Section 12 & 19(b-c) of the AEDB Ordinance No. L-VI of 2007 the services of the various officers of the AEDB were regularized/re-adjusted/re-designated w.e.f. 01.12.2007 except deputationist.

The management of AEDB absorbed the services of Mr. Nadeem Sabir Virk, Stenographer/PA as Deputy Director in (AES-8) on 01.05.2009 with effect from 01.12.2007.

Audit observed that Mr. Nadeem Sabir Virk, Stenographer/ PA was an employee of the College of EME and his services were hired on deputation basis on 24.10.2003 for three years. Later on a Departmental Promotion Committee was constituted and a meeting of DPC was held on 06.02.2009. DPC unanimously recommended the absorption of Mr. Nadeem Sabir Virk as Deputy Director (Admin) in AEDB w.e.f. 01.12.2007 from the date of his appointment as Deputy Director by the Chairman, AEDB. DPC also recommended that the period w.e.f 01.12.2007 to 30.11.2008 may also be treated as probation period of the officer.

Audit is of the view that the services of the officer were hired on deputation basis as Stenographer (B-16) w.e.f. 2004 to 2007 who was absorbed in AEDB was irregular and unauthorized.

The management replied that absorption of Mr. Nadeem Sabir Virk as Deputy Director in AEDB had been reviewed by the management in the recent past whereby it was found that his absorption in AEDB was not made in accordance with rules/regulations. It was decided that the matter would be placed before the AEDB Board for consideration/decision.

Audit recommends that the matter may be looked into and responsibility should be fixed for the irregularity.

Annexure-I Memorandum for Departmental Accounts Committee (MAFDAC)

(Rs. in million)

S. No.	PAO	No. of Paras	Amount
1	Aviation Division	41	95.449
2	Benazir Income Support Program	35	78,569
3	Board of Investment	12	26
4	Cabinet Division	39	334
5	Climate Change Division	23	131
6	Commerce Division	8	11
7	Controller General of Accounts	108	1,404
8	Defence Production Division	24	912.4316
9	Economic Affairs Division	10	6
10	Election Commission of Pakistan	56	115
11	Establishment Division	95	6,686
12	Federal Education and Professional Training	142	3,736
13	Federally Administered Area (FATA)	315	19,589
14	Finance Division	11	9
15	Higher Education Commission	92	3553.522
16	Housing and Works Division	13	2.148
17	Industries and Production Division	13	128.157
18	Information, Broadcasting and National Heritage	57	996.232
19	Interior Division	366	6,436
20	Inter-Provincial Coordination Division	66	472
21	Ministry of Communication	58	2,988
22	Ministry of OP &HRD	19	106
23	Ministry of Law, Justice & HRD	48	935
24	Ministry of Petroleum and Natural Resources	96	1,484
25	Ministry of Ports & Shipping	7	3
26	Ministry of Religious Affairs	11	7
27	Ministry of Science & Technology	185	3,237
28	Ministry of Textile Industry	24	1,334
29	Ministry of Water & Power	52	4,780
30	Narcotics Control Division	13	80.849
31	National Accountability Bureau	54	210
32	National Assembly Secretariat	17	328
33	National Food Security and Research Division	50	1109.3856
34	National School of Public Policy	58	356
35	Pakistan Atomic Energy Commission	47	524.217
36	Parliamentary Affairs Division	8	17
37	Prime Minister Inspection Commission	10	9
38	Privatization Division	12	5.134
39	SAFRON	31	207
	Total	**2,326**	**140,933**